CFA Institute  
Global Investment Performance Standards  
Re: Guidance Statement on Real Estate  
P.O. Box 3668  
Charlottesville, Virginia 22903  
USA  

24 November 2010  

Dear Sir/Madam  

INVITATION TO COMMENT: EXPOSURE DRAFT OF THE GUIDANCE STATEMENT ON VERIFICATION  

Thank you for the opportunity to comment on the Exposure Draft of the Guidance Statement on Verification.  

There is a perception within a proportion of the investment management industry that verification is akin to an audit.  

This perception of is only reinforced by the following statement appearing in the Guidance Statement: "Verifiers must follow currently accepted standards of practice within their industry (if applicable) when performing a verification pursuant to the GIPS standards".  

As it currently stands, the above statement could imply that a verification carried out by a firm that does not follow an industry standard of practice is inferior to a verification performed by a firm that does need to follow an industry accepted standard of practice. This is clearly not the case and we do not believe such inference is intended. However, the statement is not conducive to encouraging competition and choice among the verification firms.  

If the perception continues, it will make it difficult for non-audit companies to gain entry into the verification business – the statement could act like a barrier of entry. As such, we believe that the statement should be removed.  

The opening paragraph under the heading “Verifier Qualification Requirements” clearly outlines the requirements for a verification firm. As such, an investment management firm should, when engaging with a verifier, complete their due diligence check and understand what each verification firm offers. Whether the verification firm has to follow industry standards is for each type of verification firm to establish and for each investment management firm to understand. It should not be the responsibility of GIPS to pronounce that verifiers should follow accepted standards of practice within their industry.  

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Thank you for the opportunity to comment.

Yours faithfully

[Signature]

David A Flint
Senior Consultant, Performance Measurement and Risk