



January 2023 Edition

SEC Issues FAQ on the Marketing Rule

On 11 January 2023, the US Securities and Exchange Commission (SEC) issued [an FAQ](#) interpreting the Marketing Rule. The FAQ states that displaying the performance of one investment (e.g., a case study) or a group of investments from a private fund is considered extracted performance under the Marketing Rule. Accordingly, an adviser may not show gross performance of one investment or a group of investments from a private fund without also showing the net performance of that single investment or group of investments, respectively.

Many advisers had taken the position that performance of individual investments was not considered an offer of investment advisory services and, therefore, was not subject to the requirement to provide net performance. This FAQ will have enormous implications for many advisers because it is not common practice to calculate net returns for individual investments. There are many questions about how such a calculation can be done, particularly when internal rates of return are presented. This topic will be included in the March 2nd webinar with K&L Gates (see next item).

SEC Marketing Rule Developments & Implementation Updates Webinar – Save the Date

On 2 March 2023, CFA Institute is offering a complimentary webinar at 3:00 p.m. EST/12:00 p.m. PST. Join attorneys from K&L Gates for a discussion on implementation challenges and industry developments related to the SEC's new Marketing Rule. Registration information will be included in the February GIPS Standards newsletter.

Code of Ethics and Standards of Professional Conduct Exposure Draft

CFA Institute has published an exposure draft for revisions to the CFA Institute Code of Ethics and Standards of Professional Conduct. We encourage societies, CFA Institute members, and other interested stakeholders to submit a comment letter on the revisions in the 60-day consultation period ending 6 March 2023.

The exposure draft and response form can be found on the [CFA Institute website](#), where you can also learn more about the reasoning and process. We also invite you to

[register for our webinar](#) discussing potential revisions, to be held on 1 February 2023 at 12:00 p.m. EST.

Because these revisions directly affect our candidates and CFA® charterholders—and the ethical standards they could be held to—your feedback and participation are critical.

Annual GIPS® Compliance Notification Form Deadline Is 30 June 2023

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, you can access your organization's name and one individual's contact information from the prior form. A link to the prior form will be emailed to this contact, who can then update the form.

If you receive an error message, or both contacts from the prior 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 2023

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 2023. 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, you can access your organization's name and one individual's contact information from the prior form. A link to the prior form will be

emailed to this contact, who can then update the form.

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



Dear GIPS Standards Help Desk

This month's Help Desk question asks about the periods that must be included in a GIPS Report.

Question: For a composite with a 15-year GIPS-compliant track record, a firm reports its latest 10 years of annual returns in GIPS Reports. However, the firm also adds a line for the since-inception annualized return for the composite and benchmark. When showing the 15 year since-inception return, must the GIPS Report show each of the 15 individual annual periods or can it show only the 10 annual periods?

Answer: The firm may present additional information such as annualized returns for periods greater than 10 years, but there is no requirement to present more than 10 annual periods in a GIPS Report.

Research and Policy Corner

A new report by CFA Institute brings forward a dispassionate review of the development of digital finance from the point of view of investment practitioners. The report establishes a series of recommendations for institutional investors and policymakers. CFA Institute believes that cryptoassets demand a strong and clearly defined regulatory framework to protect investors, and without such a framework, crypto will not be able to gain mainstream acceptance.



The report, [Cryptoassets: Beyond the Hype: An Investment Management Perspective on the Development of Digital Finance](#), distills the findings from CFA Institute interviews with investment professionals and crypto experts, and discusses three key emerging issues that the market will need to clarify before cryptoassets can progress from the perspective of investors: valuation, fiduciary duty, and the custody of assets.

The report offers an objective viewpoint about the merits and risks that the crypto market poses to a typical investor, while highlighting the perils of a system in which traditional intermediaries would no longer be responsible for guaranteeing and securing transactions, facilitating price formation, or raising capital. The report offers recommendations for fiduciaries, investors, and policymakers.

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