GIPS EXECUTIVE COMMITTEE
Open Conference Call
AGENDA

Date: 3 March 2014
Location: Open Conference Call
Time: 16:00 – 17:00 p.m. US ET

Discussion Items

1. Welcome
   • Welcome
   - Senik
   - 5 mins

2. Highlight Key Elements of the GIPS Governance Restructure
   • Highlight Key Elements of the GIPS Governance Restructure
   - Senik/Boersma
   - 20 mins

Action Item

3. Approve GIPS Governance Restructure
   - Approve GIPS Governance Restructure
   - All
   - 5 mins
     • Restructuring the Governance of the GIPS Standards
     • GIPS Executive Committee Constitution

Other Business

4. Observer Questions & Answers
   • Observer Questions & Answers
   - Senik
   - 30 mins

5. Upcoming In-Person Meetings
   • Upcoming In-Person Meetings
   - Senik
   - 5 mins

Adjourn
Restructuring the Governance of the GIPS Standards
Revised based on Country Sponsor Feedback
16 January 2014

I. Introduction
Since its creation in 2005, the GIPS Executive Committee has been responsible for conducting an ongoing 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:
<table>
<thead>
<tr>
<th>Proposal</th>
<th>Benefit</th>
<th>Risks</th>
<th>Risk Mitigation</th>
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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 becomes a bottleneck and slows down the release of content (similar to the current situation with the EC). | • Limit 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. |
|   | 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 have 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
  - i. approve all new or modified requirements of the GIPS standards, and
  - ii. 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.