

GIPS® STANDARDS NEWSLETTER



July 2022 Edition

Webinar: Composite Construction and the SEC Marketing Rule – What Compliance Professionals Need to Know

The SEC Marketing Rule compliance deadline is fast approaching. A key concept within the Marketing Rule is related performance, including the use of composites. The Marketing Rule states that advisers may rely on the Global Investment Performance Standards (GIPS®) composite construction criteria to satisfy the substantially similar requirement of the final rule's definition of related portfolio.

On 26 July 2022, from 1:00 p.m. - 2:30 p.m. ET, CFA Institute is offering a free webinar to help firms learn how to construct composites that would meet the Marketing Rule requirement. The primary target audience is compliance professionals at firms that currently do not comply with the GIPS standards, particularly for firms that are not using composite returns when marketing performance. This webinar may also be helpful for compliance professionals from firms that do claim compliance, to gain a full understanding of composites so they can ensure that their disclosures are adequate.

Event Agenda:

- Related performance and composite considerations within the Marketing Rule
- The role of composites in the GIPS standards
- Defining composites
- Constructing composites
- Calculating composite returns, including the use of model fees

[Register for this free webinar now.](#)

26th Annual GIPS® Standards Conference: Register Now and Save!

The 26th Annual GIPS® Standards Conference is taking place 25–26 October in Boston, MA. You will learn about the latest developments with the GIPS standards and hot topics in investment performance. This year's agenda includes the following sessions:

Are You Ready for the SEC Marketing Rule? Although firms have been preparing for

the compliance date of 4 November 2022, lingering, difficult questions remain to be answered. In this session, you will learn how to:

- Determine what is considered “performance” that must be presented net of fees
- Select appropriate model fees
- Identify investors that may receive hypothetical performance
- Reconsider the use of ported performance

Speakers: Christine Schleppegrell, Securities and Exchange Commission; Michael McGrath, K&L Gates LLP; and Karyn Vincent, CFA Institute.

Exploring Connections Between the GIPS Standards and ESG Standards: Many GIPS-compliant firms need to comply with requirements of the GIPS standards as well as requirements found within a multitude of ESG voluntary standards and regulatory regimes. In this session, you will learn about:

- Differences and similarities between the GIPS standards and the CFA Institute Global ESG Disclosure Standards for Investment Products
- ESG regulations and how they affect composites
- Key regulatory changes that impact marketing efforts

Speakers: Crista DesRochers, ACA Group; Lance Dial, Morgan, Lewis & Bockius LLP; and Christopher Doyle, Ernst & Young LLP.

[Register](#) by 23 September for reduced rates.

Is your firm interested in being a conference sponsor? Contact sponsorshipprograms@cfainstitute.org to learn about sponsorship opportunities.



Additional CFA Institute Comment Letter on New SEC Proposed Private Fund Rules

On 25 April 2022, CFA Institute submitted a [comment letter](#) in response to the US Securities and Exchange Commissions (SEC) Exposure Draft of rules for private fund advisers. This comment letter was written with the assistance of a working group of volunteers who represented asset owners, asset managers, and service providers. The [May GIPS Standards Newsletter](#) includes a summary of our key recommendations.

Given the short comment period, we were not able to directly respond to the hundreds of questions that were posed in the proposed rules.

On 24 June 2022, CFA Institute submitted a [second comment letter](#) that responds directly to the SEC's Requests for Comments regarding the quarterly statement and provides additional detailed feedback on proposed rules related to fee disclosures and performance calculations.

Dear GIPS Standards Help Desk

This month's Help Desk question asks what information a firm should present for the expense ratio for a new pooled fund.

Question: We have a new pooled fund that has just inception and is not yet included in a composite. We are presenting performance for the composite that has the same strategy as the new fund that has not yet started. What should we include as the expense ratio for the new fund when preparing the GIPS Composite Report?

Answer: Firms are required to disclose the expense ratio when presenting a GIPS Composite Report to a prospective investor for a pooled fund included in the composite. The same would be true in this case, where the pooled fund will be included in the composite. The firm should present the estimated expense ratio that includes all expenses that will be included in the total expense ratio (i.e., management fees and operating expenses) or the expense ratio cap if the fund has a cap on expenses.

The Future of Skills and Learning in a Rapidly Transforming Investment Industry

New Future of Work Research Examines the Skills, Learning Trends, Competencies and Pathways for Career Success

Advancing technologies and hybrid working continue to change the shape of careers in finance. The Future of Work in Investment Management: The Future of Skills and Learning draws on CFA Institute survey data to identify the skills and learning equation for building talent and careers in a rapidly transforming investment industry. The report highlights current gaps between the supply and demand for skills in the investment industry, examines learning trends, and proposes changes to investment teams to better leverage diverse talent and the combined power of discrete but complementary skills.

Fewer than half of survey respondents receive support from employers to develop the new skills they need. Artificial Intelligence (AI), machine learning, decentralized finance, and sustainability currently present some of the largest gaps between interest in learning and supply of expertise. Chief Investment Officers and those in fintech/IT, trading, sales, and accountancy positions have the highest expectation of significant change to their roles.

To access The Future of Work in Investment Management: The Future of Skills and Learning, visit the [CFA Institute website](#).

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