

CFA Institute
CFA Centre for Financial Market Integrity
Reference: Guidance Statement on Performance Examinations
P.O. Box 3668
Charlottesville, Virginia 22903
Fax: 434-951-5320
E-mail: standardsetting@cfainstitute.org

Rotterdam, January 13th 2006

Dear IPC Members,

We hereby send you the response of the VBA-IPM Committee, the Dutch Investment Performance Measurement Committee of VBA, the local sponsor of GIPS in the Netherlands, regarding the “Guidance Statement on Performance Examinations”.

For questions and/or comments, please contact the following individuals:

Corné Reniers, Chairman, VBA-IPM Committee, C.A.G.M.Reniers@robeco.nl
Lennart Cattel, Secretary, VBA-IPM Committee, Cattel.Lennart@kpmg.nl

Comment Requested

1. Do you agree with the scope and purpose of the Guidance Statement?

We do agree with the purpose of the Guidance Statement. We agree the market needs guidance and clarification in the procedures to be followed to conduct a Performance Examination under the GIPS standards. We also agree with the fact that a Performance Examination is a secondary level of testing that cannot be completed without a GIPS Verification.

2. Do you agree with the processes established in the Guidance Statement?

As before mentioned we think the market needs guidance and clarification in the procedures to be followed in conducting a Performance Examination.

We do agree with the stated Pre-Performance Examination Procedures. A verifier should have at least the level of knowledge mentioned in the four bullet points.

The Performance Examination Procedures however give a lot of room for interpretation to the verifier. Therefore we feel that market participants do not get enough guidance and clarification from these procedures.

If a firm already has a Verification Report or is about to get one, the firm fulfils the composite construction requirements and has processes and procedures to calculate and present performance results in compliance with the Standards. The verifier has probably already tested the processes and procedures during the verification procedure.

The way the Performance Examination Procedures are outlined now in the Guidance Statement seems to require that the verifier tests all processes and procedures again. Instead we would expect that because of the fact that the firm has or is about to get a Verification Report, the guidance would be that the Performance Examination Procedures consist of taking samples on the specific composite.

We have the opinion that this guidance doesn't meet the intended goals and leaves too much room for own interpretation to the verifier. Consequence of this could be that the asset management firms don't feel comfortable giving verifiers an assignment to conduct a Performance Examination.

3. Are there other elements involved in a Performance Examination that are not included?

We would expect that the sixth procedure of the performance examination regarding Performance Measurement Calculation would also provide guidance on the examination of benchmark returns.

4. Do you agree with the Applications?

We have the opinion that the applications are not really representative for the possible issues which can come up during a performance examination. We tend to think that the applications are the ideal place to set out the distinction between the firm wide verification and Performance Examination we refer to in our comment on the second question.

5. Do you agree with the proposed Effective Date?

We do agree with the proposed Effective Date.

If you have any remarks regarding our comments, please do not hesitate to contact us.

Kind regards,

drs. L. Cattel, CFA
Secretary, VBA-IPM Committee
The Netherlands