



Meet the Micronesia GIPS Standards Sponsor

Eddie Chan, CFA, CIPM, director, Professional Conduct Enforcement, and Global Industry Standards, APAC, recently interviewed Daniel A. Roland, CIMA, AIFA, MBA, Executive Director of the Asia Pacific Association for Fiduciary Studies (APAFS). APAFS is our Global Investment Performance Standards (GIPS®) Sponsor located in Guam, covering the Micronesia region. A not-for-profit educational and charitable association founded in 2000 for and by representatives from public and private institutional funds from around the Asia Pacific Region, APAFS became the GIPS Standards Sponsor for Micronesia in 2006. APAFS was the 27th GIPS Standards Sponsor to partner with CFA Institute. CFA Institute greatly appreciates APAFS's ongoing efforts to promote the GIPS standards in these markets and territories. The impact of the association's work reaches far beyond the physical boundaries of these beautiful islands. Please read our [blog post](#) to learn more.

Final Reminder: Annual GIPS Compliance Notification Form Deadline Is 30 June 2020

Firms and asset owners that claim compliance with the GIPS standards are required to notify CFA Institute of their claim of compliance. The procedures are different depending on whether the firm or asset owner is submitting the notification form for the first time (New Claim of Compliance) or is submitting an annual update (Returning Firm/Asset Owner). Firms and asset owners that are newly claiming compliance must submit the GIPS Compliance Notification Form before publicly claiming compliance. Once a firm or asset owner claims compliance, it must submit an updated GIPS Compliance Notification Form annually, by 30 June of each year. The required information includes the name of the firm or asset owner, contact details for a primary and secondary contact, and confirmation whether or not the firm or asset owner has been verified within the past 24 months. Answers to other questions, including types of assets managed and total firm assets, are optional. All information provided must be as of the most recent 31 December.

Firms and asset owners filing a New Claim of Compliance should use the [New Claim of Compliance link](#). Returning firms and asset owners should use the [Returning Firm/Asset Owner link](#).

To begin the renewal process, you must include the firm or asset owner name, as well as the first and last name and email of either the primary or secondary contact included in the prior year's filing. If you get the message, "We need more information. We could not find a match in our records. The information you enter must match the information provided when this firm claimed compliance," it is likely that your firm or asset owner name or contact information does not match exactly what was included in the last filing.

For example, if the last filing included “Inc” as part of your firm or asset owner name, you will get an error message if you use “Inc.” this time. If you receive this message, please send us an email at gipscompliance@cfainstitute.org with your firm or asset owner name and contact information, and we will help resolve the problem.

If your firm or asset owner has merged, your primary and secondary contacts have left the firm or asset owner, or you have any other questions, please send us an email at gipscompliance@cfainstitute.org. We are ready to assist you.

Tools and Resources

We continue to add tools and resources to assist with implementation of the 2020 edition of the GIPS standards. You can find these under “Tools and Resources” for [firms](#), [asset owners](#), and [fiduciary management providers to UK pension schemes](#). We recently added the following items:

- Explanation of the Provisions in Sections 5, 6, and 8 of the GIPS standards;
- Link to Amazon to purchase a paperback copy of the Explanation of the Provisions in Sections 5, 6, and 8;
- Spreadsheet with the calculations in the Explanation of the Provisions, Section 6; and
- Explanation of the Provisions in Section 33 of the GIPS Standards for Fiduciary Management Providers to UK Pension Schemes.

Dear GIPS Standards Help Desk

This month’s Help Desk question asks about creating composite definitions.

Question: In the Explanation of the Provisions, Provision 3.A.5, the composite definition policies seem to suggest that individual composite definitions must be created. We know that *composite descriptions* must be created for individual composites. Rather than creating separate *composite definitions* for each composite, can some of the composite definition policies (e.g., account minimum) be included in a table of the firm’s policies and procedures, or may they appear in a policy that applies to all composites? Or, do we have to create individual composite definitions like we do for composite descriptions?

Answer: A composite description is defined as general information regarding the investment mandate, objective, or strategy of the composite. The composite description may be more abbreviated than the composite definition but must include all key features of the composite and must include enough information to allow a prospective client to understand the key characteristics of the composite’s investment mandate, objective, or strategy, including:

- the material risks of the composite’s strategy.
- how leverage, derivatives, and short positions may be used, if they are a material part of the strategy.

- if illiquid investments are a material part of the strategy.

A composite definition is defined as detailed criteria that determine the assignment of portfolios to composites. Criteria may include, but are not limited to, investment mandates, style or strategy, asset class, the use of derivatives, leverage and/or hedging, targeted risk metrics, investment constraints or restrictions, and/or portfolio type (e.g., segregated account or pooled fund; taxable versus tax exempt).

To differentiate between a composite definition and a composite description, it might be helpful to think of a composite description as focused on a description of the strategy represented by the composite. In contrast, a composite definition includes not only the composite strategy, as represented by the composite description, but also the detailed criteria that determine whether and when a portfolio is included in a composite. These additional criteria include such factors as the new portfolio inclusion policy as well as any policies regarding significant cash flows or minimum asset size that are applicable to the composite.

As long as the firm includes all elements of the composite definitions in its policies and procedures, the formatting is left to the firm. For example, if the firm uses account minimums, the firm can include a table in the policies and procedures that lists the account minimums for all composites that use these minimums. Firms are not required to create individual composite definitions for each composite, but they may do so. The Explanation of the Provisions for Provision 3.A.5 includes a table that firms can use to ensure that all required elements of composite descriptions and composite definitions are appropriately addressed in the firm's policies and procedures.

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