GIPS EXECUTIVE COMMITTEE

TERMS OF REFERENCE FOR VERIFICATION/PRACTITIONER SUBCOMMITTEE

Approved by GIPS Executive Committee on xx xx 2007

1. Purpose

The purpose of the Verification/Practitioner Subcommittee is to represent GIPS standards service providers in the development of the GIPS standards, and to act as a forum of professionals for discussing issues pertinent to verification from various aspects.

2. Composition of the Verification/Practitioner Subcommittee

The following Subcommittee members have been appointed by the EC:

- Yoh Kuwabara, Chair (approved by CFA Institute Board)
- Brian Chapman
- Jerome Chung
- Donna Glass
- Anthony Howland
- Todd Johnson
- Colin Kay
- Valerie Lamanna
- Martin Schliemann
- Hideo Sugitani

3. Considerations

In order to improve the quality of the GIPS standards, the Subcommittee will concentrate on the following areas:

- Support the development and effective implementation of appropriate verification processes and procedures world-wide;
- Provide a discussion forum for world-wide application issues faced by third-party GIPS standards service providers;
- Encourage a diversity of GIPS standards service providers globally;
- Make recommendations for improvements to the GIPS standards;
• Maintain communications and gather input from and for the EC, the Interpretations Subcommittee and other EC Subcommittees on issues affecting GIPS standards service providers.

Subcommittee members are appointed as individuals, 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 Subcommittee so as to advance the cause of improving financial market integrity.

4. Confidentiality

Members are expected to keep workings of the Subcommittee confidential, including projects undertaken and positions under consideration, until the information is made public or otherwise released by the EC. At a minimum, members must refrain from communicating to any external party any non-public information, including working papers of the Subcommittee that may be obtained by serving as a member of the Subcommittee without the written permission of the EC.

5. Governance

In addition to these Terms of Reference, the Subcommittee must abide by the GIPS Executive Committee Standing Subcommittees (Other than the GIPS Council and RIPS) Operating Policies and Procedures.

6. Process

Matters pertaining to third-party service providers for the GIPS standards to be reviewed and endorsed by the EC should be discussed by this Subcommittee to give members the opportunity to provide the Subcommittee Chair appropriate/relevant information to ensure that members’ views and interests will be reflected at EC meetings. On any other matters that are likely to be reviewed and endorsed by the EC, the Subcommittee Chair may take the similar steps as aforementioned or at least invite comments/opinions from Subcommittee members.

• The Subcommittee will conduct business by conference call and hold in-person meetings.

• The Chair may call for a vote of its members (in-person, via conference call and/or via email). At each meeting, the 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. Members are not allowed to vote by proxy.

• Each Subcommittee member is entitled to one vote. Approval of any measure requires the affirmative vote of sixty-six percent (66%) of those constituting a quorum. Any vote by e-mail must result in a unanimous affirmation by all Subcommittee members or the vote is null.

• Minutes of the Subcommittee meetings will be the responsibility of the GIPS Secretariat and will be presented for approval by e-mail vote or at the next succeeding meeting.
• Rotation process of Subcommittee membership will be determined by the EC.
• The Subcommittee will provide an explanatory report to accompany all proposals to the EC, which summarizes the actions taken by the Subcommittee and the factors and discussions considered in reaching any recommendations or conclusions.
• The Subcommittee will prepare supporting documents to facilitate any Subcommittee proposal to be issued for public comment.
• The Subcommittee Chairman may appoint authorized observers who are not otherwise eligible for Subcommittee membership, including representatives or standard-setting or regulatory authorities, to be observers at EC Subcommittee in-person or conference call meetings. Observers may be invited to attend all meetings, specific meetings, or parts of meetings.
• Observers may participate fully in Subcommittee discussions but are not permitted to vote.
• In the event the Subcommittee Chairman cannot attend a meeting, the Chairman shall appoint another Subcommittee member to serve in their place.
• If a Subcommittee member is unable to fulfill their term, the Chairman will nominate a substitute for the member, who must be approved by the EC. The substitute will assume full responsibility of a member of the Subcommittee until the next rotation cycle of the Subcommittee.
• Members are expected to demonstrate their commitment to the work of the Subcommittee and to be able to allocate sufficient time to attend meetings, familiarize themselves with topics presented to the Subcommittee, and perform any additional tasks agreed upon at meetings. This is essential to the Committee member providing a meaningful and effective contribution to the development and integrity of the GIPS standards for the benefit of both the investment management industry and investors.
• If a member is unable to fulfill the time commitment necessary to ensure an effective and efficiently functioning Subcommittee, including attending meetings of the Subcommittee, the Chair may request that the EC remove the member from the Subcommittee.

Approved by the Subcommittee: 8 February 2007