Minutes of the GIPS Executive Committee
Open Conference Call

Date: Monday 3 March 2014

Location: Conference Call

Time: 16:00 p.m. to 17:00 p.m. US ET

Members Present:
- Dimitri Senik, CFA – EC Chair and EMEA RIPS Chair
- Jonathan Boersma, CFA – GIPS Executive Director
- Andrew Bragg – Asia Pacific RIPS Chair
- Yoh Kuwabara – Interpretations Chair
- John Meier, CFA – Investor/Consultant Chair
- Sue Pike, CFA, CIPM – Investment Manager Chair
- Ann Putallaz, CIPM – Americas RIPS Chair
- Martin Schliemann – GIPS Council Chair
- Karyn Vincent, CFA, CIPM – Verification/Practitioner Chair

Observers Present:
- Lars Hansen – Denmark
- Carsten Lueders – Germany
- Hans Pieper – Germany
- Jenny Lor, CIPM – Hong Kong
- Adrian Doswald – Liechtenstein
- Erick Morales, CIPM – Mexico
- Louis Boulanger, CFA – New Zealand
- Jorn Gunnar Kleven – Norway
- Michael Lim – Singapore
- Trevor Persaud – Singapore
- Michael Seng – Singapore
- Lulu Alaqlili – United States
- Mike Burgin – Unites
- Mike Doyle – United States
- Ambika D’Souza, CIPM – United States
- Isaac Ewaleifoh – United States
- Steven Gould – United States
- Laura Jirele-Borleske, CFA, CIPM – United States
- James O’Leary – United States
- Thomas Peters, CFA, CIPM – United States
- Jed Schneider, CIPM – United States
- Mike Sonnenburg, CIPM – United States
- Arin Stancil, CFA, CIPM – United States
- David Spaulding – United States
- Arin Stancil, CFA, CIPM – United States
- David Yuska – United States
- Todd Juillerat, CFA – Promotion & Awareness Chair

Staff Present:
- Anju Grover, CIPM – GIPS Analyst
- Polly Johnson – Administrative Assistant
- Beth Kaiser, CFA, CIPM - Director, Global Investment Performance Standards
- Cindy Kent – Director, Global Investment Performance Standards
- Annie Lo, CFA, CIPM – Director, Global Investment Performance Standards
- Ken Robinson, CFA, CIPM – Director, Global Investment Performance Standards
- Robin Willis – GIPS Program Coordinator
- Trudy Via – Administrative Assistant
Action Items
• CFA Institute staff will submit the GIPS governance restructure documents to the CFA Institute Board of Governors for approval at their meeting in Beijing on 5 March 2014.
• CFA Institute staff will announce the dates of the Executive Committee and Nominations Committee in-person meetings when they have been determined.

Decision Points
• Executive Committee members approved the proposed Restructuring the GIPS Governance of the GIPS Standards draft dated 16 January 2014 and the revised draft of the GIPS Executive Committee Constitution draft dated of 25 February 2014. (9 Votes)

1. Mr. Senik welcomed everyone to the GIPS Executive Committee open conference call and stated that the purpose of this call is to approve proposed revisions to the GIPS governance structure.

It was explained that the GIPS Executive Committee and CFA Institute are committed to periodically review the GIPS governance structure to determine if it is still applicable in an ever changing environment. Last year the GIPS Executive Committee updated the GIPS Mission Statement to read as follows:

“Promote ethics and integrity and instill trust through the use of the Global Investment Performance 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.”

A critical review of the GIPS governance structure was undertaken by the Executive Committee to make certain that it is appropriate to support the mission and to achieve the goals of the GIPS standards. The review process has included intense consultations with not only the Executive Committee members, but also with GIPS Country Sponsors. Once a written draft of a proposed GIPS governance restructure was created, it was submitted to GIPS Country Sponsors for their feedback through scheduled RIPS in-person meetings or by conference call. Comments received from Country Sponsors were considered and some were incorporated into the proposed GIPS governance restructure. Earlier today a final draft of the proposed GIPS governance restructure was discussed by the GIPS Country Sponsors and their comments were collected via telephone conference call.

2. Highlight Key Elements of the GIPS Governance Restructure
It was outlined that the two primary proposed changes to the structure of the GIPS governance are:

• separation of the technical work from the Executive Committee
  i. Executive Committee will continue to oversee promotion, awareness, and the overall strategy of the GIPS standards (will approve all new or modified requirements of the GIPS standards)
  ii. creation of a Technical Committee to review, develop, and approve technical details of the GIPS standards (e.g., approve Guidance Statements, Q&As that do not include new requirements)

• enhance Country Sponsor structure in order to make progress on the mission, to be more inclusive with an open structure and welcome others committed to advancing the mission of the GIPS standards. There are several countries where multiple organizations have come together to form a GIPS Country Sponsor committee, this is an effective structure and reaches a broader group of stakeholders.

Mr. Boersma stated that it will not be mandated that every GIPS Country Sponsor has to have multiple organizations, but rather the new GIPS governance structure will allow multiple organizations to participate, and will require that the Country Sponsor structure be open and inclusive rather than being exclusive.
From the GIPS Country Sponsor conference call held earlier today, Mr. Boersma provided the following summarized concerns or points made during the call.

- Virtually there is unanimous support for the separation of responsibilities between the Executive Committee and the Technical Committee.
- Generally most Country Sponsors view the new governance structure as a compromise and support the proposed GIPS governance restructure.
- Some Country Sponsors raised concern regarding the role of the Country Sponsor (by smaller countries) and view it as being reduced in the proposed broader governance structure.
- Many Country Sponsors are concerned about opportunities for networking and view the RIPS and GIPS Council in-person meetings as valuable time for networking and discussing issues with colleagues from around the world.
- Country Sponsors requested more details about the proposed global Country Sponsor in-person meetings.
- Several Country Sponsors have suggested that the regional representative elected by Country Sponsors to serve on the Technical Committee does not also need to serve as the chair of the Regional Technical Subcommittee. They believe that the Regional Technical Subcommittee members should be able to select another volunteer to serve as the Subcommittee chair.
- Some Country Sponsors raised concern about being inclusive and including other organizations within the Country Sponsor structure and how that additional coordination would work.
- A question was posed about how the Promotion & Awareness Advisory Group fits into the new governance structure.
- A question was asked about the role of regional associations and where could they fit in the overall organization (e.g., European Fund Asset Management Association (EFAMA)).
- There were requests by some Country Sponsors to review the revised draft Country Sponsor Agreement.
- A question was raised about who would sign the Country Sponsor Agreement when there are multiple organizations as part of a Country Sponsor committee.

There was a brief discussion about whether the proposed GIPS governance documents would need to be revised based on the feedback received from Country Sponsors on the conference call earlier today.

It was reported that an amendment to the revised draft of the GIPS Executive Committee Constitution was made prior to today’s GIPS Country Sponsor conference call to reflect that: “Any future proposed changes to the governance structure of the Executive Committee will be developed by the Executive Committee in consultation with the GIPS Country Sponsors.”

The Executive Committee discussed the suggestion made by the EMEA RIPS Country Sponsors that the elected regional representative that serves on the Technical Committee could be a different individual than the one who serves as the chair of the Regional Technical Subcommittee. Most Executive Committee members believe it is appropriate to have the elected regional representative that serves on the Technical Committee, also serve as the chair of the Regional Technical Subcommittee. It was pointed out that this is the same structure that exists now with the elected RIPS chair serving as the regional representative on the Executive Committee and it works quite well. The Executive Committee decided not to change the revised draft of the GIPS Executive Committee Constitution.

3. **Approve GIPS Governance Restructure**

Executive Committee members approved the proposed Restructuring the GIPS Governance of the GIPS Standards draft dated 16 January 2014 and the revised draft of the GIPS Executive Committee Constitution dated 25 February 2014. (9 Votes)
Next Steps:
Mr. Boersma explained that the proposed GIPS governance restructure documents will be presented to the CFA Institute Board of Governors at their meeting in Beijing on 5 March for approval. He mentioned that the timing of the new GIPS governance approval process has been tight in order to meet annually scheduled Board meeting deadlines that could allow the GIPS organization to move forward.

Once the revised draft of the GIPS Executive Committee Constitution has been approved by the Board of CFA Institute, CFA Institute staff will immediately begin soliciting volunteers for the various positions. A Nominations Committee will be formed. Mr. Boersma reviewed the composition of the six (6) members of Nominations Committee:

- three (3) elected regional Country Sponsor representatives;
- one (1) representative from the Executive Committee;
- one (1) representative from the Technical Committee; and
- the GIPS Executive Director.

Mr. Boersma mentioned that for continuity purposes it is planned that the current Executive Committee members will continue to serve on either the new Executive Committee or the Technical Committee, if they are willing. He pointed out that with the new structure there are more volunteers needed with more opportunities to become engaged.

Mr. Senik stated that it is anticipated that the GIPS governance structure will be in place by 1 September 2014.

Mr. Boersma commented that he believes there is a role for associations like EFAMA to be involved and will work with Country Sponsors to provide an important place for them in the new GIPS governance structure.

It was explained that the Promotion & Awareness Advisory Group will work with a staff liaison from CFA Institute, as well as with the Executive Committee and Technical Committee in identifying opportunities, strategies for raising awareness and promoting the GIPS standards.

Mr. Boersma clarified that for Country Sponsors forming a GIPS Country Sponsor committee with multiple organizations, a representative from each of the organizations would be required to sign the Country Sponsor Agreement.

Other Business

4. Observer Questions & Answers
Mr. Spaulding, United States, asked about the status of the Pooled Fund initiative that was mentioned at the GIPS Standards Annual Conference and the likelihood of this initiative becoming a requirement of the GIPS standards.

Dr. Putallaz responded that the Pooled Fund document is in the process of being redrafting based on feedback from the Pooled Fund Working Group and the Pooled Fund Advisory Team. She stated that she cannot tell him at this time what is going to be in the Pooled Fund document as it has to first be submitted to the Executive Committee. Dr. Putallaz mentioned that he should not lose any sleep over the Pooled Fund initiative.

Mr. Schneider, United States, requested a status update on the Guidance Statement on the Application of the GIPS Standards to Pension Funds, Endowments, Foundations, and Other Similar Entities.
Dr. Putallaz stated that the *Guidance Statement on the Application of the GIPS Standards to Pension Funds, Endowments, Foundations, and Other Similar Entities* is moving forward at a rapid clip. The Guidance Statement has been revised based on public comments received to add more clarification. Currently the revised Guidance Statement is being reviewed by CFA Institute staff, and then it will go back to the Asset Owners Project Team before being submitted to the Executive Committee for final approval.

Mr. Spaulding, United States, asked whether a plan is being considered by the Executive Committee to request GIPS compliant firms to submit information to CFA Institute and if that information request will be released for public comment prior to going into effect.

Mr. Boersma responded that the same process will be followed as with any new requirement or change to the GIPS standards, an exposure draft requesting GIPS compliant firms to submit information will be released for public comment prior to going into effect.

Mr. Persaud, Singapore, congratulated the Executive Committee on reaching this approval stage with GIPS governance restructure. He stated that he knows how difficult it can be to institute change in such a large organization. Mr. Persaud asked the Executive Committee to provide insight on how they plan to respond to the concerns raised about networking opportunities for Country Sponsors and clarification on the importance of the role of Country Sponsors?

Mr. Boersma stated that the GIPS Council meetings will be replaced by a global Country Sponsor meeting. The plan is for the global Country Sponsor meetings to provide networking opportunities as well as having a different composition with more education (almost like a conference), and a greater degree of interaction for those attending. Mr. Boersma confirmed that Country Sponsors are the “heart and soul” of the GIPS standards and it is important to make sure we have a strong network of Country Sponsors. He stated that he views the role of Country Sponsors as important as ever.

David Spaulding, United States, mentioned that a Q&A issued sometime last year indicating that firms could stop reporting composite name changes. He stated that he considered this a change to the GIPS standards and thought it should have gone out for public comment. He asked about other required disclosures and if the idea of “sunset provisions” or something more formal will come out because the closest guidance he is aware of is the Q&A that addresses a composite name change. Mr. Spaulding suggested that other required disclosures may benefit from a “sunset rule”.

Ms. Vincent explained that when the 2010 edition of the GIPS standards went out for public comment, input was solicited on this specific question about disclosures. The public was asked whether or not there should be a time limit associated with disclosures and whether there should be a “sunset provision” like there has been for the composite name change for quite some time. The public response to this question was very mixed and extremely varied. With no clear consensus, it was decided to not include any expiration dates for any other disclosures at the time but that the composite name change Q&A would stand.

Mr. Spaulding, United States, asked if the issue of “sunset provisions” could be brought up again and put out for public comment.

Ms. Vincent responded that anything is possible. She believes the next time the GIPS standards is revised this topic will be discussed by the Executive Committee and the Technical Committee.

Mr. Boersma mentioned that for just about every disclosure there was an argument that the disclosure was no longer relevant after a period of time and then someone would provide an example that the disclosure was still relevant. He agrees that the topic of “sunset provisions” will be continued to be studied.
Mr. Ewaleifoh, United States, asked what other Guidance Statements are currently being developed, in addition to the Pooled Fund Guidance Statement?

Mr. Boersma reported that guidance is being developed for Overlay Assets and how those portfolios should be presented and related issues. There are a couple of forthcoming resource papers being drafted. In the near future guidance is going to be released on how asset owners can claim compliance. It is anticipated that a Risk Guidance Statement will be released in the near term. He mentioned that a lot of resources have been diverted and dedicated to the GIPS governance restructure.

Dr. Lueders, Germany, requested information on the decision that the regional representative of the Executive Committee could not be elected by the Country Sponsors and only selected by the Nominations Committee?

Mr. Boersma explained that the reason behind the decision to have Executive Committee members selected by the Nominations Committee was that elections do not always result in the most qualified individuals being selected. It is important to have representatives that are the most qualified and it is appropriate for the Nominations Committee to select those individuals to serve on the Executive Committee. By having regional representatives elected to serve on the Nominations Committee provides a balance to the overall process.

5. Upcoming In-Person Meetings

It was announced that dates in May or early June are being considered for Executive Committee and Nominations Committee in-person meetings with another meeting in the fall. Options for a global Country Sponsor meeting are under review and where it could be held. There was a suggestion to hold the global Country Sponsor meeting in conjunction with the GIPS Standards Annual Conference and that may be a possibility. There is still a lot of work to be completed and so once details about the global Country Sponsor meeting have been determined it will be provided to Country Sponsors as soon as it is available.

Mr. Senik thanked everyone for their participation on the GIPS Executive Committee Open conference call today. He stated that the approval of the GIPS governance restructure is an important milestone. Mr. Senik thanked everyone for their efforts, commitment, and contributions to the GIPS standards.

Adjourned at 5:07 p.m.