CFA Centre for Financial Market Integrity  
GIPS EXECUTIVE COMMITTEE  
OPERATING POLICIES AND PROCEDURES  

Agreed by the GIPS EXECUTIVE COMMITTEE on (date)

The following operating policies and procedures are to serve as guidelines in implementing the work of the GIPS Executive Committee (EC). They may be amended by the EC on an as-needed basis to better serve the needs of the EC and to increase the efficiency of operations.

Purpose

The EC will be a standing committee of the CFA Centre for Financial Market Integrity and will serve as the effective decision-making authority for the Global Investment Performance Standards (GIPS®). The EC will utilize the GIPS Council, Regional Investment Performance Subcommittees (RIPS), and other EC Subcommittees to facilitate the involvement of all Country Sponsors and key stakeholders in the ongoing oversight of the Standards to contribute significantly to the development, maintenance and promotion of GIPS standards. The Operating Policies and Procedures of the EC supersede the operating documents of its subcommittees.

Objectives

1. The objectives of the EC are as follows:
   a) Develop, promulgate, interpret, and maintain the integrity of the GIPS standards:
      i. develop new performance standards as needed by the industry, and
      ii. implement new procedures and controls to ensure that the GIPS standards are consistently applied, interpreted, and expanded with broad public comment;
   b) Determine whether standards adopted by local or regional regulators or professional groups are consistent with the GIPS standards;
c) Work with national and regional standard setters to adopt the GIPS standards and, where relevant, accelerate convergence between national standards and the GIPS standards;

d) Be the leading, global organization for investment performance issues; and

e) Operate as the investment industry’s “think tank” for performance measurement and presentation.

Process

2. Proposed new GIPS provisions and Guidance Statements (or revised provisions and Guidance Statements) will be published in the form of an Exposure Draft for public comment via the GIPS website prior to adoption. The Exposure Draft will include the reason and basis for the change. The public comment period shall last at least ninety (90) days and the EC will make a reasonable effort to promote the availability of the Exposure Draft. New or revised GIPS standards and Guidance Statements will be published with an Adopting Release addressing all public comments received on the Exposure Draft, explaining how the EC reached its conclusions and providing background information that may help users of the GIPS standards to apply the Standards in practice. The EC will determine if any proposed revisions to existing Guidance Statements should be published in the form of an Exposure Draft for public comment.

3. Sponsors interested in being endorsed Country Sponsors of the GIPS standards must abide by GIPS Standards Adoption Guidelines and Process and submit the GIPS Standards Country Sponsor Agreement. This process is conducted by the EC which is responsible for the administration of the endorsement of GIPS Country Sponsors through the GIPS Standards Adoption Guidelines and Process.

4. The EC is responsible for the endorsement of all translated versions of GIPS standards (TGs). Countries wishing to translate GIPS standards into the local, native language must submit a draft to the EC for its review and approval prior to endorsement and printing.

Membership

5. The EC will consist of nine (9) seats with a balance of geographic and industry representation:
   - The Chair of the GIPS Council (1 vote), nominated and elected by GIPS Council members, to ensure all Country Sponsors are represented at the EC;
• The Chair of the three Regional Investment Performance Subcommittees (RIPS) of the GIPS Council (3 votes), nominated and elected by Country Sponsors specific to their Region to represent regional markets, issues, and positions;
• Chair of Industry Standing Subcommittees (4 votes), nominated by the Nominations Committee for non-Country Sponsor EC seats and appointed by the CFA Institute Board (or such committee as designated by the Board) to represent specific industry interests necessary for ongoing GIPS maintenance and development; and
• EC Director (1 vote), which position is to be held by the CFA Centre Director of Investment Performance Standards.

6. The EC will nominate and elect a Chair from among its nine members. The Chair will rotate annually on 1 September, along with all other rotations. The role and responsibilities of the Chair are as follows:
   • Ensure the EC purposes and objectives are achieved
   • Provide strong leadership to the EC
   • Oversee the processes of the EC and EC Director for maximum efficiency and effectiveness
   • With the EC members, ensure the EC fulfills its governance function
   • Chair meetings of the EC
   • Work with the EC Director to develop and approve agendas and meeting materials
   • Help guide and mediate EC actions with respect to organizational priorities and governance concerns
   • Act as a liaison between the EC and investment community, regulators and other relevant bodies, officially representing GIPS Organization

7. Members of the CFA Institute Board or CFA Centre Advisory Council may not be members of the EC unless otherwise approved by the CFA Institute Board.

8. Country Sponsors and CFA Institute members and non-members may submit or refer names for consideration as members of the EC. In addition, interested parties may submit their own name for consideration as an EC member directly, including a résumé or a statement of interest outlining their qualifications for review.

9. EC members will be responsible for appropriately representing the interests of their constituent body in developing GIPS standards initiatives and ensuring that matters are fully discussed by each constituent body well in advance. Members are expected to contribute to the debate and decision-making of the EC so as to advance the cause of improving financial market integrity.
10. The Nominations Committee will develop an objective and fair process for the nomination and selection of members that possess the key criteria as set out in the EC Constitution for the non-Country Sponsor seats of the EC. The Nominations Committee for the non-Country Sponsor EC seats shall consist of Country Sponsors, non-Country Sponsors and other independent individuals:
   • The current EC Director;
   • Appointed representative of CFA Centre;
   • The Chair of the GIPS Council; and
   • GIPS Council representative that is not a current member of the EC elected by the GIPS Council.

11. The nominations process will seek to nominate individuals to the EC who have the requisite knowledge of the investment management industry and who are committed to the goals of the EC and the CFA Centre. The EC selection process will strive to achieve a balance with respect to professional background, financial industry expertise, and geography/cultural diversity. The four non-Country Sponsor seats will be allocated to key industry and investor groups based on recommendations from the GIPS Council, Country Sponsors, CFA Institute members and Member Societies as well as the broader industry and appointed by the CFA Institute Board.

12. Criteria to be considered when nominating and electing/appointing individuals to the EC include:
   • Commitment and ability to speak on behalf of a broad constituency;
   • Demonstrated competency and knowledge of investment performance presentation;
   • Awareness of local and global investment performance environment;
   • Ability to work in a collegial atmosphere;
   • A positive balance of cultures and language;
   • Integrity, objectivity, and discipline;
   • Commitment to the EC’s purpose and objectives, and the public interest;
   • Commitment and availability of the persons involved; and
   • Demonstrated communication skills.

Subcommittees

13. The EC has authority to create one or more Subcommittees to represent endorsed Country Sponsors and key industry groups in the development of the Standards and to develop the GIPS standards on specific technical issues.

14. The EC will establish Subcommittees to support the role of the EC. These Subcommittees are formed to represent specific stakeholders (investors/consultants, investment managers, and practitioners). Additionally, Subcommittees may develop and address specific aspects of investment performance (i.e. Promotion and Awareness). Such Subcommittees may also be required to examine specific performance measurement issues associated with alternative asset
categories or investment techniques. The Standing Subcommittees of the EC include: GIPS
Council, Investor/Consultant, Investment Manager, Verification/Practitioner, and Interpretations.

a. The GIPS Council will engage and directly work with all Country Sponsors in the
development, promotion, and maintenance of the GIPS standards. The GIPS Council members
will be responsible for appropriately representing their local market and Country Sponsor in
developing GIPS initiatives and ensuring the information flow between Country Sponsor and the
GIPS Council is seamless. The GIPS Council will elect its Chair who will represent the GIPS
Council at the EC. The Chair of the GIPS Council will rotate every 2 years between the three
regions (Europe, Middle East & Africa; Asia Pacific Region; and the Americas). The first and
second Chair of the GIPS Council elections will be open with the third (and beyond) rotating to
the remaining regions and following the chosen regional schedule. Additionally, RIPS will be
created as part of the GIPS Council structure to provide a forum for Country Sponsors to discuss
regional markets, issues, and positions;

b. The Investor/Consultant Subcommittee will be composed of investors (and those representing
investors), regulators and consultants from the investment industry, including: clients, plan
sponsors, retail investors, and others to provide a forum for the end user of investment
performance information. It will be responsible for assisting in the development and direction of
the GIPS standards. The Chair will be nominated by the Nominations Committee for the non-
Country Sponsor EC seats and appointed by the CFA Institute Board as detailed in the
nominations process.

c. The Investment Manager Subcommittee will consist of a consultative group of representatives
from investment management firms that face the challenges to abide by the GIPS standards in
order to claim compliance, including: representatives from investment firms, hedge funds, fund
managers, and advisors to provide a forum related to the application, implementation, and impact
of the Standards. The Chair will be nominated by the Nominations Committee for the non-
Country Sponsor EC seats and appointed by the CFA Institute Board as detailed in the
nominations process.

d. The Verification/Practitioner Subcommittee will be composed of third-party service providers
that assist investment management firms in the implementation and application of the Standards,
including: verifiers, software developers, and custodians to provide a forum related to the
application, implementation, and impact of the Standards. The Chair will be nominated by the
Nominations Committee for the non-Country Sponsor EC seats and appointed by the CFA
Institute Board as detailed in the nominations process.
e. The Interpretations Subcommittee will have the responsibility to interpret the GIPS standards through interpretations regarding the applications of the GIPS standards and to provide guidance on new issues presented by the global investment industry. The Chair will be nominated by the Nominations Committee for the non-Country Sponsor EC seats and appointed by the CFA Institute Board as detailed in the nominations process.

15. Except as otherwise set forth in the CFA Institute Bylaws, the EC may create other subcommittees to carry out the work of the full committee. Subcommittees created by the EC will generally be formed to address technical or highly specialized issues that may require the participation of individuals who are not members of the EC, the CFA Centre or CFA Institute, but who have relevant expertise to address the issue.

Conflicts of Interest

16. Members of the EC and its Subcommittees are permitted to make their membership on the Committee/Subcommittee known to external parties. However, members are not permitted to use their relationship with the EC, the CFA Centre, CFA Institute or the Global Investment Performance Standards to actively promote their own business interests, those of their employer, or a third party.

Meetings

17. The EC will conduct business by conference call and hold in-person meetings. EC meetings are open to the public except for closed sessions. In-person meetings will be held at locations and times previously determined, disclosed in advance and rotated between regions. Individuals seeking to attend a meeting of the EC must notify the GIPS Secretariat, in writing, no later than twenty-one (21) days prior to the scheduled meeting.

18. The agenda for the EC meetings will be developed and agreed upon by EC members. The GIPS Secretariat will ensure that the agenda and supporting materials for an upcoming meeting are submitted to the EC on a timely basis. Every reasonable effort will be made to post agenda and meeting materials to the GIPS website no later than twenty-one (21) days prior to the scheduled meeting.

19. At any meeting of the EC, a 2/3 majority (66%) of all member seats must be present in person or by video or audio conference to constitute a quorum. Members are not allowed to vote by proxy.
20. Each EC seat will receive one vote. Each EC member will be responsible for representing its constituents and voting in the same manner. Approval of any measure requires the affirmative vote of 2/3 (66%) of those constituting a quorum, or 51% of the committee membership, whichever is greater.

21. 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.

22. Minutes of the EC meetings will be the responsibility of the GIPS Secretariat (made by CFA Institute staff, and/or delegated regional resources) and will be approved either via e-mail vote or at the next EC succeeding meeting.

23. A summary of EC meetings, discussions and findings will be made available to the public via the GIPS Website. Closed session minutes will be made available to the public in a summary format via the GIPS Website.

Observers

24. The EC may appoint authorized observers who are not otherwise eligible for EC membership, including representatives of standard-setting or regulatory authorities, to be observers at EC in-person meetings or conference calls. Observers may be invited to attend all meetings, specific meetings, or parts of meetings.

25. Authorized observers may participate fully in committee discussions but are not permitted to vote.

Support

26. CFA Institute will sponsor the meetings and the work of the EC. CFA Institute will also provide administrative support (staffing, communication, scheduling of conference calls). CFA Institute will provide substantial funding for travel, including accommodations for all EC members to encourage their active participation in EC meetings. EC members are expected to volunteer their time.

Communication and Public Awareness Activities

27. 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.
28. EC members are expected to identify public awareness opportunities and contribute actively to the GIPS Promotion and Awareness Subcommittee, Country Sponsor public awareness activities, including, but not limited to, web casts, interviews with print, radio, and TV journalists, and developing advertorials and other opinion or editorial pieces.

29. EC members, when representing (formally speaking or writing on behalf of) the EC or CFA Institute, must coordinate and obtain approval of all communications and responses with the GIPS Secretariat to ensure consistent messages are conveyed.