

GIPS® STANDARDS NEWSLETTER



April 2022 Edition

CFA Institute Seeks Volunteers for Global Industry Standards (GIS) and Global Investment Performance Standards (GIPS®) Committees

CFA Institute is actively recruiting volunteers to serve on the following committees, subcommittees, and working group:

- GIPS Standards Technical Committee
- GIPS Standards Asset Owner Subcommittee
- GIPS Standards Interpretations Subcommittee
- GIPS Standards Verification Subcommittee
- GIPS Standards Promotion Subcommittee
- GIPS Standards for Fiduciary Management Providers Technical Committee
- GIPS Standards United States Investment Performance Committee (USIPC)
- Environmental, Social, and Governance (ESG) Technical Committee
- ESG Examination Subcommittee
- GIPS Standards for Outsourced Chief Investment Officers (OCIOs) Working Group

In addition, CFA Institute is seeking to fill the chair position on the GIPS Standards Promotion Subcommittee.

Volunteers are welcome to apply for multiple roles but will not be selected to serve on more than one committee or subcommittee within the GIPS standards or ESG volunteer bodies at the same time. This restriction does not apply to members of the GIPS Standards for OCIOs Working Group. Volunteers may serve on a GIPS standards committee or subcommittee as well as the GIPS Standards for OCIOs Working Group. Volunteers also may serve on a GIPS standards committee or subcommittee and on an ESG committee or subcommittee.

For current volunteers wishing to apply as a member of a different committee or subcommittee, you must agree to rotate off your current committee or subcommittee as of 31 August 2022 before applying for upcoming volunteer positions.

If your volunteer term is expiring as of 31 August 2022, you may apply for any open volunteer role, including for your current committee or subcommittee.

In addition to volunteer qualifications, the Nominations Committees will consider geography and employer diversity.

Volunteers are appointed as individuals, not as representatives of their employer, and thus cannot assign a proxy to serve in their absence.

For detailed information about the required qualifications for each of the open volunteer positions, and to apply, please log in to (or register with) the [CFA Institute Volunteer Community](#) page and choose the role you are interested in under “Open Opportunities.”

The deadline to apply for a volunteer position is 15 May 2022 by 17:00 US ET. If you have any questions, please email volunteers@cfainstitute.org.

New Q&A on Benchmarks That Incorporate Transaction Costs

A new Question & Answer (Q&A) addresses whether firms may present benchmark returns that are reduced by transaction costs. This question was inspired by the recent announcement from a fixed-income benchmark provider that it would begin incorporating transaction costs into benchmark returns.

The Q&A states that a firm may present benchmark returns that are net of (reduced by) transaction costs. The benchmark description should include the fact that benchmark returns reflect the deduction of transaction costs, and for which periods. The benchmark returns should be labeled so it is clear that the benchmark returns are reduced by transaction costs — for example, XYZ Fixed Income (net of transaction costs). The firm is not required to disclose the basis point difference between the benchmark returns with transaction costs and the benchmark returns without transaction costs.

An asset owner may also present benchmark returns that are reduced by transaction costs.

This Q&A can be found in the [GIPS Standards Q&A Database](#) in the GIPS Report category for Benchmarks, for both firms and asset owners.

Annual GIPS Compliance Notification Form Deadline Is 30 June 2022

Organizations that claim compliance with the Global Investment Performance Standards (GIPS®) are required to notify CFA Institute of their claim of compliance by submitting a GIPS Compliance Notification Form. Organizations that are newly claiming compliance with the GIPS standards must submit the GIPS Compliance Notification Form before publicly claiming compliance. Once an organization claims compliance, it must submit an updated GIPS Compliance Notification Form annually, between 1 January and 30 June of each year. Required information includes the name of the organization, contact details for a primary and secondary contact, and whether or not the organization has been

verified within the past 24 months. Answers to other questions, including types of portfolios managed and total assets that are managed, are optional. All information provided must be as of the most recent 31 December.

Organizations submitting a GIPS Compliance Notification Form for the first time should use the [Initial Form link](#). Organizations submitting an annual update should use the [Update Form link](#).

To begin the annual update process, enter your organization's name and one individual's contact information from the prior year's form. A link to the form will be emailed to this contact, who can then update the information.

If you receive an error message, or both contacts listed on the previous form are no longer with your organization, please email us at gipscompliance@cfainstitute.org, and we will assist you.

Annual Asset Manager Code Compliance Notification Form Deadline Is 30 June 2022

Many organizations that claim compliance with the GIPS standards also claim compliance with the Asset Manager Code™ (AMC). Organizations that claim compliance with the AMC are also required to notify CFA Institute annually, similar to the GIPS standards annual notification process. Notification forms are due 30 June 2022. Firms and asset owners can find the AMC Compliance Notification Form on the [CFA Institute website](#).

Organizations submitting an AMC Compliance Notification Form for the first time should use the [Initial Form link](#). Organizations submitting an annual update should use the [Update Form link](#).

To begin the annual update process, enter your organization's name and one individual's contact information from the prior year's form. A link to the form will be emailed to this contact, who can then update the information.

If you receive an error message, or both contacts listed on the previous form are no longer with your organization, please email us at industrystandards@cfainstitute.org, and we will assist you.

Dear GIPS Standards Help Desk

Provision 4.C.23 requires firms to disclose changes to the name of a composite. This month's Help Desk question asks whether that includes a minor composite name change from "Equities" to "Equity."

Question: We are in the process of reviewing composite names across the firm for uniformity. For example, some composites use "Equities" in the name, whereas others use "Equity." If we make a small change from Equities to Equity, do we need to include a

disclosure for the name change in our GIPS Report, or is this change sufficiently small enough to not warrant disclosure?

Answer: Provision 4.C.23 requires that firms must disclose changes to the name of the composite and include this change for a minimum of one year and for as long as it is relevant to interpreting the track record. The intent of this provision is to allow prospective clients to understand which composites they are assessing over time. We believe that a small change to the composite name from Equities to Equity would not hinder a prospective client's understanding of which composite they are assessing and therefore would not require disclosure. If a firm is unsure whether the change is small enough to not warrant disclosure, the firm must disclose the change to the composite name to avoid any confusion in interpreting the track record.

Join Us Virtually 17–19 May for Alpha Summit GLOBAL

As the capstone of our 2022 event series, Alpha Summit GLOBAL will compel you to think beyond the horizon. Here are three sessions that you won't want to miss:

Leading the Investment Firm of the Future

Discussion featuring Jean Hynes, CFA, Wellington Management Company LLP

Asset managers globally are entering a new era requiring them to adapt to new ways of doing business and seeking strategies in private markets as well as alternatives to provide growth and alpha. In both public and private markets, demand for sustainable investing from clients has never been stronger. What strategies and structures will be most effective for helping asset managers position themselves for the future? How are leaders adapting to ensure that their firm cultures are inclusive and can help employees thrive?

Geopolitics and Financial Markets

Featuring Ian Bremmer, Eurasia Group and GZERO Media

What are the interconnections between geopolitics, economics, and financial markets? Health crises, destabilized regimes and war, climate change and energy transition risk, increasingly complicated international relations, and the underrated yet rapidly growing danger of cyber threats are but a few of the variables in a complex equation of geopolitical risk. Which trends will have the greatest short-term and long-term importance for investment strategies, and what are the emerging risks investors will need to monitor closely?

Addressing the Net-Zero Challenge: Turning Commitments into Action

Panel featuring Linda-Eling Lee, MSCI, and My-Linh Ngo, CFA, RBC Global Asset Management; moderated by Chris Fidler, CFA Institute

In the past two years, the Net-Zero Asset Owner Alliance (US\$10 trillion in assets) and the Net-Zero Asset Managers initiative (US\$60 trillion in assets) have grown rapidly in

scale and influence. What do these commitments entail, and how will they influence asset allocation in the coming decade? What types of problems are arising as asset owners and managers start to implement these commitments? How are investment management professionals helping to overcome these problems?

Visit our website to view the full agenda of industry experts and [register today!](#)



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915 East High Street, Charlottesville, VA 22902

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