

CFA Institute
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JE/RAE/MXP/jc

Dear Sirs

Comments on the Guidance Statement on Verifier Independence

We would like to thank the CFA Institute for the opportunity to comment on the proposed GIPS Guidance Statement on Verifier Independence.

Please find enclosed the response of Ernst & Young, with comments and suggestions on the proposed Guidance Statement from our global network of GIPS verification practices.

If you wish to discuss any of our points further, please contact either Robert Wauschek (tel. +43 1 21170-1269, e-mail: robert.wauschek@at.ey.com) or Matt Price (tel. +44 20 7951 2223, e-mail mprice1@uk.ey.com).

Yours faithfully

Ernst & Young welcomes the opportunity to comment on the proposed Guidance Statement on Verifier Independence.

1. Do you agree with the principles established in the Guidance Statement?

We agree with the principles established in the Guidance Statement, and would like to make the following further remarks:

Regarding the principle that states: "The verification firm must consider any independence guidance for their profession, if applicable". It should be clearly stated in the guidance that the actions listed in Appendix 1 to this comment letter, which are reasonably thought to bear on independence, are covered by the professional independence guidelines of all audit firms, and should be fulfilled by all verifiers, regardless of whether they are not regulated by professional independence rules.

In addition, we suggest adding the following statement (to the guiding principles):

"While certain tasks may be outsourced to external service providers, responsibility for the full and fair presentation of the performance presentations remains with the investment manager."

2. Are there other elements involved in verifier independence that are not included?

Regarding the activities which could create an independence issue, we believe they should be further clarified to state that:

"The verifier should not provide, implement or have a strong involvement in the process of implementing software or systems critical to the GIPS compliance process".

We do accept however that the verifier should be permitted to provide advice or guidance on some specific questions or issues relating to systems implementation. Under such circumstances, the verifier should take steps to ensure that they do not act in a role of management, and ensure that this is clearly communicated to the firm.

Furthermore, it should be stated that services which might create an independence issue relate to the verifier as well as to its affiliates.

Regarding services that might not create an independence issue it should be clarified, that the verifier can provide tax compliance and advisory services to investment managers to the extent, that the verifier does not violate the other provisions described in the Guidance Statement.

Finally we would like to stress that a verifier should be allowed to provide all other professional services that do not impair its independence.

3. Do you agree with the proposed Effective Date?

Yes, we agree with the Effective Date January 1, 2006.

Appendix 1

- The verifier cannot have financial interest in the ownership of the investment manager
- The verifier cannot enter into a performance or incentive based fee arrangement for its performance or other services
- The verifier cannot recommend the investment manager or act as an advocate for the investment manager to third parties
- The verifier cannot enter into a joint for profit business venture with the investment manager
- The verifier cannot accept significant gifts or cash payments from the investment manager unrelated to fees for service rendered.