GIPS COUNTRY SPONSORS
Conference Call
3 March 2014
AGENDA

Date: 3 March 2014
Location: Conference Call
Time: 7:00 a.m. to 8:00 a.m. US Eastern Time

1. Opening remarks
   ○ Approve Belgium Minutes of 14 March 2013

2. Discuss revised GIPS Governance Restructure Proposal
   ○ Country Sponsor Roundtable
   ○ Country Sponsor Discussion

3. Next Steps
   ○ GIPS Executive Committee open conference call to approve GIPS Standards Governance Restructure
   ○ CFA Institute Board of Governors review and approval of GIPS Executive Committee Constitution and GIPS Standards Governance Restructure

4. Closing Remarks and Adjourn

Schliemann 5 mins
Schliemann 45 mins
Schliemann 5 mins
Schliemann 5 mins
Minutes of the GIPS COUNCIL

Date: Thursday 14 March 2013
Location: Conference Call and In-Person – Brussels, Belgium
Time: 1:00 p.m. to 2:00 p.m.

Members Present:
- Martin Schliemann, GIPS Council Chair
- Michael Schmid – Austria*
- Andrew Bragg – Australia
- Chris Muyldermans – Belgium
- Garvin Deokiesingh, CFA – Canada
- Lars Bjerre Hansen – Denmark
- Hans Pieper – Germany
- Voula Fasoulioti – Greece*
- Kazumichi Karita – Japan
- Joe O’Donnell – Ireland
- Dias Sarsenov – Kazakhstan*
- AdrianDoswald – Liechtenstein
- Carolyn Linnevers – Luxembourg
- Mikhail Mora Aponte, CFA – Mexico
- Erwin Jager, CFA, CIPM – The Netherlands

Members Absent:
- France
- Hong Kong
- Hungary
- Italy
- Korea
- Micronesia
- Peru
- Singapore
- Sri Lanka

Observers Present:
- Jonathan Boersma, CFA – GIPS Executive Director
- Yoh Kuwabara – Interpretations Chair
- Sue Pike, CFA, CIPM – Investment Manager Chair
- Karyn Vincent, CFA, CIPM – Verification/Practitioner Chair
- Todd Juillerat, CFA – Promotion & Awareness Chair
- Cheng-sen Yeh, CFA – China*
- Jia Lili – China*

- Peter McCaffrey – New Zealand
- Jørn Gunnar Kleven – Norway
- Mir M. Ali, CFA – Pakistan
- Joao Cantiaga Esteves – Portugal
- Dmitry Alexandrov – Russia
- Sunette Mulder - South Africa
- Monica Gordillo, CFA, CIPM – Spain
- Jonas Arsjö – Sweden
- Dr. Stefan Illmer – Switzerland
- Dr. Viktor Botte – Ukraine
- Colin Morrison – United Kingdom
- David Yuska – United States
- Ann Putallaz, CIPM – Americas RIPS Chair
- Trevor Persaud – Asia Pacific RIPS Chair
- Dimitri Senik, CFA – EMEA RIPS Chair
- Zhong Rong, SA – China*
- Patricia Donnelly, CFA – France
- Herbert Jobelius – Germany
- Mayumi Takahashi – Japan
- Susanne Klemm – Switzerland*
- Miriam Munari – Switzerland*
- Brian Chapman – United Kingdom
- Helen Roberts – United Kingdom
- Yoko Lunden – United States
Staff Present: Polly Johnson – Administrative Assistant
Cindy Kent – Director, Global Investment Performance Standards
Annie Lo, CFA, CIPM – Director – Global Investment Performance Standards
Iain McAra – Director, Global Investment Performance Standards
Ken Robinson, CFA, CIPM – Director, Global Investment Performance Standards

*PARTIAL ATTENDANCE*

Action Items
- GIPS Council members were requested to submit nominees for the Asia Pacific RIPS Chair and the Investor/Consultant Subcommittee Chair no later than Friday 22 March 2013.

Decision Points
- GIPS Council members approved the minutes from the 16 March 2012 meeting in Brussels, Belgium as presented.

Mr. Schliemann welcomed GIPS Country Sponsors, observers and guests to the GIPS Council teleconference call. He announced that each Country Sponsor will need to provide their comments concisely to allow time for each Country Sponsor to provide their feedback within the time limitations of the schedule call today.

1. **Approve Brussels Minutes of 16 March 2012**
   GIPS Council members approved the minutes from the 16 March 2012 meeting in Brussels, Belgium as presented.

2. **Discuss GIPS Council Structure and Role**
   Mr. Schliemann reported that a recent proposal regarding changes in the structure of the GIPS Council was distributed to all GIPS Country Sponsors. He clarified that the proposal was sent in the name of Mr. Boersma and Mr. Schliemann, but it does not necessarily reflect their personal opinions. The proposal asked for feedback on two questions and the GIPS Executive Committee would like to add two additional questions: Opinions on the logistics of the GIPS Council meeting (whether you like the format of the conference call) and if you agree if the GIPS Promotion & Awareness Subcommittee Chair should become a member of the GIPS Executive Committee, role of the Council and its Chair, and to discuss the definition of the Council. These are the four items for discussion. Mr. Schliemann asks for Council members for their feedback and noted that all GIPS Executive Committee members are present for this important GIPS Council discussion. The GIPS EC will listen to input today and it will become part of the decision process. To start this discussion, Trevor Persaud, current GIPS EC Chair will provide an overview of proposal, as he is the most objective person to lead this discussion.

Mr. Persaud provides the background and context of the discussion and proposal by explaining that the GIPS EC for the past several years has been reviewing its governance structure, as any good organization should do periodically to make improvements. There are a number of key issues identified during the course of the GIPS EC discussions:
- Best use of time for GIPS Council gatherings is perhaps not being utilized
- Need to focus on non-technical areas with as much focus as technical issues historically
- Issue of supporting the timetable/work plan of the many projects targeted on the GIPS Strategic Plan given the resources allocated
These issues are not different from those that any commercial organization struggles to improve. The GIPS EC has been reviewing its structure with the aim to becoming more efficient and to achieve its goals. Over the past several days, the EC has been delving deeper into exploring options and believes a better model may involve promoting certain seats to the GIPS EC; and involve creation of a more technical committee and differentiate those activities from those of the GIPS EC. The GIPS EC believes it is making progress and is exploring a number of options, and reaching agreement; and, the GIPS EC asks for your feedback today.

Mr. Schliemann asks Country Sponsors for their feedback and to begin with those participating by telephone. But first because this is a subjective topic, Mr. Schliemann offers to provide his views. He is not persuaded to merge the GIPS Council Chair with any other position on the GIPS EC because he believes it is quite an important role, and the Council serves an important purpose and a valuable meeting point. In the past there was duplication with the EMEA RIPS meetings and GIPS Council, because there were many of the same people. But today there are 22 European representatives, and 13 that not European and the discussions are different.

Mr. Schliemann asks the participants by telephone to provide their feedback and opinions.

- Country Sponsor Feedback

**Pakistan**
Mr. Ali stated that he submitted his comments earlier by email. He supports the idea of adding another member to the GIPS EC and to also keep the GIPS Council Chair intact. If there is a governance reason that the EC cannot be ten members, then he supports the RIPS Chairs merging with the GIPS Council Chair role on a rotating basis.

**Germany**
Mr. Pieper believes the GIPS Council in-person meeting is valuable. The German Country Sponsor wrote a letter to Mr. Boersma and stated they need more information on the proposed structure before providing specific comments. Initial feedback is that they believe the GIPS Council Chair is an important role and would prefer to add the Promotion & Awareness Chair as an additional seat to the EC, making it 10 members. However, if it is not possible to have 10 members on the EC, then the Promotion & Awareness Subcommittee should report to the GIPS Council.

The operator announced there were no other telephone participants in the queue to speak.

**Belgium**
Ms. Muyldermans relayed that the message from Belgium is very close to that of Germany. They agree that the Promotion & Awareness Subcommittee is a very high priority. However, more information is need on the proposal and the outcome of the structure. They need more details on the proposal in order to make specific comments.

**Denmark**
It is natural to consider restructure periodically. Denmark’s view is that there is dual representation of Country Sponsors through both the RIPS and Council. Perhaps it can be restructured so that the Country Sponsors voice only needs one channel to the GIPS EC, not two.

**Ireland**
Ireland believes the GIPS Council is a very important part of the whole process. GIPS are a global standard, should have a global council. Recognizes there may have been operational difficulties in the past, but that means when looking at a restructure, we keep that in mind. Therefore, in the interim Ireland recommends that the GIPS Council Chair remains an independent role from the Promotion & Awareness representation on the GIPS EC, and support ten members on the GIPS EC.
Liechtenstein
Believe marketing is really important component now for the GIPS standards. With that thinking, Promotion & Awareness Subcommittee should be elected to the EC. The GIPS Council Chair can be rotated among the three RIPS Chairs and that way the Council Chair remains a global position because it is rotated among the regions and is a global view then.

Luxembourg
Reinforces the idea that Promotion & Awareness is a really important role and they are looking forward to receiving lots of interaction and also feedback from them. With respect to governance, as a new Country Sponsor they do not really have a fixed opinion or historic perspective. Simplification can be very positive, as long as it continues to serve the interests of the people involved. We would not have any specific opinion other than to reinforce confidence in the people involved.

Americas RIPS Chair
Ms. Putallaz speaks on behalf of Americas RIPS and reports the feedback is mixed. One of the Country Sponsors is relatively neutral because much like Luxembourg, they do not feel they have enough history; there is one Country Sponsor who is more negative on the proposal, while another is extremely positive. So the feedback from Americas RIPS is split in opinion.

Asia Pacific RIPS Chair
Mr. Persaud will try to reflect the opinions of Asia Pacific RIPS, and his own views, and there is support to retain the GIPS Council Chair position, but there is an acceptance that there may be a need for changes that do not allow that to happen. There is disappointment that the in-person GIPS Council meeting is not being held, the greatest element of benefit that is lost is the ability for emerging countries to informally hear experiences and learn from other Country Sponsors; and the general association, and support, for the fact that you are part of a global community. There is value associated with a global in-person meeting that is important to some Country Sponsors and is an incentive to some Asia Pacific Country Sponsors.

EMEA RIPS Chair
Mr. Senik reported he is not in a position to express the opinions of EMEA RIPS members because they have not all had the opportunity to voice their opinions yet. The GIPS EC is aware of Mr. Senik’s personal opinions on this matter and does not want to express his opinions at this time to avoid influencing EMEA RIPS Country Sponsors before they speak.

United Kingdom
The UK Country Sponsor submitted some draft ideas and reactions to the initial proposal to Mr. Schliemann and Mr. Boersma. The UKIPC will hold an official meeting next week and will have the opportunity to more fully discuss the deliberations from these meetings in Brussels. The UKIPC is conscious of the fact that the GIPS standards have reached a “steady state” and there has been a tremendous development of the Standards over the past years. With the rate of development slowing down, there is now an opportunity to look aggressively and clearly at the governance structure and specifically a change in emphasis, particularly in maintaining the current Country Sponsors but being mindful that are still many parts of the world still need to adopt the Standards. The acceleration, promotion and maintenance of the Standards are foremost at this time.

Ukraine
No specific opinion on this matter at this time, but believes there should not be changes every year.
Switzerland
Swiss Country Sponsor has sent an email expressing their opinions on the proposal. They are quite open to changes, if changes make sense for Country Sponsors. What they did not understand is why the two proposed changes are linked together. They do not think it is wise to link together, because then there are two discussions that may be hindering each other. What is absolutely needed is more information and other possibilities because this has a huge impact on the current organizational structure that was considered very carefully and purposefully. A key consideration in the current structure is the votes of each Country Sponsor and this would change under the current proposal and these are things we need to discuss. They support Promotion & Awareness Subcommittee having a more prominent role, but see no hurry to have that seat on the EC. We need these details and more information, and more time.

Sweden
In Sweden we recognize the GIPS Council as a very important entity, and for the time being, until conclusion on this proposal, the Council Chair definitely should remain on the GIPS EC. We also recognize Promotion & Awareness is an important component and GIPS is at important phase in Sweden that there is a need for more development. If for the moment, the Promotion & Awareness Chair is brought onto the EC, we would support the number of EC members being increased to ten. We need time to talk through the development of the structure. The Country Sponsors definitely need a number of seats and voices to represent them on the EC. The GIPS Council and RIPS are important and we need to look at and consider the different phases of Country Sponsors and perhaps that is a distinction. There are some that are very developed and some are new comers. We also understand the underlying practicalities and recognize the logistic challenges of the different spaces.

Spain
Spain does not have clear or fixed opinions of the governance or EC structure. What is a key for Spain is Promotion & Awareness. They feel this area needs to be developed more within the GIPS structure. Face to face meetings are very valuable, not to take away from this conference call. This is the proof of that. More countries make us rich in knowledge of what is going on with performance and GIPS around the world.

South Africa
Ms. Mulder expressed that South Africa is very supportive of the Promotion & Awareness Subcommittee Chair becoming a member of the GIPS EC, it is an important role. On the matter of the GIPS Council, the Country Sponsor committee is undecided. They see the value of both the current structure and also the proposal. They need more information and options to discuss. From a personal perspective as a former Chair of the Promotion & Awareness Subcommittee, that Subcommittee has always been comprised of Country Sponsors, and a Country Sponsor driven initiative, so if the Promotion & Awareness Subcommittee Chair is elevated to an EC position it will be amazing to have direct input into the EC. Having been on the GIPS Council for many years, and those sitting around the table will agree, some of the meetings have been a bit repetitive. We need to look at agendas, sequencing, and we do have more work to do in this area.

Russia
In-person meetings are much better than conference calls to share opinions and views face to face. The second point to consider is BRICS: Brazil, Russia, India, China and South Africa. It is important to have meetings of individuals that represent their specific markets and assets around the world. To further develop GIPS, and especially as a new member of the GIPS Council and EMEA RIPS, it is very important to have direct access and speak to various individuals, rather than relying on emails, websites, etc.
Portugal
Fully agree that Promotion & Awareness Subcommittee should have a high priority within the GIPS initiative, totally in favour. However, does this require a change in governance structure? Tend to agree with the comments of Switzerland. Any change in governance needs to be carefully considered and there is a need time to have clear options. There has not been enough time to determine if the Promotion & Awareness Chair being on the EC requires a change to the GIPS governance structure, so there is a need for more information and time. Regarding the GIPS Council, obviously there is a lot of value in having in-person meeting. However, more than ever there is realization that resources must be carefully allocated.

Norway
Support that Promotion & Awareness Chair becomes a member of the EC. As Switzerland commented, that decision does not necessarily need to be linked to the future of the GIPS Council. It is important to discuss alternatives periodically and most organizations periodically review their structure. It has been almost ten years since the GIPS organization was created, so it is good to review alternatives. There needs to be more information provided regarding the future voting of the EC, would there be nine or ten votes? It is important that financial resources are allocated the best way, if there are other ways than having GIPS Council in-person meetings they would support that.

Netherlands
It is good to periodically think about the GIPS structure. However, they do not agree with replacing the GIPS Council. Does not understanding how a RIPS Chair can represent the GIPS Council at the EC, seems like a conflict of interest. This needs to be more addressed than it is currently offered as an option.

Austria
Express their strong opinion of the value of the GIPS Council, especially addressing the revised Operating Policies and Procedure document of 2010. Their opinion is that the objectives and purpose as outlined in those documents is still in place and see no reason to terminate this initiative. In regards to the in-person meeting, it is appreciated that this may result in significant costs and there are channels of preparedness to cover any travel costs that may arise out of local budgets. As regards to necessity and frequency of in-person meetings, the opinion is that if the forum comes up with better ideas making use of telecommunications that is maybe a reasonable alternative. The opportunity to link directly with members of the Council at in-person meetings has been appreciated and it would be good to have at least annual meetings to get in touch with other Country Sponsors.

The operator announced there were callers on the telephone that were in the queue to speak.

Canada
With regard to the Promotion & Awareness Subcommittee, Canada is a big supporter of having that Chair become a member of the EC. However, like other Country Sponsors have requested, more information and details are needed as to the rotating Chair proposal. Agree it is a good time to look at the governance structure, what are the objectives and decide the way forward. The in-person meetings have been very appreciated and it is always good to meet and see what others are doing and share experiences. There is great value in the GIPS Council meetings, but there is a need to be cost conscious. If there are other alternatives or teleconference then we need to be open. While there is great value in meeting in person, we also understand the constraints we are all facing. We are open to ideas so that we continue meeting whether by teleconference or other alternatives, but it is important to continue these partnerships.
Japan
Promotion & Awareness Subcommittee is important and a very good idea to include its Chair in the GIPS EC. At the same time, no need to forget the original structure and current structure we have right now. Fifty percent of representatives are from Country Sponsors and other fifty percent come from technical subcommittees. As time goes on, the number of Country Sponsors will increase. More and more the importance of Country Sponsors will increase, and they should be represented in the EC structure, so the current structure should be retained. At the same time, we have to remember limited resources and time. Having the GIPS Council meeting by conference call is not an ideal situation, so we should be very careful to think about the ideal situation in the future.

United States
The theme we are hearing is that more information is needed to provide meaningful feedback, and that is the perspective of the United States. Mr. Yuska suggests that the EC take a few minutes now to explain the driving force behind the proposal, why change is needed, does Promotion & Awareness Subcommittee really need a seat on the EC and if so, why? Also it is important to understand the role and function of the GIPS Council Chair and how that could impact being rotated among RIPS Chairs. While the Executive Committee is together and has the Country Sponsors gathered, it would be a good opportunity to hear more about the proposal.

Mr. Schliemann acknowledged that defining roles of the EC members is a necessity. Mr. Schliemann noted that earlier Mr. Persaud had provided an overview of the proposed changes and invited Mr. Persaud now try to elaborate further.

Mr. Persaud began by stating that it is encouraging to hear that the comments shared by the Country Sponsors around the table and on the call are also the same ideas the EC has been discussing. There has been nothing different or conflicting with what the EC has been debating, such as the nine versus ten seats, the representation by Country Sponsors versus the technical seats. The EC has considered all these elements. The motivation is separate between these two changes. In order to short circuit the time it took to bring you up to speed, the EC combined the two proposals to bring Country Sponsors up to speed and nothing more than that.

The two points are quite separate. To answer the question why does the EC believe the Promotion & Awareness Subcommittee Chair should be part of the EC, the EC believes there is an important need for all those involved in the GIPS organization to have a much clearer marketing strategy and approach to promotion and awareness. We want to be very clear and precise in the responsibilities of the EC, what CFA Institute staff and organization generate and contribute to this initiative, and how Country Sponsors are being served in their local countries and their stakeholders. Given the importance of that work, part of the discussion has been if the EC should be involved at all in that process or should be responsible for it. The idea that the EC should be involved and interact regarding the direction of promotional activities has led us to think that the Promotion & Awareness Subcommittee Chair should be responsible for and have a direct seat on the EC. There are some overlaps in the role of the Promotion & Awareness Chair as the liaison with Country Sponsors responding to their needs for promotion activities and responsibilities; and overlap with what we believe the role of the GIPS Council Chair to be. By representing the views of Country Sponsors, the Council Chair has some overlap to connect with all the needs of Country Sponsors, and so there is some overlap in the two positions because promotion is relevant to all Country Sponsors. For these reasons, we have proposed linking the two positions together on the EC. The idea of whether to have, or not to have, a GIPS Council Chair and rotate that administration of these meetings, has been a difficult element to resolve. Your feedback has been helpful to reinforce some key elements on the importance of preserving the legacy of Country Sponsor representation.

Mr. Schliemann thanked Mr. Persaud for his additional comments and reported that no vote or decision will be made today. Many Country Sponsors have voiced today that they need more time to discuss these proposals with their committees and that also more information is need for providing feedback. Mr. Schliemann invited Country Sponsors to raise any additional questions now, and as time is running short any questions can be responded to via email.
Dr. Illmer suggested one possibility could be that the Council Chair take over the role of Promotion & Awareness Chair, as those activities are an important role of Country Sponsors. More time is needed to for Country Sponsors to offer solutions and possibilities through their feedback.

Mr. Schliemann encouraged Country Sponsors to address any further questions to the EC soon, and to be aware that the EC will be continuing their discussions to make progress and further steps.

Mr. Schliemann asked Mr. Boersma to share his thoughts, specifically why these two elements are linked together.

Mr. Boersma began by stating the fact that the GIPS Council is not meeting today in-person does not mean that it will never meet again in-person. In order to dispel fears, it is simply a matter of mode of meeting and allocation of resources. The proposal was based on the fact that promotion and awareness is a high priority with every Country Sponsor, and those in the industry. Recognizing that the Promotion & Awareness Subcommittee is not represented on the EC appears to be a disconnect that a key area is not formally represented. As Dr. Illmer suggested, the EC did consider combining the GIPS Council Chair with the Promotion & Awareness Subcommittee Chair. Through deliberations, the EC recognized that the skill sets are quite different for the two positions heading up P&A and Chairing the GIPS Council. That discussion led to the question exactly what is the role and purpose of the Council? If we are all honest, we would have to give the Council a failing grade. For the past four years the Council has not been productive, while the RIPS meetings have been. To respond to some of the questions today, there is no reason that the number of EC members cannot be ten or that the GIPS Council Chair and Promotion & Awareness Chair cannot be merged so the number of EC members remains nine. The purpose of these discussions today is to provide clarity to the many discussions the EC has been having over a number of months.

Mr. Schliemann welcomed the Greece Country Sponsor who just arrived, and asks for feedback on the proposals. Ms. Fasoulioti reported that Greece agrees with the proposal.

Mr. Schliemann stated next steps will be to summarize your comments of today and circulate to Country Sponsors. The EC will continue its discussions. Mr. Schliemann believes the future of the GIPS Council is in jeopardy, the role and purpose of the GIPS Council must be defined. Please provide your ideas regarding the role of the Council, and also the purpose of the RIPS. In thinking about the voting process, how will Country Sponsors be represented, without the GIPS Council Chair position on the EC, Country Sponsors will only be represented by their RIPS Chair. The EC looks forward to your feedback. The RIPS EMEA meeting will be immediately upon conclusion of this GIPS Council meeting and more discussion on this topic will continue.

Dr. Illmer asked if the information can be provided to Country Sponsors within the next two weeks for quick discussion at their committee meetings, and quick response to the EC. Mr. Boersma explained that more information will be provided over time as the EC continues to deliberate and any changes will take time and be fully vetted with all Country Sponsors. The EC is still developing the proposals, and want Country Sponsors to start thinking about the issues.

Mr. Jaeger suggests maybe a working group of Country Sponsors could work on suggestions for the future of the GIPS Council and RIPS; otherwise it will be difficult to make a decision as the GIPS Council. Mr. Schliemann replied it is an excellent suggestion to create a Country Sponsor working group and anyone interested in participating should email Mr. Schliemann and he will organize it.

Mr. Persaud suggested an alternative to creating a working group is to channel all responses through the RIPS Chairs. Mr. Jaeger agreed that all Country Sponsors should provide their feedback to their RIPS Chairs and that will be reported to the EC. Mr. Schliemann expressed his opinion that the RIPS Chairs are not the right channel, because of
their duties and tasks they already have. The Council is much broader than the individual RIPS. It represents the global GIPS community and makes the Council more valuable.

The EC has promised to keep you informed in an excellent and timely manner. Mr. Schliemann closes the meeting.

Adjourned at 14:05
I. **Introduction**
Since its creation in 2005, the GIPS Executive Committee has been responsible for conducting an on-going review of the oversight and governance of the GIPS standards. Discussions over the past 24 months in particular have led to the most comprehensive review of the governance structure since 2005. This review, which began in the spring of 2013, considered input from Country Sponsors, volunteers, industry participants, and CFA Institute staff. The goal was to review the existing structure to ensure it is designed to be able to efficiently and effectively oversee the development and promulgation of the standards into the future.

II. **GIPS Standards Mission Statement**
To begin, the Executive Committee spent time refining the Mission Statement for the GIPS standards. After thoughtful consideration, the Executive Committee adopted the following:

> Promote ethics and integrity and instill trust through the use of the Global Investment Performance Standards (GIPS®) by achieving universal demand for compliance by asset owners, adoption by asset managers, and support from regulators for the ultimate benefit of the global investment community.

The revised Mission Statement gives direction and purpose for the governance structure and provides a benchmark by which we can evaluate the structure – that is, the governance structure must support the mission. The review also took into consideration the obligation to manage resources responsibly and effectively. The role and contributions of the organizations that serve as Country Sponsors were carefully considered and the importance of the support of these and other stakeholders was a central theme of the discussions and one that was and continues to be unanimously supported by the Executive Committee. The review also considered the actual experiences of Country Sponsors over the past years and how this compared to the intended outcomes of the current structure.

III. **Goals for GIPS Governance Structure**
Throughout these discussions, a number of topics were mentioned repeatedly as goals for any future governance structure. The structure must:

- support the advancement of the mission
- be inclusive and allow for broader stakeholder engagement
- support increased promotion and awareness activities
- reduce the time to market with content, without sacrificing quality
- utilize available resources efficiently
- keep the Standards relevant to the current issues of the global asset management industry
- maintain the integrity of the GIPS standards

IV. **Proposed Changes**
Keeping the above goals in mind, the following primary changes to the governance structure were developed and agreed to by the Executive Committee to be presented to Country Sponsors for further discussion:
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| 1. New Executive Committee to function as a board and focus on strategy, vision, and promotion. Delegates authority for technical content to Technical Committee, but maintains responsibility to give final approval of new requirements. | • Increased emphasis on promotion by focusing on members who are high-level influencers.  
• Allows EC to function as a “true board”.  
• Separation of technical and strategic responsibilities will reduce the time to market.  
• Allows for broader/expanded stakeholder engagement because of separation of EC and Technical Committee, providing more membership opportunities for industry/regional members on both the EC and Technical Committee. | • EC members become too distant from technical content and are unable to add value to approval process related to new or modified requirements. | • Terms of reference and instructions to the Nominations Committee will specify sufficient technical expertise on the EC as a whole. |
| 2. Create a separate Technical Committee that is responsible for oversight of technical issues. Authorized to issue interpretations, Q&As and guidance that do not contain new requirements. Members include technical subcommittee chairs and other members. | • Separation of EC and Technical Committee supports more efficient use of resources – makes better use of specific expertise. A key benefit as few individuals have equal strength in technical knowledge of GIPS standards and promotional/governance skills.  
• By separating the governance/oversight and technical responsibilities, the time to market will be reduced.  
• Allows for broader/expanded stakeholder engagement because of separation of EC and Technical Committee, providing more membership opportunities for technical committee to review and approve proposed technical guidance from subcommittees.  
• Limit Interpretations Subcommittee to development of guidance rather than reviewing guidance from other subcommittees.  
• Stakeholder focused subcommittees responsible for technical content development and consultation with oversight provided by Technical Committee. | • Technical Committee becomes a bottleneck and slows down the release of content (similar to the current situation with the EC). | • }
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| 3. | RIPS transition to three regional technical subcommittees of the Technical Committee. The regional technical subcommittees will be chaired by the elected regional member of the Technical Committee. | • More efficient use of resources.  
• Allows groups to meet as needed, but not mandated.  
• Responsive to the needs expressed by Country Sponsors. | • Country Sponsors may feel alienated or disenfranchised if they perceive the changes as a reduction in their role.  
• Survey responses from Country Sponsors placed a high value on networking and learning from other Country Sponsors.  
• Actual work that RIPS has undertaken has been focused on technical, rather than governance, topics.  
• Executive Committee will include at least one member from each of the three regions, selected by the Nominations Committee. Candidates can be nominated by anyone (i.e., not limited to Country Sponsors). |
| 4. | GIPS Council meeting replaced by a global Country Sponsor meeting and will be convened as deemed necessary by the Executive Committee. The meeting will focus on topics related to the strategic plan, as well as education and networking. | • More efficient use of resources  
• Responsive to needs expressed by Country Sponsors  
• Should result in greater promotion and awareness  
• Stakeholder focused | • Country Sponsors may feel alienated or disenfranchised if they perceive the changes as a reduction in their role.  
• Survey results support the need/desire for education and value of networking.  
• Educational event will provide additional support and resources to stakeholders  
• Executive Committee will include at least one member from each of the three regions, selected by the Nominations Committee. Candidates can be nominated by anyone (i.e., not limited to Country Sponsors). |
| 5. | Country Sponsors will be inclusive, with an open structure (as opposed to single entities) and welcome other organizations/stakeholders that are | • Inclusive rather than exclusive structure  
• Allows for greater stakeholder engagement  
• Stakeholder focused |   |
committed to advancing the mission of the GIPS standards. This will be explicitly required in the new Country Sponsor Agreement with CFA Institute. Country Sponsors will elect three members to the GIPS Nominations Committee.

V. **Committee Descriptions**

The following lists the specific committees and their roles and responsibilities:

A. **GIPS Executive Committee:** Responsible for the overall strategy and oversight of the GIPS standards. Executive Committee members will be distinct and independent of the subcommittee chairs. Members will be high level influencers within the financial services industry, yet with a balance of knowledge of the GIPS standards (i.e., members will be familiar with the GIPS standards, but perhaps not with the level of detail as Technical Committee members). The Executive Committee will be responsible for the development of the strategic plan and will be responsible for formally approving all new or modified requirements of the GIPS standards. The Executive Committee will also be responsible for raising awareness and promoting the use of the GIPS standards.

All members will be selected through the Nominations Committee, with the exception of the Executive Director. The Technical Committee Chair and the GIPS Executive Director will be ex-officio members of the Executive Committee, with full voting rights. The Executive Committee will strive to obtain candidates to be nominated to serve on the Executive Committee based on their skills and abilities to advance the mission of the GIPS standards. The Executive Committee’s composition will be reviewed periodically to ensure that it reflects the knowledge, experience, skills, and diversity required to fulfill its duties. The goal for the membership of the Executive Committee will be to maintain geographic diversity (with at least one member from each of the three regions) and broad representation of the industry (retail and institutional asset managers, large and small firms, asset owners, consultants, regulators, etc.).

B. **GIPS Technical Committee:** Responsible for technical oversight of the GIPS standards. Authorized to issue Q&A’s and interpretations that do not contain new requirements. New requirements to the Standards must be agreed to by the Technical Committee before being submitted to the Executive Committee for approval. Three members will be elected by Country Sponsors from the three respective regions (while candidates can be nominated by anyone, i.e., not limited to Country Sponsors) and all other members will be selected by the Nominations Committee, with the exception of the GIPS Executive Director.

C. **Subcommittees:** Stakeholder focused groups responsible for technical content development, interpretation, and consultation. The Technical Committee will establish various subcommittees and working groups as needed to assist in the development of GIPS standards. These subcommittees and working groups will report to the Technical Committee. Subcommittee members will be appointed by the GIPS Executive Director, Technical Committee Chair, and the
respective subcommittee chair. Subcommittee members are intended to maintain geographical diversity while focusing primarily on technical expertise.

- **Interpretations Subcommittee**: Responsible for development of technical guidance and interpretations not formally assigned to other subcommittees or working groups. Does not review output from other subcommittees unless specifically requested to do so.
- **Investment Manager Subcommittee**: Develop content specific to Investment Managers as identified and/or directed by the Technical Committee. Discuss investment managers’ issues and needs and provide feedback on proposals from the perspective of investment managers.
- **Asset Owner Subcommittee**: Develop content specific to asset owners as identified and/or directed by the Technical Committee. Discuss asset owners’ issues and needs and provide feedback on proposals from the perspective of asset owners.
- **Verification Subcommittee**: Develop content specific to verifiers and service providers as identified and/or directed by the Technical Committee. Discuss issues and needs and provide feedback on proposals from the perspective of verifiers and service providers.
- Three regional technical subcommittees (as described under "Regional Technical Subcommittees").
- Other subcommittees or working groups as needed that report directly to the Technical Committee.

D. **Nominations Committee**: Responsible for appointing all members of the GIPS Executive Committee and Technical Committee.

6 Members:
- GIPS Executive Director
- Current member of the Executive Committee, selected by the Executive Committee
- Current member of the Technical Committee, selected by the Technical Committee
- 3 members elected by Country Sponsors (1 from each region: Americas, Asia Pacific and EMEA)

E. **Promotion & Awareness Advisory Group**: In recognition of Country Sponsor feedback on the importance of creating a centralized marketing process for the GIPS standards, a Promotion & Awareness Advisory Group will be formed. This initiative will be led by CFA Institute staff that will rely on this forum to provide advice regarding marketing needs and effective modes of delivering the GIPS message to stakeholders. This group should have representation from the different stakeholder groups (asset managers, asset owners, etc.) and have specific marketing experience.

VI. **Stakeholders**

The new governance structure requires GIPS Country Sponsors to be inclusive and welcome other organizations/stakeholders that are committed to advancing the mission of the GIPS standards. This will be explicitly required in the new Country Sponsor agreement with CFA Institute.

A global Country Sponsor meeting will replace the GIPS Council meeting and will be convened as deemed necessary by the Executive Committee. The meeting will focus on topics related to the strategic plan, as well as education and networking.
VII. **Regional Technical Subcommittees:** The RIPS will transition to three regional technical subcommittees of the Technical Committee. The regional technical subcommittees will be chaired by the elected regional member of the Technical Committee. Regional groups can continue to meet as they deem necessary.

VIII. **Next Steps**
Once approved, volunteers will be solicited and the Nominations Committee will be formed to begin to populate the committees.
CFA Institute

GIPS EXECUTIVE COMMITTEE
CONSTITUTION

Approved by the CFA Institute Board of Governors [insert date]

The GIPS Executive Committee is a standing committee of CFA Institute. The Executive Committee’s activities will be guided by CFA Institute’s Executive Director of the Global Investment Performance Standards and subject to annual reporting to the CFA Institute Board of Governors.

Purpose

The Executive Committee serves as the body responsible for the strategic development, promotion, and implementation of the Global Investment Performance Standards (GIPS®). The purpose of the Executive Committee is to promote the adoption and implementation of a single investment performance presentation standard throughout the world as the common method for calculating and presenting investment performance.

Objectives

1. The mission of the GIPS standards is to promote ethics and integrity and instill trust through the use of the GIPS standards by achieving universal demand for compliance by asset owners, adoption by asset managers, and support from regulators for the ultimate benefit of the global investment community.

The Executive Committee will be responsible for the overall strategy and oversight of the GIPS standards, including development of the strategic plan, and approving all new or modified requirements of the GIPS standards. The Executive Committee will be responsible for raising awareness and promoting the use of the GIPS standards. To achieve this purpose, the Executive Committee will, among other things:

- Oversee the strategic development and promulgation of the GIPS standards and maintain their integrity
  - approve all new or modified requirements of the GIPS standards, and
  - raise awareness and promote the use of the GIPS standards
- Influence regulators to endorse the GIPS standards and/or adopt regulations consistent with the GIPS standards and work with regulators and standard setters to adopt the GIPS standards
- Be the leading, global organization for investment performance issues and operate as the investment industry’s “think tank” for performance measurement and presentation
Membership

2. The Executive Committee will consist of nine (9) members and will be structured to achieve a broad spectrum of representation across key geographical areas (countries and regions) and stakeholder groups (e.g., asset owners, consultants, investment managers, regulators, verifiers). Members will be in positions of influence within the financial services industry, yet with a balance of knowledge of the GIPS standards and include:
   - Executive Director who is appointed by CFA Institute;
   - and eight (8) industry-at-large members selected by the Nominations Committee and approved by the CFA Institute Board of Governors. To ensure geographic distribution, at least one member from each of the three (3) regions: Americas, Asia-Pacific, and EMEA will be included as part of the eight (8) industry members.

The Technical Committee Chair and the Executive Director will be ex-officio members of the Executive Committee, with full voting rights. The Nominations Committee will strive to obtain candidates to be nominated to serve on the Executive Committee based on their skills and abilities to advance the mission of the GIPS standards. The Executive Committee's composition will be reviewed periodically by the Nominations Committee to ensure that it reflects the knowledge, experience, skills, and diversity required to fulfill its duties.

3. Executive Committee members will be appointed to one (1) year terms, renewable annually for up to four (4) years (with the exception of the Executive Director who is a standing member). Members may serve up to two (2) additional years, for a maximum of six (6) consecutive years in total, at the discretion of the Nominations Committee and with approval of the CFA Institute Board of Governors. Terms of office begin on 1 September of each year. Membership terms for both the Executive and Technical Committees will be staggered as needed to ensure appropriate rotation, provide continuity of knowledge, and appropriate succession planning.

4. The Executive Committee will nominate and elect a Chair from among its nine (9) members for a one (1) year term and will begin on 1 September. The role and responsibilities of the Chair are to ensure the Executive Committee purposes and objectives are achieved and the Executive Committee fulfills its governance function.

5. Executive Committee members are appointed as individuals, and not as representatives of their employers or other third-parties. Members are expected to contribute to the debate and decision-making of the Executive Committee so as to advance the cause of improving financial market integrity.

6. Active and consistent participation by members is critical to the development of sound, considered, and representative positions. Members are expected to participate in meetings, both in-person and via conference calls, and other committee activities. If a member misses two (2) meetings during any fiscal year, the Executive Director may, in his/her discretion, ask such member to resign and a replacement recruited through the Nominations Committee. Members may not send substitutes in their place, except in the case of an extenuating circumstance, where an alternate may be approved by the Executive Director.

7. The Executive Committee has authority to create one or more Subcommittees or working groups as needed. Each Subcommittee or working group shall adhere to the same procedural
requirements as applicable to the Executive Committee for the notice of meetings, quorums, and voting. The Executive Committee will approve Terms of Reference for each Subcommittee or working group that it creates and they will report directly to the Executive Committee.

8. Members are expected to keep certain, identified workings of the Committee confidential, including projects undertaken and positions under consideration until the information is made public or otherwise released by CFA Institute. This includes refraining from communicating to any external party any non-public information, including working papers of the Executive Committee and/or Technical Committee that may be obtained by serving as a member of the Committee or Subcommittee without the written permission of CFA Institute management.

Conflicts of Interest

9. Members of the Executive Committee, Technical Committee and Subcommittees are permitted to make their membership on the Committee known to external parties. However, members are not permitted to use their relationship with the Committee, CFA Institute or the GIPS Standards to actively promote their own business interests, those of their employer, or a third party.

Any known existing or potential conflicts of interest must be disclosed to the GIPS Executive Director.

Meetings

10. The Executive Committee will meet periodically as needed. These meetings may be in-person or via conference call.

11. Executive Committee meetings will be open to the public and a summary of the meeting discussions and decisions will be made available to the public. The Executive Committee will also conduct executive sessions that will be closed to the public.

12. At any meeting of the Executive Committee, a majority (51%) of members then serving who are present in person or through the use of any means of communication by which all members may simultaneously hear each other during the meeting shall constitute a quorum. Members are not allowed to vote by proxy.

13. Each Executive Committee member will receive one vote. The act of a majority (51%) of the Executive Committee members voting at a meeting at which a quorum is present shall be the act of the Executive Committee.

14. CFA Institute will reimburse Executive Committee and Technical Committee members for reasonable, documented airfare and other travel expenses, hotel accommodations, and meals and such other expenses incurred in connection with attending any such meetings, in accordance with CFA Institute travel and reimbursement policies.
Technical Committee

15. The Executive Committee will establish the Technical Committee and approve its Terms of Reference. The GIPS Technical Committee will provide activity updates to the Executive Committee and be responsible for technical oversight of the GIPS standards. The Technical Committee is authorized to issue Questions & Answers (Q&As) and interpretations that do not contain new requirements.

The Technical Committee will consist of ten (10) members:
• the Executive Director who is appointed by CFA Institute;
• three (3) regional members [one from each of the three regions: Americas, Asia-Pacific, and EMEA] elected by Country Sponsors in accordance with the process outlined in the Nominations Committee Terms of Reference. The three (3) regional members will be nominated by Country Sponsors, existing volunteers, the public or may be self-nominated; and,
• six (6) members [Technical Committee Chair, Interpretations Subcommittee Chair, Investment Manager Subcommittee Chair, Asset Owner Subcommittee Chair, Verification Subcommittee Chair, and one (1) industry-at-large member] selected by the Nominations Committee and approved by the CFA Institute Board of Governors.

16. The Technical Committee has authority to create one or more Technical Subcommittees or working groups, who will report directly to the Technical Committee, to develop the GIPS standards on specific technical issues; to represent key industry groups in the development of the Standards; and to perform such duties as prescribed by the Technical Committee. The Technical Committee, all Subcommittees and working groups shall adhere to the same procedural requirements as applicable to the Executive Committee for the notice of meetings, quorums, and voting.

17. Technical Committee members will be appointed to one (1) year terms, renewable annually for up to four (4) years (with the exception of the Executive Director who is a standing member). Members may serve up to two (2) additional years for a maximum of six (6) consecutive years in total at the discretion of the Nominations Committee and with approval of the CFA Institute Board of Governors. Terms of office begin on 1 September of each year.

Subcommittees

18. Reporting to the Technical Committee will be the following Subcommittees who will serve as stakeholder groups focused on technical content to develop guidance and interpretations and provide feedback on proposals:
• Interpretations Subcommittee: Responsible for development of technical guidance and interpretations not formally assigned to other Subcommittees or Working Groups.
• Investment Manager Subcommittee: Develop content specific to Investment Managers as identified and/or directed by the Technical Committee. Discuss investment manager issues and needs and provide feedback on proposals affecting investment managers.
• Asset Owner Subcommittee: Develop content specific to asset owners as identified and/or directed by the Technical Committee. Discuss asset owner issues and needs and provide feedback on proposals affecting asset owners.
• Verification Subcommittee: Develop content specific to verifiers and service providers as identified and/or directed by the Technical Committee. Discuss verification issues and needs and provide feedback on proposals affecting verifiers and service providers.
• Regional Technical Subcommittees: Identify specific regional technical issues as they relate to the GIPS standards and develop positions and proposals for consideration by the Technical Committee. The three (3) Regional Technical Subcommittees will be chaired by the elected regional member of the Technical Committee.

The respective Subcommittee Chair, Chair of the Technical Committee and Executive Director will appoint members to serve on each of the Subcommittees. Subcommittee members are intended to maintain geographic diversity while focusing primarily on technical expertise. Subcommittee members will be appointed to serve for a term of one (1) year, renewable annually for up to four (4) years and may serve up to two (2) additional years for a maximum of six (6) consecutive years in total at the discretion of the Subcommittee Chair, Chair of the Technical Committee, and the Executive Director.

19. The Chair of each Subcommittee, except for the Regional Technical Subcommittees, shall be nominated by the Nominations Committee and approved by the CFA Institute Board of Governors to serve one (1) year terms, renewable annually for up to four (4) years. Subcommittee Chairs may serve up to two (2) additional years for a maximum of six (6) consecutive years in total at the discretion of the Nominations Committee and with approval of the CFA Institute Board of Governors. Terms of office begin on 1 September of each year.

20. All Subcommittees and working groups must abide by the relevant Subcommittee or working group Terms of Reference, in addition to this Constitution.

21. Subcommittees and working groups will conduct business by in-person meetings and/or via conference call.

22. All recommendations made by Subcommittees and working groups shall be subject to review by the Technical Committee and all actions taken shall be subject to approval by the Technical Committee.

Nominations

23. The Nominations Committee will be responsible for recommending appointments for all members of the Executive Committee and Technical Committee, except for the GIPS Executive Director who is appointed by CFA Institute and the three (3) regional members of the Technical Committee who will be elected by endorsed Country Sponsors in accordance with the process outlined in the Nominations Committee Terms of Reference. All Nominations Committee recommendations must be submitted to and approved by the CFA Institute Board of Governors.

Once a member ceases to serve on the Executive Committee or the Technical Committee (whether by resignation or expiration of their term limit), they must sit out for at least one (1) year before re-applying for a position on that same committee. However, they may apply for a position on another committee immediately upon their term ending.

No member of the Nominations Committee may be nominated for any positions being solicited.
24. Members of the Nominations Committee are:
   • Executive Director
   • Current member of the Executive Committee, selected by the Executive Committee
   • Current member of the Technical Committee, selected by the Technical Committee
   • Three (3) regional members elected by endorsed Country Sponsors (one from each
     region: Americas, Asia-Pacific, and EMEA) in accordance with the process outlined in
     the Nominations Committee Terms of Reference.

   Nominations Committee members will serve one (1) year terms and the regional members
   will be annually elected by endorsed Country Sponsors in accordance with the process
   outlined in the Nominations Committee Terms of Reference. Terms of office begin on 1
   September each year.

Meetings with Regulators and Standard-Setters

25. Participation in meetings with regulatory authorities as a representative of the Executive
    Committee or CFA Institute must be approved and coordinated by the GIPS Executive
    Director.

Acting as a Representative

26. Committee members may also be asked to participate in or make presentations at conferences
    and seminars to present the views and positions of the Committee or CFA Institute.
    Participation as a “representative of” the Committee or CFA Institute, rather than as a private
    person, must be approved and coordinated by the GIPS Executive Director to ensure that the
    individual has the requisite knowledge and understanding of the relevant Committee and
    CFA Institute positions in order to present those views and positions effectively and
    appropriately.

Accountability

27. The Executive Committee is ultimately responsible to the CFA Institute Board of Governors
    to represent the views of investment professionals in a way that is consistent with the CFA
    Institute Code of Ethics and Standards of Professional Conduct and other applicable CFA
    Institute positions and standards. The Executive Committee is expected to take into account
    previous positions on a particular issue and must understand and be able to defend deviations
    from those positions.

28. The Executive Committee will submit a written report on its activities to the CFA Institute
    Board of Governors at least once each fiscal year, including any correlated public awareness
    activities.

29. Any future proposed changes to the governance structure of the Executive Committee will be
    developed by the Executive Committee. Final decisions on changes to the governance
    structure require CFA Institute Board of Governors review and approval.