



**THE DANISH  
SOCIETY OF  
FINANCIAL  
ANALYSTS  
&  
THE DANISH  
SOCIETY OF  
INVESTMENT  
PROFESSIONALS**

Copenhagen, 07 June 2004

CFA Institute  
Professional Standards & Advocacy Department  
Reference: "Gold" GIPS Standards  
P.O. Box 3668  
Charlottesville, Virginia 22903, U.S.A.

**Subject: INVITATION TO COMMENT:  
Revising the GIPS Standards ("Gold" GIPS)**

Dear Sir or Madam,

We would like to thank you for the opportunity to comment on revising the GIPS Standards ("Gold" GIPS).

The Danish Society of Investment Professionals (Den Danske Finansanalytikerforening) is the sponsor for GIPS in Denmark.

Our comments are as follows:

- 1) Do you support AIMR's effort to revise and expand the GIPS standards?  
*Yes*
- 2) Do you agree with the evolution process for the GIPS standards as outlined above?  
*Yes*
- 3) Is the language of the Standards straightforward and comprehensible? If not, how can it be improved?
  - (1) *Please define the wording "External" cash flow in 1.A.3*
  - (2) *Please define the wording "True" Time-Weighted Rate of Return calculation methodology in 2.A.2*
  - (3) *Please define the wording "Significant" cash flows in 2.B.3. What happened to the text in the old recommendation 2.B.2?*
  - (4) *Please correct the double wording of the same issue (or clarify the meaning) in 4.A.5: "The firm must document and disclose the minimum asset level..."*
  - (5) *Please clarify the wording of 4.A.22: "The firm must disclose any discretionary use of a sub-advisor(s)." Should the firm inform, that this is the case or should the firm list the name(s) of the sub-advisor(s)?*
- 4) What modifications, if any, should be made to this proposal?
  - (1) *In the part called "Implementing a Global Standard", please insert a passage in paragraph 28 explaining the relationship between the GIPS and the Guidance Statements. It's important that the reader of the GIPS is aware of the continuously work done by The Interpretations Subcommittee of the IPC ("The Interpretations Subcommittee of the IPC develops Guidance Statements to respond to questions that raise new and novel issues that are beyond the scope of the simple application of the Standards and/or require additional interpretation and clarification. They incorporate all of the applicable existing interpretations that have been published on a subject in an effort to consolidate all applicable information.")*
  - (2) *4.A.11 should remain as a recommendation (5.B.1 (e)). It's rigorous to believe that the inconsistencies in the exchange rates used in the internal portfolio calculation and the import of benchmark values on constituent level from the benchmark vendors can be solved.*
- 5) Do you agree with the numbering and format of the proposed revised GIPS standards?
  - (1) *Please redefine the first Sample in Appendix A according to 4.A.8.*



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- 6) Should AIMR consider any other methods for meeting the objectives of evolving the GIPS standards?

*There is a lot of activity going on in the subcommittees, several GIPS provisions have been sent to public comment since the launch of GIPS in April 1999 and a considerable part has been adopted by the Investment Performance Council (IPC). It has been an evolving process, therefore looking forward it's very important to ensure that the industry doesn't lose the overview. The IPC should make sure that the proposed provisions have a broad support by the local societies over the world before adopting the provisions.*

**Specific Comments**

AIMR seeks comments on the following, specific provisions of the proposal:

1. Is the new requirement that mandates firms to provide a compliant presentation to all prospective clients too onerous a burden for firms claiming compliance with the GIPS standards?

*No, the clients drive the industry and we expect the firms to be interested in marketing the compliant composites against their definition of prospective clients.*

2. Is the new requirement that mandates firms to provide a list and description of composites to any prospective client that makes such a request too onerous a burden for firms claiming compliance with the GIPS standards?

*No, the industry has been used to the requirement in FC.A.4 through the current GIPS (4.A.3).*

3. Do you agree with the new recommendation that states the firm should not market a composite to a prospective client with assets less than the composite's minimum asset level?

*Yes*

4. Do you agree with the new requirement that mandates firms to be prepared to provide a compliant presentation for any composite on the firm's list of composites to a prospective client that makes such a request?

*Yes. It's fundamental to a firm's claim of compliance that it is able to produce a compliant presentation for any of the firm's composites.*

5. Do you agree with the new requirement that requires firms to calculate composite performance by asset-weighting the member portfolio returns at least monthly (beginning 2005)?

*Yes*

6. Do you agree that the effective date should be moved from 2005 to 2010 for the requirement that stipulates a carve-out return be managed separately with its own cash balance?

*Yes*

7. Is it reasonable for the GIPS standards to require firms beginning 2010 to value portfolios on the date of any external cash flow?

*Yes*

8. Should the GIPS standards require firms to retroactively disclose the following when carve-out segments are used?

- (a) a list of the underlying composites from which the carve-out was drawn, and  
(b) the percentage of the composite that is composed of carve-outs.

*No, doing it retroactively could be an onerous burden.*

Yours sincerely,

The Danish Society of Financial Analysts &  
The Danish Society of Investment Professionals

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