

GIPS Standards for Fiduciary Management Providers to UK Pension Schemes Issued

In early 2019, CFA Institute took over a set of standards from UK consultant IC Select that they had been developing to standardize performance reporting by UK fiduciary management providers (FMPs). The need to establish standards for reporting performance by Fiduciary Managers was motivated by an investigation conducted by the Competition and Markets Authority (CMA) into practices of those organizations that offer both investment consultancy and fiduciary management. One of the requirements of [“The Investment Consultancy and Fiduciary Management Market Investigation Order 2019”](#) (the “Order”) called for the use of a standardized methodology and template for providing to potential pension scheme trustee clients information on the past performance of fiduciary management services. To meet this requirement, fiduciary managers had to put in place a fiduciary management performance standard approved by CMA. A majority of fiduciary management providers would also have to approve this standard. Throughout 2019, CFA Institute staff worked with pension scheme consultants, pension trustees, legal service firms, and Fiduciary Managers to finalize this standard.

The [Global Investment Performance Standards \(GIPS®\) for Fiduciary Management Providers to UK Pension Schemes](#), or the GIPS standards for FMPs, were endorsed by 14 of 19 UK fiduciary managers and were submitted to CMA in December 2019. CMA approved the GIPS standards for FMPs, and they were issued on and have an effective date of 10 December 2019. Fiduciary management providers tendering to UK pension scheme trustee clients must comply with the GIPS Standards for FMPs. As of 31 December 2019, 10 fiduciary management providers claimed compliance.

We have received inquiries on whether other firms and OCIO managers may follow and claim compliance with the GIPS standards for FMPs. The short answer is no. The GIPS standards for FMPs are only for those organizations that meet the definition of a Fiduciary Management Provider that is included in the Order. The reason is that the GIPS standards for FMPs address only a small part of the CMA Order. For example, part 5 of the Order requires FMPs to include disaggregated fees with respect to fiduciary management services. Because fees were addressed in part 5 of the Order, we did not require FMPs to include fee information or fee schedules as part of the GIPS Composite Report. The GIPS Standards for FMPs were created to fill a unique need. We are, however, considering whether similar guidance is needed for similar firms outside the UK market.

Save the Date

The [EMEA GIPS Standards Conference](#) will be held in Amsterdam, Netherlands, 16–17 June 2020 at the NH Grand Krasnopolsky, and registration will open shortly. This

conference will offer a unique opportunity to address the key points that firms and asset owners in Europe, the Middle East, and Africa need to know to comply with the 2020 GIPS standards. Sessions and speakers include:

- Risk-Adjusted Performance Measurement—Carl Bacon, CIPM, and Bruce Feibel, CFA
- Examining Real-Life Ethical Dilemmas That Investment Professionals Face—Michael McMillan, PhD, CFA
- ESG Investments from the Point of View of an Institutional Investor—Dimitri Senik, CFA
- Highlights from the 2020 GIPS Standards—Ann Putallaz, PhD, CIPM, and Karyn D. Vincent, CFA, CIPM

This conference is essential for any performance or compliance professional.

Dear GIPS Standards Helpdesk

In each newsletter we feature a Help Desk question. We continue to receive questions about the effective date of the 2020 edition of the GIPS standards, asking when a firm has to begin reporting performance in accordance with the 2020 edition.

Question: My firm has claimed compliance with the GIPS standards for more than 10 years. We have not yet transitioned from claiming compliance with the 2010 edition of the GIPS standards to the 2020 edition of the GIPS standards. We understand that the 2020 edition has an effective date of 1 January 2020. What are we required to do as of this date? We manage private funds, and we plan to use GIPS Pooled Fund Reports for pooled-fund prospective investors, versus a GIPS Composite Report. When are we required to provide a GIPS Pooled Fund Report that is prepared in accordance with the 2020 edition to pooled-fund prospective investors?

Answer: The effective date for the 2020 edition of the GIPS standards is 1 January 2020. GIPS Composite Reports and GIPS Pooled Fund Reports that include performance for periods ending on or after 31 December 2020 must be prepared in accordance with the 2020 edition of the GIPS standards. Until the firm meets all applicable requirements of the 2020 edition on a firm-wide basis, it must continue to comply with the requirements of the 2010 edition. The firm will therefore continue to provide compliant presentations prepared in accordance with the 2010 edition to prospective clients until it includes performance for periods ending on or after 31 December 2020. At that point the firm must comply with the 2020 edition of the GIPS standards. The firm may also choose to adopt the 2020 edition early once it meets all applicable requirements.

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