**GIPS Standards Operating Policies and Procedures**

**Adopting Release**

March 2007

Country Sponsor Comments Submitted By:
France
Germany
Japan
North America
Norway
United Kingdom

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<th>GIPS Standards OPPs</th>
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<td><strong>EC OPPs: Purpose</strong></td>
<td>German: Please explain why the EC should be a &quot;standing committee of the CFA Centre for Financial Market Integrity&quot;. Which consequences may result from this regarding potential conflicts of interests?</td>
<td>Action: No change to OPP. EC should provide comment outside the OPP. Reason: Recognizing importance of the question, it is not appropriate to include explanation in the OPP.</td>
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<td>Process</td>
<td>Japan: (#2) Not only new or revised GIPS standards but also Guidance Statements should be published with an Adopting Release. Accordingly, we suggest a revision as follows: “… New or revised GIPS standards and Guidance Statements will be published with an Adopting Release addressing all public comments received on the Exposure Draft, …”</td>
<td>Action: Agree to the suggested addition.</td>
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and Guidance Statements, the outcome should be reflected in the OPPs later.

**North America:**  (#2) All public comment letters should be posted on the web.

(#19) Should be changed to by adding the following after quorum “or 51% of the committee membership, whichever is greater.” As it currently reads, four (3.9) individuals can pass something.

| **Action:** | Agree, these are already posted on the website. |
| **Action:** | Agree to the suggested addition. |

| **Membership** | **France:** (para 5) The EC is composed of 9 members and one of them is the Chairman of the GIPS EC. However, in the OPPs, there is no mention of his role, the procedure for his nomination/election and the length of his mandate. Therefore we suggest including a subparagraph on the role, the nomination/election and the length of his mandate. |
| **Action:** | Agree to the suggested addition. |

| **German:** (para 5) We propose to clarify whether it is possible to attribute one seat to several persons or that several seats may be occupied by one person. |
| **Action:** | No change to the OPP |
| **Reason:** | This is a comment on EC OPP. The EC Constitution stipulates EC comprise 9 members and each member other than EC Director is appointed to one year terms. |

| **Action:** | No change to OPP |
| **Reason:** | Nomination and election process are defined in the Nominations Committee Guidelines and TOR |

| **Action:** | No change to OPP |
| **Reason:** | Review for consistency in next update |

| **Action:** | Agree to suggested addition. |

| **Japan:** After Section 8 (or other appropriate place in the GIPS EC OPPs), a section of “GIPS EC Chair” should be provided including decision method, role, and the term of office. |
| **Action:** | Agree to suggested addition. |
Meetings

**France:** (para 19) At the London Summit, some of the Country Sponsors disagreed with the voting majority of 2/3 (66%) of the GIPS EC and instead proposed a veto right of the GIPS Council. This proposition was not accepted by the CFA Institute, instead it was agreed that the voting majority would be increased to ¾ (75 %) of the GIPS EC.

At the Rome Meeting, it was recognized that the OPPs had not been amended yet to reflect this new majority agreed in London but would be amended in its latest version.

In the current version of the OPPS (dated 30 October 2006), we observe that the voting majority is still of 2/3 (66%) of the EC members constituting a quorum to approve any measure. The French Country Sponsor is keen on having the ¾ (75 %) voting majority implemented in the OPPs as soon as possible and before the official signature of the CSA since the voting majority at the GIPS EC is a key issue for us.

**German:** (para 16) We suggest to reduce the notification period for individuals seeking to attend a meeting of the EC from 21 to 14 days.

(para 21) We suggest to provide that the County Sponsors are informed by email about any new minutes or agenda. It should be also considered to inform the country sponsors via a news mail service when agendas and minutes as well as papers where a decision is asked for are available at the GIPS website.

**Japan:** (Section 16) The term “executive sessions” should read “closed sessions” to be consistent with the term used in Section 21 (“Closed session minutes”).

**Action:** No change to the OPP. It should be clearly communicated that EC have decided on effecting the change to the EC Constitution, and immediately after CFA Board approves change in EC Constitution, the OPP will be revised to incorporate the change.

**Reason:** In our February conference call, it was decided that EC seek CFA Board approval on a change in EC Constitution to require 75% affirmative votes for any proposal to pass. The process to be taken runs in the following order; publishing exposure draft, seeking public comment (90 days), finalizing draft, EC approval, CFA Board approval. There’s no chance EC Constitution is revised and approved by CFA Board before Cape Town meeting.

**Action:** No change to OPP

**Reason:** Logistically not feasible

**Action:** No change to OPP

**Reason:** Notification is currently emailed when materials and agenda are available

**Action:** Agree to suggested change.
(Section 17): “Every reasonable effort will be made to post meeting materials to the GIPS website …” should read “Every reasonable effort will be made to post meeting **agenda and materials** to the GIPS website …”.

(Section 19): We suggest that “the affirmative vote of 2/3 (66%)” should be “the affirmative vote of 3/4 (75%)” for any resolutions, or for special resolutions (for important subjects such as amendment of the GIPS EC Constitution, etc).

- The approval of new or revised GIPS provisions and Guidance Statements and that of the documents regarding the GIPS governance should not be decided during closed sessions to secure the transparency. We thus strongly suggest that a new section should be provided immediately after Section 19 as follows:

  **The approval of new or revised GIPS provisions and Guidance Statements as well as that of revisions to the governance process and documents of the GIPS EC, GIPS Council, and Subcommittees must be decided during the EC meetings open to the public.**

| Action: | Agree to suggested change. |
| Action: | No change to the OPP. It should be clearly communicated that EC have decided on effecting the change to the EC Constitution, and immediately after CFA Board approves change in EC Constitution, the OPP will be revised to incorporate the change. |
| Reason: | In our February conference call, it was decided that EC seek CFA Board approval on a change in EC Constitution to require 75% affirmative votes for any proposal to pass. The process to be taken runs in the following order; publishing exposure draft, seeking public comment (90 days), finalizing draft, EC approval, CFA Board approval. There’s no chance EC Constitution is revised and approved by CFA Board before Cape Town meeting. |
| Action: | Establish a new section as suggested. It should be communicated clearly that the entire OPP document is subject to change at a future data as Process Working Group propose relevant processes. |
| Reason: | Other OPPs have a statement that “matters likely to be reviewed and endorsed by the EC should be discussed
| Nomination Committee | France: (para 9) The Nomination Committee of members to the GIPS EC is composed of at least two members of the CFA Institute (the EC Director and an appointed representative of CFA Centre) and two other members. We would appreciate that the Nomination Committee be open to the RIPS Chairmen. | Action: No change to OPP
Reason: Nominations Committee documents will define |
| Communication and Public Awareness Activities | Japan: (Section 25) “The EC, in conjunction with CFA Institute and Country Sponsors, is expected to use …” should read “The EC, in conjunction with Country Sponsors and the GIPS Secretariat, is expected to use …”. | Action: No change to this section.
Reason: The full text of relevant section is “The EC, in conjunction with CFA Institute and Country Sponsors, is expected to use a wide variety of means to communicate to the industry on the initiatives undertaken by the EC, the GIPS Council, and the RIPS including among others: Country Sponsors and their membership, investors, investment managers, and regulators.” CFA Institute is broader existence and is more appropriate to appear in this section than GIPS Secretariat. Who does communicate? It’s EC and GIPS Secretariat. Who provides who to communicate with? It’s CFA Institute and Country Sponsors. |
| **GIPS Council OPPs:** Purpose | **German:** It is not required to involve the CFA Institute Board for a review an approval because the CFA Institute Board is itself significantly represented among the members of the EC. | **Action:** No change to OPP  
**Reason:** If the change doesn’t affect EC Constitution (governance changes), no CFA Board approval might be needed. |
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<td><strong>Japan:</strong> (Section 3 – 5th bullet point): “Elect a Council representative, along with the Council Chairman to serve on the EC Nominations Committee” should read “Elect a GIPS Council representative that is not a current member of the EC, along with the GIPS Council Chairman to serve on the EC Nominations Committee.” to be consistent with Section 9 of the GIPS EC OPPs.</td>
<td><strong>Action:</strong> Agree to suggested change.</td>
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<td><strong>North America:</strong> (#3 – bullet 1) Use consistent terminology throughout all OPPs documents for what is being commented on.</td>
<td><strong>Action:</strong> Agree to suggested change.</td>
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| **Objectives** | **North America:** (#4.e) While we agree with the advantage of promoting effective and consistent verification, we are concerned that this implies mandatory verification which has not been decided yet. We also note that it does not seem consistent with the other goals as this is dealing less with the standards themselves.  
(#4.f) Communicate benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all investment performance related aspects of the investment management industry globally. | **Action:** No change to OPP  
**Reason:** This does not imply or promote mandatory verification.  
**Action:** Agree to suggested addition | |
| **Process** | **France:** (para 7) Discussion and vote on the same items should not be scheduled at the same meeting to enable Country Sponsor Representatives to have enough time to review the supporting documents and to internally consult their own members.  
(para 7 – third bullet) We repeat our reluctance about a vote via conference call since the phone connections | **Action:** No change to OPP  
**Reason:** Chair must have freedom to discuss and vote on issues. It is unlikely that major issues will be voted on with short notice, but must have this freedom for other votes.  
**Action:** No change to OPP  
**Reason:** Should not be a |
might not always be perfect and some members are not comfortable with conference calls. We would better favor a vote via emails instead.

**Japan:** (Section 7) After 1st bullet point, the following item should be provided as 2nd bullet point because the agenda of a GIPS Council meeting is not mentioned in any place of the Process:

“The agenda for the GIPS Council meetings will be determined by the GIPS Council Chairman and will take into consideration the EC agenda. Every reasonable effort will be made to post meeting agenda and materials to the GIPS website no later than twenty-one (21) days prior to the scheduled meeting.”

In this case, Section 21 under “Meetings” can be deleted.

(Section 12) The following sentence should be added to be consistent with Section 6 of the RIPS OPPs:

“The GIPS Council and RIPS Chairs must be notified in advance of each meeting by the Country Sponsor representative who the substitute will be.”

“Chairs” is used in some places and so the term should be unified among OPPs (Chair(s) or Chairman (Chairmen)).

(Section 13) “Country Sponsors must notify the Chairman of the GIPS Council and CFA Institute of …” should read “Country Sponsors must notify the Chairman of the GIPS Council and the GIPS Secretariat of …”

**North America:** (#7 – bullet 4) Appears that this technical problem.

**Action:** Agree to suggested addition.

**Action:** Agree to suggested deletion.

**Action:** Agree to suggested addition

**Action:** Changed to “Chair” throughout all OPPs

**Action:** Agree to suggested change

**Action:** Agree to suggested
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<tr>
<th>Membership</th>
<th><strong>North America:</strong> (#10) “The Chairman of the GIPS Council and the Chairmen of the RIPS will be nominated and elected by GIPS Council members and will also serve as members of the EC.” <em>The Chairman of the RIPS will be nominated and elected by the GIPS Council members represented by that RIPS.</em></th>
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<td>(#14) Provide more details for election process. State that ability to serve effectively is the primary concern.</td>
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<td>Responsibilities of the Chairman of the GIPS Council …</td>
<td><strong>North America:</strong> (#27) The Chairman of the GIPS Council is expected to <em>will</em> ensure that all reports and proposals.</td>
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<td>(#28) How is other country sponsor member selected?</td>
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requires a unanimous vote to call any vote. Should be reworded to: “The Chairman of the GIPS Council may call for a vote of GIPS Council members (in person, via conference call, by email). To take an email vote requires the unanimous consent of the entire membership”.

(#7 – bullet 5) Would change “voting in the same manner” to “voting in a manner that reflects constituents’ interests.” To clarify, as this currently reads, 34% of the committee members can pass something (.51*.67). Should be changed by adding the following after quorum: “or 51% of the committee membership, whichever is greater.”

**Action:** Agree to suggested change

**Action:** No change in the OPP. But, create a process document for Council Chair and RIPS Chairs, outside of the OPP. **Reason:** We are to create nomination processes for 4 non-country sponsor EC members – outside the EC OPP. We should create another for Council Chair and RIPS Chairs.

**Action:** No change to the section 28. **Reason:** The full text of the relevant section is “The Chairman of the GIPS Council is to serve on the Nominations
### RIPS OPPs: Objectives

**North America:** (1.g) “to communicate benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all *investment performance related* aspects of the investment management industry in the region.”

**Action:** Agree to suggested change

### Process

**France:** (para 2 – third bullet) We repeat our reluctance about a vote via conference call since the phone connections might not always be perfect and some members are not comfortable with conference calls. We would better favor a vote via emails instead.

**Japan:** (Section 2 – 1st bullet point): “Every reasonable effort will be made to post meeting materials …” should read “Every reasonable effort will be made to post meeting agenda and materials …”

**Action:** Agree to suggested addition

### Membership

**France:**
- **a. Membership – para 3-7**
  - There is no provision indicating the length of the RIPS Chairmen’s mandate. The RIPS OPPs should mention how and for how long RIPS Chairmen are elected/appointed. In the ‘membership’ section (para.3 to 7), a provision on the mandate of the RIPS Chairmen (to be fully consistent with the GIPS EC OPPs) should be added.
  - A paragraph on the status/membership of supranational organizations within the RIPS Subcommittees should be added in the OPPs. Under the current version of the RIPS OPPs, it is not possible to attribute membership and/or a right to vote to Committee for the non-country sponsor EC seats (along with one other GIPS Council representative that is not a current member of the EC).” The Process sections will be able to apply to the election of “other GIPS Council representative.

**Action:** Agree to include language, but needs to be defined in Nominations Committee documents.

**Reason:** Do the following comment: “It was agreed by the EC to handle this through an amendment to the RIPS OPPs to not delay the approval
supranational organizations.

b. Other Issues

• **Creation or establishment of working group:** Whenever a working group is created or set up, the RIPS OPPs should provide for the procedure to elect or designate a chairman or coordinator of the working group, such as for example the procedure of a call for application. We read the GIPS EC’s answer to our comment but are still insisting on that issue for the sake of more transparency in the decision process.

• **Approval of papers from the RIPS and available to the public:** Any document, whether a working paper or a more official paper from the RIPS, communicated to the GIPS EC or GIPS Council should be duly approved by the RIPS members. A procedure for the approval of RIPS documents should therefore be defined in the OPPs.

**Japan:** (Section 3) “… between Country Sponsor, RIPS and Council is seamless” should read “… between Country Sponsor, RIPS and **GIPS** Council is seamless.”

(Section 4) The term of office of the RIPS Chairman should be clarified in the RIPS OPPs.

**North America:** (#7) Term of RIPS chairman should be clarified
<table>
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<th>Meetings</th>
<th>North America: (#11) What percentage is needed to pass something? Would require at least 51% of committee members vote for something. Why is email voting option excluded?</th>
<th>Action: Agree to clarification and changed language</th>
</tr>
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<tbody>
<tr>
<td><strong>EC Standing Subcommittee OPPs</strong></td>
<td><strong>France:</strong> (general participation) In the OPPS, there is no restriction of participation in Subcommittees i.e. the same person is eligible to participate in several Subcommittees. Although we understand that in case there are no enough applicants, it can be accepted that the same person participates in different Subcommittees, we do not favor the multi-participation of a person to several Subcommittees. Therefore, we would appreciate a provision defining the participation in Subcommittees and limiting the participation in one Subcommittee. Supporting the GIPS EC’s position, we are keen on having a balanced geographical representation of the GIPS members in the Standing Subcommittees. However, we noticed that some of the Subcommittees were geographically overrepresented, which might be due to the lack of applicants from other areas however.</td>
<td>Action: No change in the OPP. Reason: We assume that you refer to the technical subcommittees. Looking at the current membership there is no overlay of membership. Therefore we do not see the need to add such a limitation. Should be addressed by the Nominations Subcommittee.</td>
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**Action:** No change in the OPP. **Reason:** We assume that you refer to the technical subcommittees. Looking at the current membership there is no big geographical bias. Therefore we do not see the need to add such wording. Should be addressed by the Nominations Subcommittee. **Action:** No change in the OPP. **Reason:** We assume that you refer to the technical subcommittees. Looking at the current membership there is no big geographical bias. Therefore we do not see the need to add such wording. Should be addressed by the Nominations Subcommittee.
| Objectives | **North America:** (#1.a) “Ensure that all proposals shall be consistent with, and *complimentary* additive to, the fundamental principles and objectives of Global Investment Performance Standards (GIPS®).”

(#3) Found this unclear and suggest new wording: “To achieve this, matters likely to be reviewed and endorsed by the EC should be discussed by the members of the Subcommittees, with votes taken as necessary. The goal is to provide the Subcommittee Chairs with the information necessary to ensure that the views and interests of the Subcommittee members are reflected in the reports and votes of Chairs at the EC meeting.”

(#3 – bullet 3) Appears that this requires a unanimous vote to call any vote. Should be reworded to: “The Standing Subcommittee Chairman may call for a vote of its members (in person, via conference call, by email), To take an email vote requires the unanimous consent of the entire membership.”

(#3 – bullet 4) Would change “voting in the same manner” to read “voting in a manner that reflects constituents’ interests,” To clarify, as this currently reads, 34% of the committee members can pass something (.51*.67).

Should be changed by adding the following after quorum: “or 51% of the committee membership, whichever is greater.”

| Membership | **Japan:** Participation in several subcommittees by the same person should be limited to avoid conflicts of interest and such limitation should be provided.

**Action:** No change in the OPP.

**Reason:** We assume that you refer to the technical subcommittees. Looking at the current membership there is no overlay of membership Therefore we do not see the need to add such a limitation. Should be addressed by the Nominations Subcommittee.
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<th><strong>North America:</strong> (#6) Does not say how they are elected. Majority vote or unanimous approval. Should be clarified.</th>
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| (#7) Would complete the thought by adding “to subcommittee responsibilities”.

**Action:** No change in the OPP.  
**Reason:** Should be addressed by the Nominations Subcommittee.

**Action:** Agree to suggested addition

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<td><strong>Japan:</strong> (Section 11) “must be” is duplicated.</td>
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| **Action:** Agree to suggested deletion

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<th><strong>Additional Comments:</strong></th>
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| **France:** The summary of the comments makes a reference to Nomination TOR and Guidelines. We would appreciate if Country Sponsors could receive a copy of the future document for comments.  
In conclusion, we have several general comments relating to the OPPS and more broadly to the Governance of the GIPS:  
- We received a copy of the composition of the different GIPS EC Standing Subcommittees. We would have also welcomed receiving the name of all the applicants to the different Subcommittees;  
- To avoid any conflict of interests for some CS representatives due to their job occupation (the representatives who are making business with the GIPS), we would welcome clear rules on conflicts of interests in the different OPPs;  
- Each contact made with a local regulator or a supranational authority on behalf of the GIPS Community (i.e. either by a RIPS Chairman, GIPS Council Chairman or GIPS EC Chairman) should be first approved by the right instance. For instance, contacts with the European Commission must be agreed by the RIPS EMEA on the principle and the content.

**Action:** No change in OPP  
**Reason:** Providing the names of all the applicants falls under the rules of confidentiality. Therefore not possible.

**Action:** No change in OPP  
**Reason:** Conflict of interest is addressed in paragraph 17

**Action:** No change in OPP.  
**Reason:** We disagree from an organizational perspective. All activities are reported to the country sponsors through the regular update reports.
We thank you for reviewing our comments and remain available to discuss further on the content of the memo.

**German:** We have no comments on the OPPs of RIPS and Standing Subcommittees

**Norway:** The Norwegian Country Sponsor has reviewed the REGIONAL INVESTMENT PERFORMANCE SUBCOMMITTEES OPERATING POLICIES AND PROCEDURES and the GIPS COUNCIL OPERATING POLICIES AND PROCEDURES and we have no comments to the updated OPPs. The OPPs are accepted and we have since the Rome – meetings acted in accordance to them.

**UK:** Seems OK to us.