GIPS Executive Committee Nominations Committee
Terms of Reference

1. Purpose

The GIPS Executive Committee Nominations Committee will develop an objective and fair process for the nomination and selection of the electable members of the EC and its standing subcommittees that possess the key criteria as set out in the EC Constitution for the non-Country Sponsor seats of the GIPS Executive Committee (EC). In the first year, the EC Nominations Committee will also define the process to provide an order and structure to the turnover of all electable EC members (both Country Sponsor and non-Country Sponsor seats) as well as all subcommittee members.

2. Composition of the GIPS EC Nominations Committee

The GIPS EC Nominations Committee consists of four members with the following roles and/or relationships to the EC:

<table>
<thead>
<tr>
<th>Committee members</th>
<th>Nominating body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current EC Director</td>
<td>CFA Institute</td>
</tr>
<tr>
<td>CFA Institute appointed representative</td>
<td>CFA Institute</td>
</tr>
<tr>
<td>GIPS Council Chair</td>
<td>GIPS Council</td>
</tr>
<tr>
<td>GIPS Council representative that is not a current member of</td>
<td>GIPS Council</td>
</tr>
<tr>
<td>the EC (elected by the GIPS Council)</td>
<td></td>
</tr>
</tbody>
</table>

3. Considerations

Tasks of the GIPS EC Nominations Committee are to establish and maintain the key processes that will:

- maintain the balance of representation on the EC and its standing subcommittees,
- use the key characteristics as set out in the EC Constitution to ensure that the non-Country Sponsor delegates reflect those to a reasonable degree,
- achieve a balance between retaining experience on the EC, and
- provide order and structure to the succession strategy.

The EC Nominations Committee’s goal is to nominate individuals for membership who, in the Committee’s judgement, will cause the EC to be composed of a wide and balanced range of individuals professionally engaged in the investment industry broadly defined.

4. Confidentiality
Confidentiality of the work of the GIPS EC Nominations Committee is critical to the fairness and integrity of the standard setting process. While the EC recognizes that solicitation of information and opinion from the investment industry is a critical aspect of developing and maintaining relevant and useful standards, members of the GIPS EC Nominations Committee must keep all aspects of the work, deliberations, and work product of the committee confidential until such time as a full report of the committee is made to the EC. Nominations Committee members shall not communicate any information regarding the work in progress of the committee to anyone outside the committee.

5. Governance

All subcommittees of the EC are held to the provisions outlined in the EC governing documents, including the EC Constitution.

6. Process and Timetable

Succession Plan
In order to achieve a diversity of experience on the EC and to provide order and balance to the structure, the Succession Plan should be implemented based on staggered terms. This means that two (being one-fourth) of the eight electable seats of the EC should turnover each year (one Country Sponsor seat and one non-Country Sponsor seat). The EC has decided that the succession plan starts on 1 September 2008. The GIPS Council Chairman is elected for two years and rotates for the first time 1 September 2008. Once a member ceases to serve on the EC (whether by resignation or the expiration of the four-year term limit), they must sit out for at least one year before re-applying for any position again.

Nominations Process
The EC Nominations Committee will establish, implement and maintain a process to ensure worthy nominations for the non-Country Sponsor seats are received for consideration. This process will include designing and updating the Application Form and establishing a plan to seek a broad solicitation for nominees. The invitation for nominations will be open on or around 1 January of each year for a minimum of 60 days. The details of the nomination process are defined in the EC Nominations Timeline document.

Selection Process
The EC Nominations Committee will establish, implement and maintain a fair and objective selection process. While the selection process is a closed proceeding, it must be an objective and defensible process for selecting quality nominees and ensuring the balance of representation on the EC. The selections for non-Country Sponsor candidates must be made and submitted by 15 April to the CFA Institute Board, or other appropriate Subcommittee as determined by the CFA Institute Board.
**Approval Process**
The EC Nominations Committee will recommend nominees to fill the non-Country Sponsor seats for approval by CFA Institute Board or other appropriate Subcommittee as approved by the CFA Institute Board. After receiving the nominations by 15 April, CFA Institute Board must approve the nominations so that new members can be informed no later than 31 July of each year of their appointment.

The details of the Succession Plan, Nominations Process, Selection Process, and Approval Process will be outlined in a document titled ‘EC Nominations Timeline’ to be drafted by the GIPS EC Nominations Committee and agreed by the GIPS EC and approved CFA Institute Board.

7. **New EC Member Terms**

All new members will assume their seat on 1 September, under the term length and conditions outlined in the Guidelines for EC Nominations.

8. **Nominations Committee Member Terms**

GIPS EC Nominations Committee members will serve a period of one year. The EC Nominations Committee (as defined in #2 stated above) should be confirmed by 1 January each year to prepare for the forthcoming Nominations Process as outlined above.
GIPS Executive Committee Nominations Committee Timeline

Preamble

In order to move forward with the formation of the EC Nominations Committee and begin the nominations process, the EC must first consider the timeframe for the initial rotation of EC members (both Country Sponsor and non-Country Sponsor seats). To ensure the primary groundwork started by the EC will be completed and the EC member rotation process can be implemented in an orderly manner, the EC has decided that the first membership rotation will be in 2008.

Below is a proposed timetable that outlines the major activities that will need to occur in order to complete the EC Nominations and Selection Process in any given year. The EC has decided that its membership and the membership of all subcommittee members will start to rotate in 2008 to allow a smooth transition to the new organization and a successful start of all activities.

EC MEMBER NOMINATIONS AND ROTATION PROCESS TIMETABLE

November (First time November 2007)
- Elect and Appoint EC Nominations Committee members.

January (First time January 2008)
- EC Nominations Committee members will begin their one year term (confirmed by beginning of January each year)
- EC Nominations Committee will review and finalize the nominations process and documents (EC Nominations Timeline, Nominations Guidelines, TOR and Application) for EC approval.
- 60-day nominations period opens on or around 15 January and closes 15 March:
  - Country Sponsors solicited for candidates for the appropriate rotating Country Sponsor seat (GIPS Council Chair and/or three RIPS Chairs)
  - Broad solicitation for the appropriate rotating non-Country Sponsor seats (i.e. Investor/Consultant, Interpretations, Verification/Practitioner and/or Investment Manager) using CFA Magazine, e-mail broadcasts, Country Sponsors, media, etc.

March
- Create the ballot to vote on Country Sponsors seats candidates.
- EC Nominations Committee reviews and selects non-Country Sponsor candidates.
April
• Circulate ballot to Country Sponsors to vote on the Country Sponsor seats candidates (60-day period beginning no later than 15 April)
• EC Nominations Committee submits non-Country Sponsor nominees no later than 15 April to CFA Institute Board for approval

June
• EC Nominations Committee tallies Country Sponsor ballots

July
• New EC members are informed of their appointment no later than 31 July

September
• All new EC members will assume their seat on 1 September, under the term length and conditions outlined in the Guidelines for Nominations.

GIPS Executive Committee Rotation Timeline (Succession Plan)
Please see separate GIPS EC Rotation Timeline document for further details

<table>
<thead>
<tr>
<th>Date of Rotation</th>
<th>Rotating Seat</th>
<th>Duration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 September 2008</td>
<td>Council Chair – Asia Pacific</td>
<td>2 years</td>
</tr>
<tr>
<td>1 September 2008</td>
<td>Americas RIPS Chair</td>
<td>3 years*</td>
</tr>
<tr>
<td>1 September 2008</td>
<td>Investor/Consultant</td>
<td>3 years*</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>EMEA RIPS Chair</td>
<td>3 years*</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>Verification/Practitioner</td>
<td>3 years*</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>Investment Manager</td>
<td>3 years*</td>
</tr>
<tr>
<td>1 September 2010</td>
<td>Council Chair - Americas</td>
<td>2 years</td>
</tr>
<tr>
<td>1 September 2010</td>
<td>Asia Pacific RIPS Chair</td>
<td>4 years</td>
</tr>
<tr>
<td>1 September 2010</td>
<td>Interpretations</td>
<td>4 years</td>
</tr>
</tbody>
</table>

* Short period due to rotation process start

The GIPS Council Chairman serves 2 years. Until the normal rotation periods are in place by 2011, uneven periods of 3 years are necessary for some EC members. By 2010 all EC members will be rotated for the first time, 2014 for the second time etc.

[Please note the EC Constitution #6 states: EC members will be appointed to one (1) year terms, renewable annually at the discretion of the CFA Institute Board for a maximum of four (4) consecutive years. Terms of office begin on 1 September of each year].
Next Steps:

1. Discuss process to elect and appoint EC Nominations Committee Members. (September 2007 EC meeting)
2. EC Nominations Committee members serve a period of one year and must be confirmed by 1 January each year to prepare for the forthcoming nominations process.
### Draft Succession Plan

#### Seat Rotation Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>GIPS Council Chair</th>
<th>RIPS Asia-Pacific</th>
<th>RIPS EMEA</th>
<th>RIPS Americas</th>
<th>RIPS Americas*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>GIPS Council Chair*</td>
<td>RIPS Asia-Pacific</td>
<td>RIPS EMEA*</td>
<td>RIPS Americas</td>
<td>RIPS Americas*</td>
</tr>
<tr>
<td>2007</td>
<td>Council - Asia Pacific</td>
<td>RIPS EMEA*</td>
<td>Council - Americas</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2008</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2009</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2010</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2011</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2012</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2013</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2014</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2015</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2016</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
<tr>
<td>2017</td>
<td>Council Chair - EMEA</td>
<td>RIPS EMEA</td>
<td>Council Chair - EMEA</td>
<td>RIPS Asia Pacific</td>
<td>RIPS Americas</td>
</tr>
</tbody>
</table>

**Remarks:**
- Rotation process starts 2008 with a 3 year period
- Rotation processes 2011 and following have 4 year terms for all EC members (except Executive Director and GIPS Council chairman)
- Rotations take place on 1 September following elections based on the nominations process

* short service due to rotation process start
GIPS Executive Committee (EC)
GUIDELINES FOR NOMINATIONS

1. Background

The Nominations Committee will develop an objective and fair process for the nomination and selection of members to the GIPS Executive (EC). The Nominations Committee has three tasks:

A. to design and maintain a process (the Succession Plan) to provide an order and structure to the turnover of EC members,
B. to design the Nominations, Selection and Approval processes to identify nominees that possess the key criteria as set out in the EC Constitution,
C. to implement the processes in the time frames outlined in the Terms of Reference in order for term changes to take effect on 1 September of each year.

2. The Succession Plan

The Succession Plan should reflect the following principles:

- maintain the balance of representation on the EC,
- achieve a balance between retaining experience on the EC, and
- provide order and structure to the succession strategy.

The representation on the EC is structured to reflect both geographical areas and industry/stakeholder groups. The 9 seats currently comprise:

- the Director
- 4 regional seats (appointed by Country Sponsors)
- 4 industry/stakeholder seats (appointed by the CFA Institute Board)

In order to adhere to the principles above, approximately one fourth of the 4 industry/stakeholder seats representing a balance of underlying types of membership (regions and industry/stakeholder) should rotate annually. Based on the current composition, the proposed pattern of rotation over the first four years (thereafter repeating) is:
Further, the order has been proposed for the turnover of specific seats by region and by industry and client types:

<table>
<thead>
<tr>
<th>Year</th>
<th>Region</th>
<th>Delegation Seat</th>
<th>Industry/client type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y2</td>
<td>GIPS Council Chair (Asia Pacific)</td>
<td>Americas RIPS Chair</td>
<td>Investor/Consultant</td>
</tr>
<tr>
<td></td>
<td>EMEA RIPS Chair</td>
<td></td>
<td>Verification/Practitioner</td>
</tr>
<tr>
<td></td>
<td>GIPS Council Chair (rotate to Americas)</td>
<td></td>
<td>Interpretations</td>
</tr>
<tr>
<td></td>
<td>Asia Pacific RIPS Chair</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>See Succession Plan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The proposed process is balanced once the first full rotation has taken place (years 5 onwards).

The Constitution of the EC sets forth that ‘terms will be renewable annually for a maximum of four consecutive years’. For the sake of order and clarity, we would propose that the expectation for membership is set at four-year terms unless a member elects not to renew beforehand or is removed by the CFA Institute Board. All EC members will be asked to renew in writing their commitment for the forthcoming term year (1 September – 30 August) by 31 December of each year.

In the event that a seat’s membership becomes vacant prior to its regular occurrence, the Nominations Committee will be asked to nominate members to fill this position for the interim period until the regular rotation and election takes place.

Once a member ceases to serve on the EC (whether by resignation or the expiration of the four-year term limit), they must sit out for at least one year before re-applying for any position again.

3. The Nominations and Selection Processes

Criteria of candidates considered for EC membership should include:

- 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
• communication skills.

In an effort to standardize the evaluation of nominees, criteria for selecting and recommending EC members must be quantifiable and the information solicited to reflect these criteria should be clearly outlined in an application form. Selection criteria will be divided into primary evaluation criteria, which are considered more important criteria and therefore are assigned higher point values, and secondary evaluation criteria, which are consider less important criteria and assigned lower point values. Scores from each criterion will be summed and will be used to tabulate a total score for each candidate. Total scores will be comparatively evaluated and will serve as strong guidance for selecting a potential EC member.

Outlined below are potential quantifiable criteria to be evaluated.

A. Primary Criteria

1. Experience/Qualifications

Determining the level of experience and qualifications of each candidate will assist the Nominations Committee in identifying qualified candidates to serve on the EC and ensure the balance of representation. As this criterion is the single most important factor in identifying qualified candidates, it will carry the highest point value. Several questions on the nominations form should be devoted to this topic to determine whether the nominee possesses the experience and qualifications necessary to be a member of the EC and whether the candidate can identify and pursue resources needed to improve performance measurement and reporting standards.

2. Commitment to GIPS Standards and the EC

The EC must consist of members dedicated to the common goals and objectives of the EC and GIPS standards. Several questions on the nominations form should require a nominee to explain his/her understanding and commitment to the common goals. Questions in this section should carry the second highest point value.

3. Leadership

Identifying the leadership skills of potential candidates will aide the Nominations Committee in determining which candidates will be able to plan the and provide direction in achieving the global acceptance of the GIPS standards. Questions on the nominations form should determine whether the candidate demonstrates high ethical standards and whether the candidate can contribute to the creation of a strategic plan for GIPS standards acceptance.
B. Secondary Criteria

4. Communication

Candidates should possess the skills of communicating the goals and objectives of the EC effectively. Some questions on the nominations form should determine whether the candidate expresses thoughts and ideas on performance measurement clearly in speech and writing and whether the candidate has given presentations on the local standards or GIPS standards.

5. Adaptability and Creativity

An EC member should possess skills to adjust to changing circumstances and think creatively. This section will identify each candidate’s ability to adapt to the changing elements of the investment management industry and conceptualize new ideas. The nominations form should ask questions to determine whether the candidate can adjust to changing circumstances, whether the candidate approaches obstacles with imagination and originality, and whether the candidate can develop proactive steps for furthering the efforts of the EC.

6. Personal Development

The personal development of each candidate should be reviewed in an effort to determine whether the candidate displays commitment and seeks personal development. The nominations form should ask several questions to determine whether the candidate participates in ongoing personal growth and development.

7. Relationships

As members of the EC represent a broad spectrum of representation, their ability to work together as a cohesive group will directly contribute to the success of the EC. The nominations form should inquire about the nominee’s opinions on working with a multi-national group.

Application Form

The Nominations Committee will draft an Application Form that will likely be divided into three sections: Administrative Details, Competency, and Additional Information. The Administrative Details section will provide the EC with the necessary contact and sponsor information. The Additional Information section will provide a section for nominees to highlight their educational background and professional accomplishments.

The Competency section is divided into seven sections that focus on the primary and secondary evaluation criteria. It includes questions necessary to quantitatively evaluate each candidate.
4. **Call for Nominations**

In addition to the promotional efforts of CFA Institute to alert the public to open nominations through the GIPS website and CFA Institute publications, members of the EC should also attempt to encourage and recruit qualified candidates to apply.

5. **Approval Process**

The CFA Institute Board, or appropriate subcommittee as determined by the CFA Institute Board, has oversight of the approval of the nominations put forward by the Nominations Committee. In case that a nominee is not approved or an approved member declines to join, the Nominations Committee should put forward a replacement candidate from its due diligence exercise.