

GIPS® STANDARDS NEWSLETTER



June 2022 Edition

Registration Open Now! 26th Annual GIPS® Standards Conference

Join us in Boston this 25–26 October to hear from industry experts and experienced practitioners about the latest trends in investment performance, and to reconnect with industry colleagues. Session details will be announced in the near future. [Register](#) by 23 September for reduced rates.

26th ANNUAL GIPS® STANDARDS CONFERENCE

25-26 October 2022 @ Boston, MA



Final Reminder: Annual GIPS Compliance Notification Form Deadline Is 30 June 2022

Organizations that claim compliance with the GIPS standards 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.

Final Reminder: 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.

Exposure Draft of the Guidance Statement on Benchmarks for Asset Owners

The GIPS Standards Technical Committee has released the [Exposure Draft of the Guidance Statement on Benchmarks for Asset Owners](#) for public comment. The exposure draft is available for public comment for 60 days. This new Guidance Statement provides interpretation of benchmark-related topics for asset owners claiming compliance with the GIPS standards. Topics include the role of benchmarks, benchmark selection criteria, types of benchmarks, and practical considerations. Comments may be submitted by email to standards@cfainstitute.org and must be received by 22 August 2022. Unless otherwise requested by the submitter, all comments will be made public on the [GIPS standards website](#).

Updated Disclosure Checklist for Firms Is Available

We recently published a disclosure checklist that firms can use to ensure that GIPS Reports include all of the information required by the GIPS standards. We made the following changes to the disclosure checklist:

- In the “Requirements – Section 6” tab, we corrected the wording for Provision 6.C.1.b from “insert name of composite” to “insert name of pooled fund.”
- In the "Requirements - Section 7" tab, we corrected the wording for Provision 7.C.1.b from "insert name of composite" to "insert name of pooled fund."
- We added an additional required disclosure item for the Handbook discussions of Provisions 4.A.12, 5.A.13, 6.A.10, and 7.A.12 for when supplemental information is not presented in the same currency as the required and recommended information in the GIPS Composite Report/GIPS Pooled Fund Report. We added this same required disclosure to the document named “Requirements Outside the Provisions.”

These documents can be found on the [GIPS standards website](#) under Resources, Tools for Firms.

Dear GIPS Standards Help Desk

This month’s Help Desk question asks whether portions of multi-strategy portfolios that are managed similar to portfolios managed in a single strategy must be included in the single strategy composite.

Question: Assume a portfolio manager manages \$100,000,000 in an Equity Capital Appreciation strategy (99% equity with 1% cash for example):

- \$50,000,000 is in 10 accounts, where one hundred percent (100%) of the market value of each account is fully in the Capital Appreciation strategy.
- \$50,000,000 is in 10 balanced accounts (60% equity and 40% fixed income). The Capital Appreciation strategy is a subset of the larger equity allocation, which also contains international and small cap. To get the Equity Capital Appreciation strategy, a carve-out is the only option.

Is it acceptable to create a GIPS-compliant composite using only the 10 accounts from the first bullet point and to completely ignore the other 10 accounts described in the second bullet point? Our compliance department is under the impression that the GIPS standards would not allow this and that all 20 accounts must be included in the composite.

Answer: It is acceptable to create a GIPS-compliant composite using only the 10 accounts from the first bullet point and to ignore the other 10 accounts described in the second bullet point given that a carve-out would be required. The GIPS standards do not require firms to carve out parts of a portfolio to be included in a composite, but firms may do so if they wish. If you decide to create a composite that includes carve-outs with

allocated cash, you must also create a separate composite that includes the standalone portfolios. In either case, you would need to create a composite that includes only the 10 portfolios in the Capital Appreciation strategy (from the first bullet). You also need to include the balanced segregated accounts in at least one composite. This can be accomplished either by including total multi-strategy segregated accounts in composites or by including each of the underlying portfolios or carve-outs of total multi-strategy segregated accounts in composites.

Revisions to the Code of Ethics and Standards of Professional Conduct

CFA Institute has published a [Consultation Paper](#) outlining a series of potential revisions to the CFA Institute Code of Ethics and Standards of Professional Conduct. We invite CFA Institute members and interested parties to review the revisions under consideration and to submit comments.

Learn more about the proposed changes by watching the [webinar recording](#). Submit your comments on the Consultation Paper using a form that can be found [here](#). Comments are due by 8 July 2022.

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