GIPS COUNCIL
TERM S OF REFERENCE

Agreed by the GIPS Council on ….. and
Approved By The Executive Committee (EC) On X-X-2007

1. Purpose

1. The EC has established the GIPS Council to provide transparency to Country Sponsors in the development of the Global Investment Performance Standards (GIPS®) and to support the role of the EC.

2. In order to serve as the effective decision-making authority for the GIPS standards, the EC created the GIPS Council, RIPS, and other EC Subcommittees to facilitate the involvement of all Country Sponsors and key stakeholders in the ongoing development of the Standards.

3. The GIPS Council will:

   • Discuss, agree and formulate a Council position (based on the RIPS discussions) on new provisions and guidance on the GIPS standards to be represented at the EC.
   • Discuss, agree on and propose new areas, provisions, and guidance (based on the RIPS discussions) for consideration by the EC.
   • Discuss, agree on and formulate a Council position (based on the RIPS discussions) on any changes to the governance structure for the GIPS standards based on the proposals made by the EC. Final decisions on changes to the governance structure require CFA Institute Board review and approval.
   • Populate with local experts the subcommittees, working groups and task forces that EC may establish to develop globally applicable guidance and provisions as the GIPS standards evolve.
   • Elect a Council representative, along with the Council Chairman to serve on the EC Nominations Committee.

2. Composition of the GIPS Council

Each Country Sponsor will appoint an appropriate representative from their investment community to serve on both the RIPS and GIPS Council who will be responsible for appropriately representing the interests of their constituent body in developing the GIPS standards initiatives and ensuring that matters are fully discussed at each constituent body well in advance so that the information flow between Country Sponsor, RIPS and GIPS Council is seamless.
3. Considerations

In order to provide a global platform for the Country Sponsors, the GIPS Council will concentrate on the following objectives:

- Ensure that all Country Sponsors’ views, issues, concerns, and ideas are provided equal opportunity for discussion and are represented to the EC;
- Promote the implementation of the GIPS standards on a global basis – preferably by Country Sponsors adopting the GIPS standards (in English), or an EC-endorsed Translation of the GIPS standards (TG);
- Stimulate interest and support for the GIPS standards by communicating the benefits of the GIPS standards and encourage investment management firms to comply;
- Support EC in the further development of the GIPS standards by providing meaningful input and seeking suitable nominees to participate in the work of the EC and its subcommittees;
- Promote the establishment of an effective and consistent verification service throughout the regions; and
- Communicate benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all aspects of the investment management industry globally.

GIPS Council members are appointed as representatives of their country sponsor and as experts in their industry, and not as representatives of their employers or other third-parties. Members are expected to contribute to the debate and decision-making of the GIPS Council so as to advance the cause of improving financial market integrity.

4. Confidentiality

Members are expected to keep certain, identified workings of the GIPS Council confidential, including projects undertaken and positions under consideration until the information is made public or otherwise released by the GIPS Council or the EC. This includes refraining from communicating to any external party any non-public information, including working papers of the GIPS Subcommittees, that may be obtained by serving as a member of the GIPS Council or a subcommittee without the written permission of the GIPS Council Chairman or the EC.

5. Governance

In addition to these Terms of Reference, the GIPS Council is held to the EC Constitution and the Operating Policies and Procedures of the GIPS Council.
6. Process and Timetable

Matters likely to be reviewed and endorsed by the EC should be discussed by the GIPS Council to give members the opportunity to discuss, and if necessary vote on, the implications involved in order to provide the GIPS Council Chair the required information to ensure that members’ views and interests will be reflected in his/her report and vote at the EC meeting.

• The GIPS Council will conduct business by conference call and hold in-person meetings. In-person meetings will be held in conjunction with scheduled EC and RIPS meetings (when appropriate). They are open to the public and held at locations and times previously determined and disclosed in advance. Individuals seeking to attend a meeting must notify the GIPS Secretariat, in writing, no later than twenty-one (21) days prior to the scheduled meeting.

• The Chair will provide a cover memorandum to members highlighting those items specifically requiring action which may necessitate a vote being taken, and stipulating a date by which members’ comments should be submitted to the Chair.

• The Chairman of the GIPS Council may call for a vote of GIPS Council members (in person, via conference call or by email with unanimous consent of entire membership). At each meeting, the GIPS Council Chair shall certify a quorum is present in order to conduct business. Fifty-one percent (51%) of the members must be present in person or by video or audio conference to constitute a quorum. If a Country Sponsor representative is unable to participate, the Country Sponsor may appoint a substitute to participate and vote on their behalf.

• Each GIPS Council member will receive one vote. Each GIPS Council 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.

• In addition to the EC minutes being circulated to members, the GIPS Council Chair will also provide members with a brief report on the actions taken and/or views expressed on their behalf. Further feedback will be reported at the next GIPS Council meeting.

• Minutes of the GIPS Council meetings will be the responsibility of the GIPS Secretariat and will be approved by e-mail vote or at the next succeeding meeting.

• Rotation processes of GIPS Council membership is up to the relevant Country Sponsors.