UPDATE REPORT
GIPS Council
March 2012

Review of Status: September 2011 to March 2012
New Country Sponsors
We are pleased to announce that Procapitales has been endorsed by the GIPS Executive Committee as the Peru GIPS Country Sponsor. With this recent endorsement, there are now 34 endorsed GIPS Country Sponsors.

All three Regional Investment Performance Subcommittee (RIPS) chairs continue to actively seek sponsors for additional countries. As always, the RIPS chairs would appreciate any ideas or contacts that current Country Sponsors can provide.

GIPS Standards Translations
There are currently four endorsed translations of the 2010 edition of the GIPS® standards. The Japanese, Korean, Spanish and Russian translations have been officially endorsed by the GIPS Executive Committee. Several other countries have indicated they plan to submit translations. Additionally, the Japan Country Sponsor has translated six GIPS Guidance Statements.

Nominations Committee
The 2012 GIPS Executive Committee Nominations Committee has been formed. There are two Executive Committee positions scheduled for rotation as of 1 September 2012. Nominees for the GIPS Council Chair and the Verification/Practitioner Subcommittee Chair are currently being solicited. A ballot containing the EMEA nominees will then be distributed to all Country Sponsors for their vote to elect the GIPS Council Chair that will be elected from the EMEA region consistent with the established rotation process.

GIPS Executive Committee Strategic Plan
In September 2011, the GIPS Executive Committee met in Hong Kong and approved the Strategic Plan that will guide our initiatives and activities for the next five years. The Strategic Plan is posted on the GIPS Standards website.

Next Meeting
The March 2013 GIPS meetings in Europe are still in the planning stage. Once finalized, details will be distributed to all Country Sponsors.

I would like to thank all of the Country Sponsors for their work promoting the GIPS standards and participating in the GIPS governance process. It has been a pleasure to serve as the GIPS Council Chair for the past year and a half and I look forward to continue serving as your elected Chair until September.

Best regards

Louis Boulanger, CFA
UPDATE REPORT
Americas RIPS
February 2012

Current Projects
The Country Sponsors within the Americas RIPS continue work on projects that are important in their local markets, and often have global significance as well.

The Canadian Investment Performance Committee (CIPC) has set up three subcommittees for:

1) Consultant outreach – discussing with consultants the impact of the GIPS® standards in their decision-making process.
2) Guidance statements – looking at key guidance statements identified by the GIPS Executive Committee (EC), with a current focus on the Guidance Statement on the Use of Supplemental Information.
3) Promoting the GIPS® standards – the CIPC has booked five speaking events prior to June 2012 with the major societies in Canada for the purpose of discussing and promoting the Standards.

Peru, the newest member of the Americas RIPS, has established a GIPS National Committee under the leadership of Procapitales. (Procapitales is a non-profit trade association of participating agents in the Peruvian capital market, including security issuers, investment banks, brokers, institutional investors, and attorneys. Its mission is to foster capital market development in Peru by enabling an efficient legal/institutional framework and promoting the implementation of good practices of corporate governance.) Current initiatives include the following:

♦ A training workshop has been scheduled for April 11-12.
♦ A review of Spain’s translation of the GIPS standards into Spanish is underway, with the goal of assessing its accuracy with respect to the Peruvian market.

The United States Investment Performance Committee (USIPC) has formed three working groups to address the following areas:

1) Outreach – looking at ways to promote the GIPS standards within the U.S. and improve the understanding of what the GIPS standards provide the investment community.
2) Relevance – addressing items (especially related to disclosures) that may become irrelevant in presentations.
3) Clarification – looking at areas where additional details or further clarification would be helpful.

In addition, the USIPC has created a redline version of the Guidance Statement on Performance Record Portability and is working on getting some important papers created by the USIPC into the public domain.

**Status Update**

A lively and informative in-person meeting of the Americas RIPS was held in Zurich, Switzerland in March 2011. The meeting included Todd Juillerat, CFA, then chair of the Americas RIPS, Garvin Deokiesingh, CFA. Chair of the CIPC, Ann Putallaz, CIPM, Chair of the USIPC, and Ken Robinson, CFA, CIPM, Director of Investment Performance Standards for CFA Institute.

There has been a significant focus over the past year on expanding the membership of the Americas RIPS. At the open meeting of the GIPS Executive Committee in September, it was announced that the GIPS EC had approved Peru as the 34th GIPS Country Sponsor. In addition, other significant efforts have been made in Latin America by CFA staff, specifically in Mexico, Colombia, Chile, Argentina and Brazil. Jonathan Boersma, CFA, Executive Director of the Global Investment Performance Standards at CFA Institute, has been spearheading these efforts.

After six years of strong and effective leadership of the Americas RIPS, Todd Juillerat’s term expired as of August 31, 2011. Todd did an excellent job of leading the America RIPS through its first years, as it expanded from one country (the U.S.) to two (Canada) and finally to three (Peru). The solid groundwork he laid will be especially important as the Americas RIPS continues to expand. Ann Putallaz, previously chair of the USIPC, was elected as the new chair of the Americas RIPS, with a term beginning September 1, 2011.

The first joint project among members of the Americas RIPS, involving a working group of USIPC and CIPC members, completed the first draft of its work relating to guidance on applying the GIPS standards to plan sponsors. After review and approval by both the USIPC and CIPC, the document was reviewed by CFA Institute staff and submitted to the GIPS Executive Committee. At the request of the EC, the draft was sent to the Investor/Consultant Subcommittee for review. The working group is currently considering the comments received from the Investor/Consultant Subcommittee members, as well as an EC member, and is crafting its response.

Membership and participation of the individuals from the Americas region on the Executive Committee’s Standing Subcommittees and Working Groups remains strong.

The chairs of the Americas RIPS, the USIPC and the CIPC met briefly during the GIPS annual conference held in Chicago (U.S.) in October 2011. There was a discussion of issues of common interest, including verification. The conversation will be continued at the in-person meeting of
the Americas RIPS in March 2012 in Brussels, Belgium, with Americas RIPS membership now extended to include Peru.

**Next Steps**

There will be a continued focus on expanding the number of Country Sponsors included in the Americas RIPS. The current anticipation is that organizations from Mexico, Colombia, Chile, Argentina and Brazil are likely to be Country Sponsors within the next twelve months. Current planning includes training for the Brazilian and Peruvian regulators, as well as general outreach to industry groups and regulators in order to generate increased interest in the GIPS standards.

A final draft from the Americas RIPS project on plan sponsors is expected to be presented to the Executive Committee in the March/April timeframe.

Among other topics, the in-person meeting to be held on March 15, 2012 in Brussels will explore ways in which the Country Sponsors in the Americas RIPS can work together to promote the GIPS standards.
UPDATE REPORT
Asia Pacific RIPS
February 2012

Asia Pacific RIPS Objectives
The objectives of each Regional Investment Performance Subcommittee (RIPS) are:

a) to represent the interests of regional Country Sponsors in the GIPS® standards at the GIPS Council;
b) to provide a conduit of information between the local Country Sponsor and the GIPS Council;
c) to promote the implementation of the GIPS standards within the region – preferably by Country Sponsors adopting the GIPS standards (In English), or GIPS Executive Committee (EC)-endorsed Translation of the GIPS standards (TG);
d) to stimulate interest and support for the GIPS standards by communicating the benefits of the GIPS standards and encouraging investment management firms to comply;
e) to support the GIPS Council and 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;
f) to promote the establishment of an effective and consistent verification service throughout the region; and

g) to communicate the benefits of the GIPS standards and cooperate with regulators to broaden GIPS standards compliance to cover all aspects of the investment management industry in the region.

Membership
The following organizations, plus the Chairman, are the ten current voting members of the Asia Pacific RIPS. Each organization has been endorsed by the EC as a Country Sponsor in the Asia Pacific region.

<table>
<thead>
<tr>
<th>Country</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Financial Services Council - Performance Analyst Group</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>Hong Kong Society of Financial Analysts (HKSFA)</td>
</tr>
<tr>
<td>Japan</td>
<td>The Security Analysts Association of Japan (SAAJ)</td>
</tr>
<tr>
<td>Korea</td>
<td>Korea Investment Performance Committee (KIPC)</td>
</tr>
<tr>
<td>Micronesia¹</td>
<td>Asia Pacific Association for Fiduciary Studies (APAFS)</td>
</tr>
<tr>
<td>New Zealand</td>
<td>CFA Society of New Zealand (CFANZ)</td>
</tr>
<tr>
<td>Pakistan</td>
<td>CFA Association of Pakistan (CFAAP)</td>
</tr>
<tr>
<td>Singapore</td>
<td>Investment Management Association of Singapore (IMAS)</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>CFA Sri Lanka</td>
</tr>
</tbody>
</table>

¹ Republic of Palau (ROP); Republic of the Marshall Islands (RMI); Federated States of Micronesia (FSM); Commonwealth of the Northern Marianas Islands (CNMI); and Territory of Guam (Guam)
Country Sponsor Activities

The environment continued to be challenging for the industry throughout the period since our last meeting in HK. Regulators continue to be cautious about fund offerings and their focus continued to be on products distributed retail. Despite this there were a number of activities across the region in the promotion of GIPS since our meeting in Hong Kong which will be discussed in more detail at the upcoming RIPS meeting:

- Australia – I had a call with Martin at FSC, and they have been very busy producing a Risk Measurement guidance paper and undertaking an updated GIPS survey in their country.
- Japan – SAAJ has held further GIPS workshops to support their membership and the community
- New Zealand - MED (Ministry of Economic Development – policy maker) released their initial draft KiwiSaver reporting regulations on a confidential basis to selected market participants on 28 November. The local country sponsor met with officials to discuss as part of feed-back process. There is no direct reference to GIPS though details of return calculations and valuation of assets are left up to FMA (Financial Markets Authority – regulator). MED were ‘confident in their product’ (i.e. they thought they had a robust, workable draft to take to Ministers subject to completing their industry discussions). It was agreed to stay in touch and he thought there would be further opportunities for participation in the development of the regime.
- One (of the two) of NZ’s GIPS compliant firms has been taken over by a large retail bank (KiwiBank). The local country sponsor has contacted KiwiBank urging wider take-up of GIPS throughout that organisation
- Singapore – IMAS responded on risk management related provisions among others in the latest consultation document from MAS on changes they expect to implement in the fund industry locally.

General

- Country sponsors active dissemination of the Understanding the GIPS Standards brochure in the region by both Country Sponsor and CFA Institute in existing Country Sponsor and/or new countries.
- CFA Institute in conjunction with local industry constituents translated, finalized and published the Chinese and Korean language of Understanding the GIPS Standards brochure.

Speaking Engagements

- Trevor Persaud spoke at Performance measurement Event in Singapore and Fannie Fang also spoke at that event about GIPS
- Fannie Fang also delivered a presentation at the Malaysia Securities Commission meeting and Korea's Annual GIPS Conference

Other activities

- China’s securities regulator announced in January 2012 that the country has established an investor protection bureau, in a move to better protect the rights and interests of Chinese investors in the capital market.
Looking forward to our meeting in March, it would be useful to revisit the discussion of retail in our specific markets as well as challenge our role as RIPS to identify how we could better serve the promotion process across region.

Regards,

Trevor Persaud  
Chair, Asia Pacific RIPS  
Member of the GIPS EC
**Membership**
The following organizations are the current twenty-two (22) Country Sponsors of the EMEA RIPS endorsed by the GIPS Executive Committee:

<table>
<thead>
<tr>
<th>Country</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>(1) Österreichische Vereinigung für Finanzanalyse und Asset Management (ÖVFA) and (2) Vereinigung österreichischer Investmentgesellschaften (VÖIG)</td>
</tr>
<tr>
<td>Belgium</td>
<td>Belgian Asset Managers Association (BEAMA)</td>
</tr>
<tr>
<td>Denmark</td>
<td>The Danish Society of Financial Analysts (DSFA) and CFA Society of Denmark</td>
</tr>
<tr>
<td>France</td>
<td>French Experts Group on Performance Presentation Standards (FEGPPS) sponsored by: (1) Société Française des Analystes Financiers (SFAF) and (2) Association Francaise de la Gestion Financiere (AFG)</td>
</tr>
<tr>
<td>Germany</td>
<td>German Asset Management Standards Committee (GAMSC): (1) Bundesverband Investment und Asset Management e.V. (BVI); (2) Deutsche Vereinigung für Finanzanalyse und Asset Management (DVFA); and (3) German CFA Society</td>
</tr>
<tr>
<td>Greece</td>
<td>Hellenic CFA Society</td>
</tr>
<tr>
<td>Hungary</td>
<td>(1) CFA Society of Hungary and (2) Association of Hungarian Investment Fund &amp; Asset Management Companies</td>
</tr>
<tr>
<td>Ireland</td>
<td>Irish Association of Investment Managers (IAIM)</td>
</tr>
<tr>
<td>Italy</td>
<td>Italian Investment Performance Committee (IIPC) sponsored by: (1) L’Associazione Bancaria Italiana (ABI); (2) L’Associazione Italiana degli Analisti Finanziari (AIAF); (3) Assogestioni; (4) Sviluppo Mercato dei Fondi Pensione (MEFOP); (5) Assirevi; and (6) Italian CFA Society</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Association of Financial &amp; Investment Analysts (AFIA)</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>Liechtenstein Bankers Association (LBA)</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Luxembourg CFA Society</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>VBA – Beroepsvereniging van Beleggingsprofessionals</td>
</tr>
<tr>
<td>Norway</td>
<td>The Norwegian Society of Financial Analysts (NFF)</td>
</tr>
<tr>
<td>Portugal</td>
<td>Associação Portuguesa de Analista Financeiros (APAF)</td>
</tr>
<tr>
<td>Russia</td>
<td>National League of Management Companies (NLU)</td>
</tr>
<tr>
<td>South Africa</td>
<td>Association for Savings Investment, South Africa (ASISA)</td>
</tr>
</tbody>
</table>
Country | Members
--- | ---
Spain | Asociación Española de Presentación de Resultados de Gestión
Sweden | Swedish Society of Financial Analysts (SFF)
Switzerland | Swiss Bankers Association (SBA)
Ukraine | Ukrainian Association of Investment Business (UAIB)
United Kingdom | UK Investment Performance Committee (UKIPC) sponsored by:
(1) Investment Management Association (IMA);
(2) Association of British Insurers (ABI); and
(3) The National Association of Pension Funds (NAPF)

The following organizations are approved EMEA RIPS Associate Members:

<table>
<thead>
<tr>
<th>Associate Member</th>
<th>Representing / Role / Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFAMA</td>
<td>European Fund and Asset Management Association</td>
</tr>
<tr>
<td>EFFAS</td>
<td>European Federation of Financial Analysts Societies</td>
</tr>
<tr>
<td>EFRP</td>
<td>European Federation for Retirement Provision</td>
</tr>
</tbody>
</table>

The following industry organizations have been invited and/or targeted to provide observers to the EMEA RIPS and may be recommended to become Associate Members:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Representing</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVCA - European Private Equity and Venture Capital Association</td>
<td>Private Equity and Venture Capital Investment Managers</td>
</tr>
<tr>
<td>INREV - Investors in Non-Listed Real Estate Vehicles</td>
<td>Real Estate Investors</td>
</tr>
</tbody>
</table>

**Status Update**

- On 18 November 2011 EMEA RIPS held its in-person meeting in Oslo hosted by the Norway Country Sponsor. The minutes of this meeting will be approved at the EMEA RIPS in-person meeting on 15 March 2012 and subsequently published.

- Luxembourg has become a 22nd member of the EMEA RIPS represented by the Luxembourg CFA Society endorsed by the GIPS EC as the GIPS Country Sponsor in Luxembourg.

- European Federation for Retirement Provision (EFRP) has been approved as RIPS EMEA Associate Member.

- Regulator Relations Working Group:
The Regulator Relations Working Group of EMEA RIPS has been formed to enable RIPS EMEA to provide consolidated feedback on new pan-European regulations in relation to investment performance and the GIPS standards. The Regulator Relations Working Group is currently working on its Terms of Reference defining its scope and purpose to be reviewed and approved by the RIPS EMEA at the March 2012 in-person meeting.
• Translation of the GIPS® standards:
  o A Russian translation of the 2010 edition of the GIPS standards has been approved by the
    GIPS Executive Committee.
  o The German Country Sponsor has submitted their German translation of the 2010 edition of
    the GIPS standards which is currently under review by the GIPS Executive Committee.
  o The Spanish translation of the 2010 edition of the GIPS standards has been approved by the
    GIPS Executive Committee.

• EMEA RIPS Country Sponsors have taken active part in the GIPS Standards and Pooled Funds
Survey and also in the 2012 GIPS Country Sponsor Survey.

• Several EMEA RIPS Country Sponsors have conducted GIPS educational events in their
  countries.

• The next in-person EMEA RIPS meeting will take place in London on 9 November 2012.
UPDATE REPORT
Interpretations Subcommittee
February 2012

Completed Projects
Reviewed the following sections of the GIPS Standards Handbook, to update existing guidance for 2010 language, and incorporate relevant Q&As published after 2005, new guidance, and to correct for errors:

- Section 4 – Disclosures
- Section 5 – Presentation and Reporting
- Section 8 – Wrap Fee/SMA Portfolios
- Chapter III - Advertising Guidelines
- Provisions related specifically to Risk submitted by the Risk Working Group

Reviewed important issues related to these sections with the Executive Committee for direction.

1. Reviewed and discussed the Supplemental Information Proposal to the EC.

2. Reviewed and discussed the following Q&As:
   - Verification Q&As
   - Remaining Q&As from the 2010 review
   - New Q&As


4. Reviewed and discussed guidance related to the frequency of portfolio inclusion and the exclusion to/from composites to provide guidance to the GIPS Helpdesk.

5. Reviewed Handbook Section 6 created by the Real Estate Working Group and provided feedback to the Real Estate Working Group.

Current Projects
7. Continue review of the Verification Q&As.


10. Continue to work on new Q&As on a variety of topics, focusing on those that will provide additional guidance on changes or new requirements in the 2010 edition of the GIPS standards, and other important guidance.

11. Continue to develop a list of topics that should be addressed in future interpretations, such as mergers and acquisitions.

Next Steps
12. Get approval by the EC of the *GIPS Standards Handbook*. Begin the process of publication.

13. Complete the review of the Q&A database, and implement the new database.


15. Continue to provide ongoing guidance and interpretation on emerging issues.
Committee Objectives
The purpose of the Alternative Investment Strategies (AIS) Working Group is to create guidance in the form of provision(s), a Guidance Statement and/or Q&As to explain how to apply the GIPS® standards to alternative investment strategies.

Membership
Colin Morrison (UK) Co-chair Phillip Vitale, CFA (US)
Dimitri Senik, CFA (Switzerland) Co-chair David Costin (US)
Karyn Vincent, CFA, CIPM (US) Valerie Lamanna (US)
Yoh Kuwabara (Japan)

Current Projects
The AIS Working Group has reconvened to review, evaluate, and incorporate the comments received during the public comment period into the final Guidance Statement on Alternative Investment Strategies and Structures.

Status Update
The Guidance Statement on Alternative Investment Strategies and Structures was approved by the GIPS Executive Committee (EC) and issued for a 90 day Public Comment Period ending 15 June 2011.

Forty-two (42) comment letters were received by GIPS Stakeholders from around the world. The Guidance Statement was very well-received and the AIS Working Group is in the process of considering each comment.

All of the comment letters have been evaluated. The challenging and important issues were reviewed and a recommendation of the treatment of each issue was presented to the GIPS EC.

The GIPS EC decided on the treatment of the majority of the issues. The AIS Working Group then applied the changes to the draft of the Guidance Statement on Alternative Investment Strategies and Structures. Some issues still have to be presented to the GIPS EC for feedback.
**Next Steps**
The GIPS EC will be provided with an updated draft of the AIS Guidance, incl. detailed information on the issues still open, at the March 2012 in-person meetings and will be requested to provide feedback.

The GIPS EC will also discuss if the Guidance Statement should go out for public comment again or if it should be finalized and issued. Depending on the GIPS EC’s decision, the appropriate next steps will be taken.
UPDATE REPORT
Real Estate Working Group
February 2012

Current Projects
The priority of the Real Estate Working Group (REWG) has been to prepare guidance on the real estate provisions for inclusion in the GIPS Standards Handbook. This work is close to being finalized. The REWG has started reviewing all existing real estate Q&As as well as the development of new real estate Q&As as deemed necessary.

Status Update
The REWG has responded to the Risk Working Group’s letter seeking feedback on the GIPS® standards risk provisions as relating to real estate.

The REWG has drafted guidance on component returns to be included in the GIPS Standards Handbook. This work has been reviewed by both the GIPS Executive Committee and the Interpretations Subcommittee and is being finalized for inclusion in the GIPS Standards Handbook. This includes an example of how to calculate both gross and net component returns for a real estate portfolio.

Next Steps
The REWG plans to update Q&As relating to the GIPS real estate provisions as well as preparing new real estate Q&As as deemed necessary. The estimated completion date is spring 2012. As time allows, we plan to devote a portion of our calls to discussing current real estate performance issues raised in the industry.
Committee Objectives
The purpose of the Investment Manager Subcommittee is to act as a forum for understanding application issues that investment management firms face when complying with the GIPS® standards.

Membership
Iain McAra (Chair) – USA  Andrew Kophamel, CFA, CIPM - Australia
Mir Muhammad Ali, CFA – Pakistan  Christopher Nimmick – United Kingdom
Irina Alameida, CIPM – Portugal  Ian Searle – United Kingdom
Michelle Alvarez – USA  Sue Pike, CFA, CIPM - USA
Michael Gibbs-Harris, CFA – New Zealand  Shawn Zhang, CFA, CIPM – Hong Kong

Completed Project
Members extracted provisions related to benchmark from the 2010 edition of the GIPS standards and reviewed the necessary discussion sections within the GIPS Standards Handbook. The Benchmark Paper with proposed interpretations, examples and considerations was submitted to the Interpretation Subcommittee in November 2011 for consideration during the redrafts of the GIPS Standards Handbook for finalization.

Members also responded to the Retails / Pooled Fund Survey and continue to consider the impact and relevance of the GIPS standards in their respective retail environments so they can provide input if requested in future.

Continued Project
Members are moving ahead with the comments received in finalizing the Implementation Assistance document to provide in depth consideration of the specific challenging issues that a firm encounters in an environment where the resources for and knowledge of the GIPS standards are not as readily available or established. The structure of the document is being re-aligned to correspond to the simple five steps for getting started on the GIPS standards website with and will include detailed explanations and examples.
Next Steps
Investment Manager Subcommittee will finalize Implementation Assistance paper for submission to the GIPS Executive Committee. Members anticipate the release of Guidance Statement on Risk and Guidance Statement on Verifier Independence and look forward to providing feedback on these in due course.

Once the Implementation Assistance paper is submitted, the committee will review their list of topics alongside the EC strategic plan and identify those topics with which they would wish to be involved and where they consider they could add value and communicate these thoughts to the EC and ask for direction on how they could best proceed with the topic or topics.
UPDATE REPORT
Risk Working Group
February 2012

Committee Objectives
The purpose of the Risk Working Group is to create guidance in the form of provision(s), a Guidance Statement and/or Q&As to address risk within the body of the GIPS® standards.

Membership
Colin Morrison, Co-chair
Sunette Mulder, Co-chair
Toru Migita
Herbert Jobelius
Wylie Tollette, CFA
Steve Gaudette, CFA
Bruce Feibel, CFA
Daniel Scherman, CFA

Current Projects
The Risk Working Group has completed editing the first draft of the Guidance Statement on Risk and is now in the process of finalizing a draft for EC review. The Guidance Statement on Risk will include interpretation on risk-related requirements and recommendations from the 2010 edition of the GIPS standards, incorporate guidance from Q&As, and more information on considerations related to risk in performance reporting.

As part of the GIPS Standards Handbook project, the Risk Working Group has also been an integral part of creating guidance on the risk-related provisions in Sections 4 (i.e., Disclosures) and 5 (i.e., Presentation and Reporting).

The Working Group has also committed to reviewing Consultation Papers from related organizations in an effort to monitor and participate in similar efforts by the industry.
Status Update
The Working Group has finished reviewing the first full draft of the Guidance Statement on Risk, which includes clarification on each of the risk-related provisions and related best practices. The Guidance Statement on Risk includes guidance on such issues as:

- Disclosure for the use of leverage, derivatives, and short positions;
- Suggestions for descriptions of material risks in the in the composite description;
- Additional disclosures where non-obvious risks are inherent to the strategy;
- The calculation and presentation of external standard deviation;
- The proper use of additional risk measures;
- Including risk in the policies and procedures;
- Relationship with regulatory risk requirements;
- Ex-ante vs. ex-post;
- Relative risk vs. absolute risk;
- Calculations and explanations for commonly known risk measures; and
- Selection of an appropriate risk measure.

The Working Group considers risk work currently underway within various regulatory jurisdictions such as that being undertaken in Europe by CESR and by an IMA/ABI joint working party in the UK. It is crucial that any risk guidance developed under the auspices of GIPS neither conflicts nor contradicts local regulatory requirements.

One key consideration for the Working Group and therefore the guidance is whether Real Estate and Private Equity are in or out of scope, it is for this reason that the expert view of those two working groups has been solicited such that they make this determination. Both the Private Equity and Real Estate Working Groups have sent forward their feedback on if they should be considered in our out of scope which will be included in the draft of the Risk Guidance Statement prepared for the EC.

Next Steps
The next steps are to apply the edits agreed to on the Risk Working Group calls to the Guidance Statement. The goal will be to create a draft of the Guidance Statement that will be approved by the Risk Working Group for submission to the Investment Manager Subcommittee.

The Investment Manager Subcommittee will review the guidance and forward it to the Interpretations Subcommittee. Interpretations will then submit the guidance to the Executive Committee for approval.
UPDATE REPORT
Investor/Consultant Subcommittee
February 2012

Current Projects
Refine and focus educational and presentational materials towards owner community:

- Complete “GIPS in Practice” presentation with emphasis on interpretation and practical use of the compliant presentation
- Recreate GIPS Today to become “GIPS Mission, Strategy, and Practice” with the focus on the standards today and in particular the direction as determined by the strategic plan
- GIPS at conferences: joint initiative with Promotion & Awareness and CFA Institute staff to identify and target key investor orientated conferences
- Circulate Model RFP guidance to assist those constructing and responding to GIPS questions in an RFP
- Increase asset owner membership on the Investor/Consultant Subcommittee

Status Update
- All projects are ongoing work in progress, some nearing completion, others are central to the stated aim of increasing owner engagement
- The current project list has been bolstered by additional trustee related document: “Best Practices for Addressing Trustee Oriented Audiences”
- Encourage and support the Investor/Consultant Subcommittee member participation in local owner and consultant events

Next Steps
- Develop coordinated action plan with Promotion & Awareness for distribution and presentation of new materials
- Extend conference participation beyond regular NAPF event
UPDATE REPORT
GIPS Executive Committee
Nominations Committee
March 2012

Membership
The GIPS 2012 Nominations Committee has been formed and consists of the following members:

Louis Boulanger, CFA  GIPS Council Chair
Jonathan Boersma, CFA  CFA Institute, Executive Director
Mir Muhammad Ali, CFA  CFA Institute Appointed Representative
Jonas Arsjo  GIPS Country Sponsor Elected Representative

Current Projects
The Nominations Committee will oversee the nomination and selection of the GIPS Executive Committee Verification/Practitioner Subcommittee Chair based on the criteria set out in the EC Constitution.

Status Update
Two GIPS Executive Committee positions (the GIPS Council Chair and the Verification/Practitioner Subcommittee Chair) will rotate on 1 September 2012. A broad solicitation of nominees has begun and the nominations period is currently open. The application materials have been distributed to Country Sponsors, posted on the GIPS website, and distributed broadly to the investment industry. The deadline for submitting nominees is 23 March 2012.

The Nominations Committee has conducted two conference calls and finalized the Nominations Application Forms for the two open GIPS Executive Committee positions.

Next Steps
GIPS Country Sponsors will submit EMEA nominees for the GIPS Council Chair position in accordance with the GIPS Council Chair position rotating among the regions. All nominees will be placed on a ballot after 23 March and the ballot will be distributed to all GIPS Country Sponsors to vote. The candidate receiving more than 50% of the votes cast will be elected GIPS Council Chair.
Nominees for the Verification/Practitioner Subcommittee Chair will be carefully analyzed by members of the Nominations Committee and a recommendation will be submitted to the CFA Institute Board for approval.

The two new members of the GIPS Executive Committee will begin serving their term as of 1 September 2012.
Current Projects

- Update the GIPS Mission, Strategy, and Practice presentations on a periodic basis.
- Develop outreach and education particularly targeted for investment consultants, investors, and regulators.
- Jointly undertake the promotion of the GIPS® standards brand and materials for different target audiences in local markets with Country Sponsors.
- Identify key markets and segments for the GIPS standards adoption and approaches for slow to adopt segments.
- Research industry conferences and publications for opportunities to promote the GIPS standards.
- Identify articles to elaborate the GIPS in the News section on the GIPS standards website and channels to reach broad audiences with articles related to the GIPS standards.
- Develop a detailed action plan for the Compliance Education project.
- Collaborate with the Investor/Consultant subcommittee on projects of joint interest.

Status Update

The Promotion and Awareness Subcommittee is undertaking a compliance education project whereby an action plan will be developed to educate Country Sponsors on their role in identifying and rectifying suspected breaches of compliance with the GIPS standards.

The members of this subcommittee engage in an ongoing effort to identify articles that can be used for promotional purposes through channels such as the GIPS standards website, social media networks, and the GIPS standards newsletter.

A medium has recently been set up on the GIPS website SharePoint discussion forum for Country Sponsors to convene and share ideas and materials for the promotion of the GIPS standards.

The subcommittee is considering ways to identify and rectify misinformation related to the GIPS standards, specifically on the internet.
The subcommittee continues to be involved in providing feedback on various promotional and educational products such as GIPS Mission, Strategy, and Practice presentation, the GIPS Standards Plan Sponsor Booklet, and the Model RFP Template Document (the latter two of which were originally created by the USIPC).

**Next Steps**

The Subcommittee will continue to develop focused educational materials for marketing and sales professionals, and RFP teams.

Educational and promotional resources will be developed for Country Sponsors to help them better carry out their roles. The compliance education project is a first step in this direction.

The Subcommittee will continue to generate articles related to the GIPS standards for distribution through the various channels available for this function. In addition, a project is underway to identify more channels to facilitate broader distribution.

In addition to developing materials, the subcommittee members will continue to make themselves available for providing feedback on the various products being put forth by other volunteer groups.

A project to tackle the problem of misinformation related to the GIPS standards in circulation on the internet is in the initial stages of being scoped.

Outreach efforts will be focused on firms, industry groups, consultants, and asset owners.

Develop a rollout plan for the GIPS website’s new SharePoint discussion forum for Country Sponsors.
UPDATE REPORT
Verification/Practitioner Subcommittee
March 2012

Current Projects
The current priority of the Verification/Practitioner Subcommittee (VPS) is to complete the update of the Guidance Statement for Verifier Independence.

Status Update
The VPS completed its review of public comments on the Performance Examination Guidance Statement and submitted a revised version to the GIPS Executive Committee (EC) for approval.

The VPS completed its work on the Performance Examination Guidance Statement Adopting Release.

As soon as the Interpretations Subcommittee has completed its review of verification/performance examination related Q&As we will make appropriate changes and submit to the EC.

As time allows, we have been devoting a portion of our calls to discussing current verification issues in the marketplace and potentially developing new verification linked Q and As.

Next Steps
Complete work related to Verifier Independence Guidance Statement and address any comments received from GIPS subcommittees on verification related Q&As and the Verifier Independence Guidance Statement.