To: GIPS Executive Committee  
From: Yoh Kuwabara, Chair, Process Working Group  
Date: 11 July 21007  
Subject: Proposal on Country Sponsor Endorsement Process

Since the last EC open meeting in Cape Town, we, Process Working Group, have discussed the Country Sponsor endorsement process for three (3) months, during which time we consulted EC for comment and input on a regular basis. I’m more than happy to announce that we have completed the work and our proposal is attached hereto for discussion and approval by EC.

Among others, we were very keen to establish a sound and transparent process for Country Sponsor endorsement, and came out with some set of purpose of endorsement process ("principles") and ground rules ("boundary") as follows;

1. Principles
   - EC endorsement process is to make every reasonable effort to determine the role/position the applicant organization(s) play within the local market and the extent to which the organization(s) is representative of the country’s/region’s market and industry.
   - Ultimate decision-making should be made by EC. However, EC will establish a team for each application to do assessment work on behalf of them.
   - Assessment work may involve additional investigation/probe when deemed necessary but with nonintervention to domestic affairs

2. Boundary
   Throughout the entire endorsement process, the Team should do:
   - No contact/negotiation with the applicant organization(s) or any other organization(s) within the country without agreement within the Team – Action as Team
   - No mediatory/intermediary role in between organizations within the country

After the EC discussion at Cape Town, we combined the Country Sponsor endorsement process with Country Sponsor evaluation process. Our proposal therefore consists of 1) Endorsement Process Flowchart; 2) Explanatory text of the Flowchart; 3) Endorsement
Worksheet: 4) Country Sponsor Evaluation Criteria; 5) Additional Questionnaire List; and 6) Performance Evaluation Sheet (for existing Country Sponsor). Content wise, 4) and 6) are exactly the same with what was initially proposed in Cape Town.

With regard to the composition of assessment team, despite EC’s preference, we finally decided to propose a team of five (5) EC members including EC Chair; GIPS Council Chair; Relevant RIPS Chair; and GIPS Executive Director. This just reflected the strong belief shared among a majority of the Group members that the assessment team should desirably employ a variety of different personal expertise, and have no conflict of interest and/or independence, while maintaining confidentiality of the applicant as well as the content of the application.

Best regards

Yoh

Establish Assessment Team: Comprising 5 EC members including EC Chair; GIPS Council Chair, Relevant RIPS Chair; GIPS Executive Director

Receipt of the application should be communicated with EC members

If the application is for a new country where there’s no GIPS Country Sponsor
  Go to Step 2 (a)

If the application is for a country where there’s already GIPS Country Sponsor
  Go to Step 2 (b)

Step 2. Disseminate within the country that the application has been made.

(a): When the application is for a new country where there’s no GIPS Country Sponsor,

- CFA Institute announces the receipt of an application on the GIPS website for 1 month.
  This step is to improve transparency, although the name of the applicant will not be posted.

- If the EC is aware of other interested organizations, those organizations will be notified of the application as a courtesy.
  This is primarily the responsibility of the RIPS Chair and Executive Director.

If there emerges no competing organization expressed interest in becoming a Country Sponsor
  Go to Step 3

If there emerges competing organization expressed interest in becoming a Country Sponsor
  Go to Step 4

(b): When the application is for a country where there’s already GIPS Country Sponsor,

- The existing Country Sponsor should be notified of the application

- The Team asks the existing Country Sponsor and the applicant organization to meet and discuss for a solution

If a solution has been identified and agreed with bilaterally
  Go to Step 5

If there’s no solution agreed with by them
  Go to Step 6 (a)
Country Sponsor Endorsement Process

Step 3. Assess the application

The Team does the following:
- Check if the Country Sponsor Evaluation Criteria Section 1 is met
- When determined necessary, make additional queries to the applicant organization
- Compile checklist
- Determine Team’s assessment results  
  \[\text{Go to End}\]

Step 4. Team Proposes Dialogue among Organizations wishing to become Country Sponsor

- The Team notifies the applicant organization of another organization wishing to become Country Sponsor for the country
- The Team asks both organizations to meet and discuss for a solution

If a solution has been identified and agreed with bilaterally  
  \[\text{Go to Step 5}\]

If there’s no solution agreed with by them  
  \[\text{Go to Step 7}\]

Step 5. Revise and/or re-submit the application in accordance with the solution agreed with by the relevant organizations

In accordance with the solution agreed with by relevant organizations,
- If the application is not withdrawn, necessary changes be made to the submission form  
  \[\text{Go to Step 3}\]

- If the application is withdrawn, no assessment is necessary.
**Country Sponsor Endorsement Process**

### Step 6. Evaluate performance of existing Country Sponsor, assess the application, and call for EC discussion and decision-making

<table>
<thead>
<tr>
<th>(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Team evaluates performance of the existing Country Sponsor utilizing the Evaluation Criteria</td>
</tr>
<tr>
<td>If performance of existing Country Sponsor proves good</td>
</tr>
<tr>
<td>If performance of existing Country Sponsor doesn’t prove good</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Team assesses the application utilizing Evaluation Criteria</td>
</tr>
<tr>
<td>EC conference call should be held for discussion and decision-making with participation of the existing Country Sponsor</td>
</tr>
</tbody>
</table>

### Step 7. Assess the application

When there’s no other application,
- The Team assess the original application | Go to Step 3 |

When other organization submits an application,
- The Team should do the assessment for the new applicant as well | Go to Step 3 and come back here |
- The Team decides 1 organization to recommend GIPS EC as Country Sponsor | Go to End |

- The Team documents and reports to the GIPS EC the results of its assessment
Country Sponsor Endorsement Worksheet

Applicant Name: 
Country/Region: 
Application received on: 
Assessment Completed on: 
EC Endorsed on: 

Assessment Principles and Boundary

Principles:
1. EC endorsement process is to make every reasonable effort to determine the role/position the applicant organization(s) play within the local market and the extent to which the organization(s) is representative of the country’s/region’s market and industry.
2. Ultimate decision-making should be made by EC. However, EC will establish a team for each application to do assessment work on behalf of them.
3. Assessment work may involve additional investigation/probe when deemed necessary but with nonintervention to domestic affairs.

Boundary:
Throughout the entire endorsement process, the Team should do:
1. No contact/negotiation with the applicant organization(s) or any other organization(s) within the country without agreement within the Team – Action as Team.
2. No mediatory/intermediary role in between organizations within the country.

Is application for a new country/region: Yes / No

For an application for a new country/region:

* Has receipt of the application been announced on the GIPS website? Yes / No
* Has there been any other organizations that expressed their interest in becoming Country Sponsor? Yes / No
* Have discussions taken place between the organizations expressed interest in becoming a Country Sponsor? Yes / No

* Have all the processes been conducted in accordance with the Process Flowchart? Yes / No

For an application for country/region with existing Country Sponsor:

* Has the existing Country Sponsor been notified of the new application? Yes / No
* Have discussions taken place between the existing Country Sponsor and the applicant? Yes / No
* Has the existing Country Sponsor’s performance proved good? Yes / No

* Have all the processes been conducted in accordance with the Process Flowchart? Yes / No

Overall Assessment:

Comment:

Assessment Team:
1. EC Chair:
2. GIPS Council Chair:
3. Relevant RIPS Chair:
4. GIPS Executive Director:
5. 

Agenda Item #2
ACTION ITEM
Final Draft
21 September 2007
Country Sponsor Assessment Worksheet
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Priority</th>
<th>Information to be Submitted</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit organization.</td>
<td>A</td>
<td>Application Form</td>
<td></td>
</tr>
<tr>
<td>Incorporated Status</td>
<td>B</td>
<td>Articles of Incorporation or equivalent document</td>
<td></td>
</tr>
<tr>
<td>Broad representation of various GIPS stakeholders within their country/region</td>
<td>B</td>
<td>Number of individual and/or corporate members, List of local stakeholders covered by the applicant organization and description of relationship/affiliation, Plans for establishing the local committee, Member list of such local committee and description of the activities, if any</td>
<td></td>
</tr>
<tr>
<td>Ability to make promotional and educational activities with own resource</td>
<td>A</td>
<td>Description of plans and method of promotional activities including seminars, conferences and promotional materials.</td>
<td></td>
</tr>
<tr>
<td>Ability to send/recommend members to EC, RIPS and Technical Subcommittees</td>
<td></td>
<td>To be described in the application form</td>
<td></td>
</tr>
<tr>
<td>1) Council/RIPS</td>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) EC, Subcommittee representatives</td>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to protect the GIPS Intellectual Property (See above 2)</td>
<td>B</td>
<td>To be described in the application form</td>
<td></td>
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<tr>
<td></td>
<td>Country Sponsor Evaluation Criteria</td>
<td></td>
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<td>---</td>
<td>---------------------------------------------------</td>
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<tr>
<td>7</td>
<td>Where it is appropriate to have the translation in the local language due to the market conditions, ability to translate the GIPS Standards and Guidance Statements in local language accurately and in high quality with own resources</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Ability to make comments to the GIPS exposure drafts on GIPS Standards and/or Guidance Statements</td>
<td>B</td>
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<tr>
<td>9</td>
<td>Ability to provide basic interpretations in terms of language in country/region</td>
<td>C</td>
<td></td>
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<tr>
<td>10</td>
<td>Financial stability</td>
<td>B</td>
<td></td>
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<tr>
<td>11</td>
<td>Ability to cooperate with the local regulators where such local regulators exist.</td>
<td>B</td>
<td></td>
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</tbody>
</table>

A: Required  
B: Preferable, but not required  
C: Desirable, and to be realized in the future

“Country Sponsor” means any organization, group, or group of organizations that is endorsed by GIPS Executive Committee (“EC”) as GIPS sponsoring body within a country or region.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Structure of the financial market within the country/region:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Size/History of your Organization</td>
<td></td>
<td></td>
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<tr>
<td>3  Activity of your Organization</td>
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<td></td>
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<tr>
<td>4  Structure of decision-making process for GIPS matters - in case of joint sponsorship</td>
<td></td>
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<tr>
<td>5  Website Information</td>
<td></td>
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<tr>
<td>6  How many firms are compliant with GIPS within the country/region</td>
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<tr>
<td>7  Regulator Information and your relationship with the Regulator</td>
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</tbody>
</table>

The Team is entitled to add or delete some questions as deemed appropriate.
## Performance Evaluation for Existing Country Sponsor

**Country Sponsor Name:**

**Country/Region:**

**EC Endorsed on:**

### Country Sponsor Performance Appraisal

<table>
<thead>
<tr>
<th>Assessment Point</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Attendance at any RIPS, Council meetings, conference calls</td>
<td>Absent:</td>
<td>Absent:</td>
<td>Absent:</td>
<td>Absent:</td>
<td>Absent:</td>
</tr>
<tr>
<td>(2) Comments to the exposure drafts of the Standards, Guidance Statements, etc.</td>
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<tr>
<td>(3) Number of members of committees/Subcommittees</td>
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<tr>
<td>(4) Q&amp;A activities in the local market</td>
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<tr>
<td>(5) List of GIPS Seminars/Workshops and other promotional activities</td>
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<tr>
<td>(6) Promotional activities through website, etc.</td>
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<tr>
<td>(7) Copies of promotional materials</td>
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</table>

**Over all Assessment:**

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