Minutes of the
GIPS COUNCIL
Hilton Rome Hotel
Rome, Italy

Date: Friday, 23 June 2006
Location: Hilton Rome Airport Hotel – Rome, Italy
Time: 08.00 to 12.00

Members Present: Hans-Jörg von Euw – GIPS Council Chair
Peter Luntang Christensen – Denmark
João Cantiga Esteves – Portugal
Miklós Farkas – Hungary
Laurent Fedrigo – Luxembourg
Frank Härtel – Liechtenstein
Catherine Jasserand – France
Kazumichi Karita – Japan
Joe Kavanagh – Ireland
Jorn Gunnar Kleven – Norway
Peter Lynn – New Zealand
Wolfgang Mayer – Austria
Colin Morrison – United Kingdom
Giri Mudeliar – Singapore
Sunette Mulder – South Africa (and EC Investment Manager Seat)
Corné A.G.M. Reniers – Netherlands
Neil Riddles – United States
Daniel Roland – APAFS
Alessandro Rota – Italy
Martin Schliemann – Germany
Dimitri Senik – Switzerland

Members not Present: Angela Keane – Australia
Madeline Lindblad Woodward – Sweden

EC Members Present: Louis Boulanger – Asia-Pacific RIPS Chair
Ray DeAngelo – Acting EC Director
Stefan Illmer – EMEA RIPS Chair
L. Todd Juillerat – Americas RIPS Chair
Action Items

1. Communications Task Force will research the use of the GIPS logo and branding by Country Sponsors

2. Country Sponsors are encouraged to send in nominees for EC Standing Subcommittees

3. The EC will incorporate additional Country Sponsor comments and prepare a revised version of the Operating Policies and Procedures (OPPs) documents to distribute to Country Sponsors

4. The GIPS Secretariat will consult with practitioners about developing a more user-friendly website

5. Mr. von Euw will look in to the possibility of inviting speakers to the next GIPS Council meeting

6. The GIPS Secretariat will work with RIPS Chairs to set up conference calls for each RIPS
7. The GIPS Secretariat will look into the possibility of making the Stakeholder Education Toolkit available online

8. Country Sponsor Agreement (CSA) list to be updated based on Country Sponsor reports at Council Meeting

9. The GIPS Secretariat will inquire if the 2010 revisions to the GIPS standards need to be approved by the CFA Institute Board

10. The Communications Task Force will create list of terms to be defined (i.e., Working papers, provision, guidance, etc.)

Decision Points

- The 23 March GIPS Summit Minutes were agreed upon
- The Council agreed to adhere to the draft OPPs until the documents are finalized and formally agreed
- The EC to research and resolve the status of observers and incorporate into RIPS OPPs
- The Council agreed to the closing of the former IPC Subcommittees and thanked all IPC Subcommittee members for their service
- The Council will not conduct a conference call this calendar year, but the three RIPS will each hold a conference call. All agendas and materials will be posted on the GIPS website.
- The Council agreed to accept the current Provisions, Guidance Statements and Interpretations of the GIPS standards and agreed not to re-open any approved Guidance Statements or Provisions for revision until the planned 2010 review official commences.

Meeting Notes

1. Opening remarks
Mr. von Euw welcomed the Council members and the observers and thanked them for attending the Council Meeting. He introduced the representative from the newest Country Sponsor, Daniel Roland of the Asia Pacific Association for Fiduciary Studies (APAFS) representing Micronesia.
He reviewed the main points which resulted from the London GIPS Summit, the intellectual property of the GIPS standards, and the processes involving the Standards; which are currently under review by Working Groups.

The creation of the Communications Task Force was also a result of the Summit and it has already made many recommendations to streamline and standardize communications among the group.

Mr. von Euw asked for the agreement of the Minutes from the GIPS Summit; the Minutes were agreed upon.

Mr. DeAngelo, acting as the Director of the EC, updated the Council on the results of the Executive Committee meeting on 22 June 2006.

The EC is actively engaged in forming the Subcommittees; five have yet to be finalized: Interpretations, Investment Manager, Investor/Consultant, Verification/Practitioner, and Promotion and Awareness. The EC would like to have all nominations in by 15 July 2006 and would like to finalize the Subcommittees by the end of July 2006. All Country Sponsors were encouraged to send forward nominees to the GIPS Secretariat for the various Subcommittees.

The EC discussed and unanimously agreed to have the position of the EC Chair. The Chair will be elected from the members of the EC (excluding the GIPS Secretariat). The EC also agreed that the EC Director should continue to be a voting member of the EC. The EC will send forward a formal proposal to the Process Working Group outlining the roles, responsibilities, and duties of the Chair and Director.

Outstanding Guidance Statements (1) Performance Examination guidance statement will be finalized by the current and former Chairs of the Verification Subcommittee by 1 August 2006. The Guidance Statement and the Adopting Release will be sent to the EC for approval via e-mail.

(2) Record keeping guidance Statement and (3) Error correction guidance statement: the Interpretations Committee, by 1 August 2006, will develop a status report and a timeline for finishing these Guidance Statements. The goal will be to have these on the agenda for the EC’s meeting 1 December 2006.

(4) Leverage and Derivatives guidance statement: the outstanding issues related to this Guidance Statement will be examined by the Interpretations Subcommittee and a group of ad-hoc experts. This review will be completed by 31 August 2006, and will be discussed by the EC at the conference call in mid-September. In the meantime, Q&As regarding Leverage and Derivatives will be posted to the CFA Centre website.
Mr. Morrison informed the Council that the Leverage and Derivatives guidance statement and the current regulations under UCITS III are not inline. This needs to be considered when the Guidance Statement is reviewed by the Interpretations Committee.

It was agreed that all former Subcommittees of the IPC will be closed and the members will be thanked for their service.

2. Presentation by the Italian Country Sponsor
Mr. Fano and Mr. Rota addressed the Council on the status of the Italian Market and the activities of the Italian Country Sponsor. Mr. Rota gave a presentation on the Italian Asset Manager Industry.

3. Discuss the Operating Policies and Procedures
   • GIPS Council, RIPS, GIPS EC and Standing Subcommittees
The Chair informed the Council that there will likely be minor changes to the OPPs and that at this meeting the Council will agree on how to proceed regarding the changes, rather than approving the documents. He encouraged the Council members to operate under the OPPs even though they are not in the final version.

The RIPS Chairs informed the Council on the feedback they received in the RIPS meeting.

Mr. Boulanger, the Asia Pacific RIPS Chair, reported that the Asia Pacific RIPS reviewed all of the comments made on the OPPs documents, as many of them came from Japan, and as a group decided which issues to support.

Mr. Juillerat, the Americas RIPS Chair, stated that they were largely in agreement with many of the comments from the other Country Sponsors and they are quite comfortable with the plan to move forward.

Mr. Illmer, the EMEA RIPS Chair, reported he received additional comments on the OPPs. France and Switzerland will submit their comments via e-mail for the EC to consider. The main discussion focused on a new concept of considering to allow supernational organizations within the region (e.g., NAPF, EFAMA, EVCA, EFFAS) to have a seat and a vote at the RIPS level. The EMEA RIPS voted to support this concept and will prepare a proposal to be discussed by the EC. Ms. Jasserand and Mr. Senik outlined their comments on the OPPs, they will formally submit their comments for consideration via e-mail. It was decided that once the comments from France and Switzerland are received that the EC will discuss them via e-mail. Then a revised version of the OPPs, incorporating all approved comments, will be sent out to all Country Sponsors for a final public comment period.

Mr. Illmer inquired about incorporating the proposal regarding the supernational groups into the RIPS which may not be ready in time. Mr. von Euw reminded the Council that observers are allowed and welcomed at all RIPS meetings; however, they currently do not have a vote.
Mr. von Euw asked the Council if they agreed to proceed with the OPPs in the above manner, it was agreed unanimously.

4. RIPS Update
   • America RIPS Update
Mr. Juillerat described for the Council the history and the impact of the GIPS standards and AIMR-PPS® standards in the North American Region. He is currently focusing on expanding the number of Country Sponsors of the region; there is a possibility of Canada having their own sponsorship. He is also planning to promote the GIPS standards in Central and South America, and the Caribbean.

He reported that the AIMR-PPS Implementation Committee has been very active in the past, creating papers and matrices, especially with the conversion from the AIMR-PPS to the GIPS standards. The Committee is also working on a Question and Answer to address the historical treatment of significant cash flows (prior to the effective date of the Guidance Statement on this topic) which needs to be refined to provide clarity.

Mr. Juillerat announced that the of the AIMR-PPS Implementation Committee has changed its name to North American Investment Performance Committee (NAIPC) and introduced Neil Riddles as the new chair.

Mr. Riddles reported to the Council that a great deal of North American companies have adopted the GIPS standards; the challenges still lay in getting people to fully understand the transition to the GIPS standards.

   • Asia Pacific RIPS Update
Mr. Boulanger reported that the first meeting as a region was successful. There are currently six very diverse Country Sponsors in this region.

The GIPS standards are just taking hold in the region, and adoption varies significantly by country. Some Country Sponsors are very new while others are well established; the priorities for each are very different. The regional priorities are: trying to get key mega-funds (e.g., Singapore Government Investment Corporation, New Zealand Superannuation Fund) on board with the GIPS standards and to raise awareness in the region using media.

There are many countries in Asia thinking about coming on board, many with multiple organizations wanting to sponsor the Standards; they are evaluating the best way to approach this issue.

The Asia Pacific RIPS plan to hold a conference call meeting in October following the EC September call.

As the September 2007 EC, Council and RIPS meetings are to be held in Asia, the RIPS is hoping to use this as a great opportunity to develop awareness in the region.
• **EMEA RIPS**

Mr. Illmer reported to the Council that they had a very successful meeting. All countries were represented except for Poland; Sweden was represented by the German Country Sponsor representative. There were representatives from supernational organizations (EFAMA, NAPF and EFFAS) present as observers. Mr. Illmer welcomed Spain as the latest Country Sponsor to be re-endorsed, which was approved by the EC on 22 June 2006.

Mr. Illmer is working to establish additional Country Sponsors in EMEA. He is currently working with representatives in Turkey, Greece, Finland, Slovakia, Cyprus, Poland, and Czech Republic. He is working to make contacts in the Middle East.

Two deputies were elected for the RIPS Chairman, Mr. Schliemann and Mr. Senik. The EMEA RIPS elected three standing Subcommittee coordinators, who will be responsible for gathering the EMEA opinion on any issues dealing with their respective Subcommittee, and to be the contact point—Investment Management: Mr. Reniers; Verification/Practitioner: Mr. Schliemann; and Interpretations: Mr. Senik.

A Working Paper on client reporting was approved. Mr. Illmer will ask the EC to consider this and other EMEA RIPS Working Papers as important documents to the industry. The EMEA RIPS will write appropriate disclosures regarding the relationship between the Working Papers and the GIPS standards as not to confuse people. There are still two outstanding Working Papers; Balanced Accounts and Risk Measures. When work resumes on these papers, Mr. Illmer invited anyone who wished to volunteer to work on these to contact Mr. van Eeuwijk.

The EMEA RIPS has established a Working Group and drafted a mandate, with the mission to work with other organizations on coordination between the GIPS standards and other EU regulators and to encourage regulators to consider the GIPS standards within their documents and policies.

The EMEA RIPS will also meet by conference call in October.

5. **Updates from GIPS Council and EC Subcommittees/Working Groups**

• **Mapping and Transition of Subcommittees**

Ms. Vincent gave a presentation that explained the transition from the former IPC Subcommittees to the new structure. She addressed many issues including the current state of the Subcommittees, how best to finish guidance that has already been developed, the process of developing new guidance (which is on the agenda of the Process Working Group) and the necessity of having the EC develop a priority of issues. She also discussed the aspect of human resources, both within the GIPS Secretariat and volunteers, and how the EC and Council should not stretch these resources too thin.

Mr. DeAngelo reminded the Country Sponsors that we plan on moving forward with the Subcommittees as soon as possible and requested all nominations be submitted by mid-July.
• Intellectual Property Working Group
Mr. DeAngelo gave an update of the Intellectual Property Working Group on behalf of the Chair, Ms. Anderson. The Working Group is still reviewing the Country Sponsor Agreement (CSA) and plans to finish their recommendation shortly. The Working Group will then begin work on the GIPS Standards Adoption Guidelines and Process document.

• Discuss Country Sponsor Agreement Status of Country Sponsors
Mr. von Euw asked why some Country Sponsor had not signed the documents; 11 out of 26 Country Sponsors have signed the CSA. Most had no real concerns but were awaiting the final version of the CSA document for review. Germany and the Netherlands are waiting to see the outcome of the Intellectual Property Working Group on issues of logo and branding.

The North America Country Sponsor is waiting to be sure the entire body of GIPS guidance is adopted and will not be revised until the process begins in 2010 to update the GIPS standards. After discussion, Mr. von Euw proposed that the Council agree that the existing guidance not be changed until the next revision process. Mr. Illmer made the motion, Ms. Vincent seconded the motion, all were in favor, and there were two abstentions (Ireland and Luxembourg).

Mr. Illmer discussed that the EC needs to create an action plan on how to reconcile countries which have signed the older version of the CSA, and those which have signed the revised document.

• Process Working Group Update Report
Mr. Kuwabara updated the Council on the work of the Process Working Group. He explained the three missions of the group: (1) defining the process of developing and approving guidance for the Standards; (2) the criteria for assessing potential and current Country Sponsors; and (3) providing recommendations for roles and responsibilities for the EC Chair and EC Director. The goal of this Working Group is to look forward and to develop new procedures that will ensure that processes are clear and transparent.

• Promotion and Awareness Update Report
Ms. Kennedy reviewed the history of the Promotion and Awareness Subcommittee. It began as the Stakeholder Education Working Group under the Investment Performance Council (IPC) a little over a year ago, and due to the need for constant and quality promotion of the Standards it has now been moved to a subcommittee of the EC.

The task of the Subcommittee is to provide a clear message on the Standards and build awareness. There are three main stakeholder groups—decision makers, influencers and practitioners. A Stakeholder Toolkit has been created that contains promotional materials for use by the Country Sponsors. Ms. Kent informed the Council that it is the intent to have the Toolkit available online, as it will be constantly updated.
Ms. Kennedy discussed the possibility of creating two subgroups of the Subcommittee, Private Equity and Real Estate, due to the fact that these groups have finished their main work and now need to focus on public awareness.

- **Communications Task Force Update Report**

Ms. Kennedy discussed the work of the Communications Task Force. There have been two telephone conference calls, from which has come the main mission of the group: to develop a communication plan that provides simplicity, clarity, and streamlined communication. She reviewed the decisions already made by the Task Force: (1) labeling of documents in upper right corner, (2) the format of minutes, and (3) naming a point person in each RIPS responsible for maintaining contact information.

Ms. Kennedy informed the Council of the action items the Task Force is still working on: (1) private rooms online for Committee members where documents could be posted and discussion available; (2) an electronic binder which would contain relevant materials such as the Constitution, contact information, minutes, etc.; (3) a GIPS diary and a GIPS monthly newsletter to keep people up to date on the events and programs in other countries, possibly formatted to be a quick read; (4) a glossary of terms to minimize confusion; and (5) communication grids to outline who is responsible for different types of communications.

Mr. DeAngelo presented four possible logos and branding templates for the GIPS standards. The Council took time to evaluate possible logos for the GIPS standards and then voted via paper ballot.

6. **Inform about GIPS 2010**

Mr. von Euw presented a timeline for the revision of the GIPS standards in 2010. The revision process of 2005 took longer than expected; therefore, the timeline for 2010 was developed to be proactive.

It was asked if the Standards needed approval from the CFA Institute Board, and the GIPS Secretariat will research and report back.

7. **Discuss need for redesign/“user-friendlier” GIPS web site**

Ms. Lindsey informed the Council that the entire process of web development is under consideration.

Mr. Morrison discussed the difficulties involved with navigating the website. He suggested contacting practitioners to help with the design and usability. Mr. DeAngelo acknowledged this and will encourage CFA Institute to contact people in the field when developing the site.

Mr. Karita suggested the possibility of having a separate GIPS domain name, and CFA Institute is looking into this.

8. **Discuss and Agree Actions of Country Sponsors for Next 6 Months**
Mr. Lung of Hong Kong informed the Council that he is working with a consultant to see if they can publish fund house performance based on the GIPS standards. If it is possible, it will be a great promotional awareness opportunity.

In New Zealand Mr. Lynn is trying to work with New Zealand Superannuation Fund, which holds itself out as a model of best practice, to encourage GIPS compliance.

Mr. Rota reported that Italy is planning a seminar, hopefully before the end of the year.

Mr. Morrison is focusing on keeping people up to date on the advancement that is being made with the Standards; many in the UK are frustrated at the perceived lack of progress.

Mr. Reniers of The Netherlands is working to increase awareness of the Standards and promoting the Real Estate section among the local market.

In Norway, Mr. Kleven is focusing on real estate and private equity and is also focusing on the buyer side.

Mr. Mudeliar in Singapore plans on targeting and explaining the Standards to small groups via monthly meetings.

Mr. Härtel of Liechtenstein reported that he has given a presentation on the GIPS standards to the executive board of the Bankers Association, and they plan to conduct a seminar in the fall.

The Country Sponsors discussed the importance of keeping regulators informed about the GIPS standards. They discussed the different strategies: newsletters, inviting regulators to meetings, and having them serve on local committees.

Mr. Schliemann discussed the possibility of having speakers at various meetings. The Country Sponsors will be asked by e-mail to put forward the names of possible speakers.

Mr. von Euw asked Country Sponsors to write a brief update of what they have been working on for the last six months.

9. Other Business
Mr. Fedrigo asked for clarification on the ownership of GIPS intellectual property. Mr. DeAngelo informed the Council that as it currently stands, CFA Institute will remain the legal owner of the trademark and the English language version of the GIPS standards as the EC and GIPS Council are not legal entities and cannot own and protect the trademark.

10. Future meeting dates
It was decided that the RIPS will conduct individual conference call meetings rather than a GIPS Council conference call. The minutes of all these meeting will be available for all other RIPS members.
The EC will meet in Charlottesville, Virginia, USA in early December. This meeting is open to observers.

The next scheduled in-person GIPS Council meeting will be in Cape Town, South Africa in March 2007.

The September 2007 meeting is planned to take place in Asia and sites are still being researched.

11. Comments from Observers
Mr. Gould thanked the Council for the productive and informative meeting. He commented that in future meetings we should strive for less overlap in the materials for each meeting.

Ms. Klemm inquired as to the use of the GIPS logo and which logo was preferred. Mr. DeAngelo announced that logo number two was chosen by the Country Sponsors, and the GIPS Secretariat will move forward on developing materials. He also informed the Council that there will be branding guidelines that outline the appropriate use of the logo. The Communications Task Force will look into the guidelines to update them as necessary.

12. The Meeting Adjourned at 12:15