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A.170.1/SH

### **Comments on the Addition of Advertising Guidelines to the GIPS Standards**

Dear Madam, Dear Sir

On behalf of our Performance Standard experts, please accept our thanks for giving us the occasion to comment on the proposed guidance statements.

1. *Do you support AIMR's effort to develop Advertising Guidelines to be added to the GIPS standards?*

Yes, we fully support this effort.

2. *Do you agree with the proposed Effective Date of 1 May 2003?*

Yes we do.

3. *Do you agree with the information and disclosures required in both of the scenarios (advertisements that include a claim of compliance and advertisements that include both a claim of compliance and performance results)? Should additional information be provided in an advertisement? Are there too many required disclosures?*

We agree with the information and disclosures required for the advertising purposes. We would like to draw attention to the following matters that, in our opinion, should be considered:

- The proposed Guidelines require that "information must be taken from a presentation that adheres to the requirements of the GIPS standards" (last paragraph on page 2 and page 5). This relates to year-to-date returns and 1-, 3-, and 5-year annualised composite returns. The presentation of this information, however, for compliant composite reports is currently not mandatory. Firms may therefore not be able to get this information directly from compliant presentations but may have to derive it first. This needs clarification.

- The current wording with respect to presentation of 1-, 3- and 5- year annualised returns also states that they are to be presented “since **firm** inception”. We believe this should be changed to “since **composite** creation” as the date of composite creation may not be the same as the date of firm’s inception.
  - Item 1 (pages 2 and 5) state that “a **description** of the firm” must be disclosed. We believe that a description of the firm as defined for compliance purposes (**definition** of the firm) must be disclosed.
  - With regard to presentation of the benchmark returns, we suggest adding that if a benchmark is presented in the compliant presentation, it must be presented in the advertisement, except for situations when benchmark data for the year-to-date period is not available for some reason or other.
  - A disclosure on “the use and extent of leverage and derivatives” needs further elaboration. It should be consistent with the upcoming “Guidance Statement on Derivatives and Leverage”.
  - We suggest adding guidance on how firms can reference the fact of verification or composite detailed examination in the advertisement.
  - An example of an advertisement and press-release in compliance with the Advertising Guidelines would be desirable (e.g. as it is provided in the AIMR-PPS Advertising Guidelines). An additional guidance on the definition of advertisement (e.g. RFPs, “flash” reports, etc. as included in the AIMR-PPS Advertising Guidelines) would also be useful.
  - With regard to presentation of supplemental information, this should be consistent with the guidelines of the Guidance Statement on the Use of Supplemental Information, e.g. specific labelling of supplemental information, etc.
4. *At some point in the future, should the GIPS Advertising Guidelines be mandatory for all GIPS-compliant firms? In other words, should a GIPS-compliant firm be required to follow specific rules when advertising, regardless of whether the advertisement includes a claim of compliance?*

No, a GIPS compliant firm should not be required to follow specific advertising rules if not claiming compliance in the advertisement. The reason is that in this case detailed guidelines on the contents, design and layout of marketing materials will have to be developed, which is, in our opinion, outside the scope of the PPS framework.

#### 5. *Other proposals*

The proposed Advertising Guidelines do not provide any guidance on how compliance with the GIPS Advertising Guidelines can be enforced, e.g. by verifiers. We suggest including a review of adherence to the Guidelines into the verification process,

e.g. firms may be required to submit their performance advertising materials to the verifiers for review before dissemination.

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We are grateful for having had the opportunity to comment on the proposed provisions and guidance and hope that our comments will be taken into consideration.

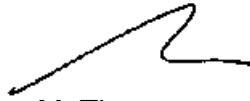
Yours sincerely,

SWISS BANKERS ASSOCIATION

Swiss Performance Presentation Standards



St. Hoffmann



M. Tissot