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

November 22, 2010

Exposure Draft of the Guidance Statement on Verification

Dear Sir/Madam:

PricewaterhouseCoopers (PwC) wishes to thank CFA Institute for this opportunity to comment on the exposure draft of the Guidance Statement on Verification. We welcome the efforts of CFA Institute to continuously develop the GIPS standards and its commitment to fair representation and full disclosure. PwC strongly supports the release of additional guidance in this area.

Verifier Qualification Requirements

We agree that verifiers must be “knowledgeable of applicable laws and regulations regarding the calculation and presentation of performance” but as written we believe it places too much responsibility on the verifier. We suggest that in addition to this statement, the standard should add that “verifiers should also assess the competency of client personnel and programs with respect to compliance with applicable laws and regulations”. We believe that it should be primarily the responsibility of the GIPS firm to maintain compliance with applicable local laws and regulations. Verifiers should understand and assess a firm’s background and practices and this, coupled with their own understanding, we believe would better meet the spirit of the requirement.

Additionally, with respect to verifier qualification requirements, we suggest that those verifiers who are not members of professional bodies and not formally subject to any code of ethics and professional conduct should be required to follow a relevant ethical standard, e.g. the CFA Code of Ethics and Standards of Professional Conduct.

Knowledge of Firm Policies

The proposed language states that verifiers must understand the firm's policies and procedures with regard to “maintenance of books and records supporting the calculation of portfolio and composite returns, including the existence and ownership of client assets”. We believe that there may be room for incorrect interpretation of this, specifically the portion regarding the existence and ownership of assets. We believe that there must be further guidance by the GIPS standard setters in regards to the verifier’s responsibility in terms of existence of the assets.

Additionally it is our view that another requirement should be included for the verifiers to understand the policy of the firm on the construction and calculation of composite benchmarks.
GIPS Verification Report

We support the proposed required elements of the verification report. We suggest that GIPS, as a global standard, should include in the list of the required elements of the verification report a reference to the International Standards on Auditing (ISA), as an addition to the local auditing standards.

We again thank CFA Institute for the opportunity to comment on the exposure draft. We hope our comments are useful in the process to develop a final guidance statement. If you have any questions regarding our comments, please contact Stephen Perazzoli at (617) 530-4177.

Sincerely,