GIPS Newsletter: October 2009

GIPS 2010

The GIPS Executive Committee (EC) continues to review the more than 140 comments received on the 2010 GIPS Standards Exposure Draft. The EC announced decisions on a number of decisions on key issues at the recent meeting in Singapore. Please view the press release for highlights of those decisions.

Reminder: 2010 Is Fast Approaching!

Don’t forget – The following provisions are effective 1 January 2010:

- For periods beginning 1 January 2010, FIRMS MUST value PORTFOLIOS on the date of all LARGE EXTERNAL CASH FLOWS.

- For periods beginning 1 January 2010, FIRMS MUST value PORTFOLIOS as of the calendar month-end or the last business day of the month.

- For periods beginning 1 January 2010, COMPOSITE returns MUST be calculated by asset weighting the individual PORTFOLIO returns at least monthly.

- For periods beginning 1 January 2010, CARVE-OUT returns are not permitted to be included in single asset class COMPOSITE returns unless the CARVE-OUTS are actually managed separately with their own cash balances.

New Q&As Posted on the GIPS Website

Six new Q&As have been added to our database. These Q&As provide guidance on the requirement to value portfolios at the time of large cash flows for periods beginning 1 January 2010, the disclosure of a material error in a compliant presentation, and the treatment of multi-strategy portfolios in composites. Firms are reminded that compliance with the GIPS standards also includes adherence to all Q&As and other guidance. The new Q&As can be found by searching the GIPS Q&A database for a key word or for all entries updated on or after October 2009. Please also note that the Q&As from the Error Correction Guidance Statement have been added to the database – you may locate them by viewing all Q&As under the Error Correction category.

GIPS Conference and Workshops

There is one last opportunity in 2009 to help you get prepared for 2010 and beyond. A GIPS
Standards Interactive workshop is scheduled for 2 December 2009 in New York. In addition to helping participants master the requirements of the GIPS standards, including composite construction, performance calculation, and the creation of a compliant presentation, this workshop will include specific discussions about the upcoming changes to the Standards. Learn how your firm will be impacted and what the changes mean for compliance.

The European GIPS Standards Conference will be held on 24–25 February 2010 in London and will offer firms an invaluable look into the changes to the Standards and what challenges they may face in the coming years. Subject experts will share best practices on implementation and application of the Standards as well as speak to the key issues and major developments in performance measurement.

A workshop precedes the conference and will be held on 23 February 2010 in London.

**Client Reporting Update**
CFA Institute will soon begin work on an initiative to develop best practice guidelines for client reporting. This project will be independent of the GIPS standards and will address performance, risk, and attribution, as well as other client reporting issues. Please e-mail us if you are interested in participating in a working group on this subject.

**New Translation Endorsed**
The GIPS Executive Committee approved and endorsed the Greek Translation of the GIPS standards by the Greece Country Sponsor at its closed meeting in Singapore on Wednesday 15 September 2009. The Greek TG is the 11th translation of the GIPS standards to be endorsed. The Greek TG will soon be accessible through a link on the GIPS website.