

I am against a mandatory requirement that all prospective clients be provided with GIPS compliant performance reports, and a mandatory requirement that GIPS compliance be verified by a third party. These requirements impose a significant financial burden on a small firm. I myself would have never undertaken to become a Charterholder, had I known the CFA would force these burdensome requirements upon my fledgling business. I believe GIPS compliance and third-party verification will continue to be embraced by those firms large enough to afford it because these are powerful selling points. These rule changes will not force any investment advisory firms into GIPS compliance or verification; all it will do is force these firms out of the CFA institute, to the detriment of the investing public and the CFA Institute.

A better plan would be to certify performance reporting software, to make sure it complies with GIPS and provides sufficient user documentation enabling proper use. I also think third party verification can be streamlined by not requiring a full review of policies be repeated every year. Make it easier to voluntarily comply, and more firms will comply.

Thank you,

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