

Global Investment Performance Standards (GIPS®) Guidance Statement on  
Firms Managing Only Broad Distribution Pooled Funds  
Adopting Release

The Exposure Draft of the Global Investment Performance Standards (GIPS®) Guidance Statement on Firms Managing Only Broad Distribution Pooled Funds was available for public comment from 22 June 2023 through 22 August 2023. We received eight [comment letters](#), and all of them are posted online. We evaluated and considered every comment, resulting in a recommendation for several changes to the Guidance Statement.

The proposed changes were then reviewed with the GIPS Standards Technical Committee (TC) and ultimately approved by the TC.

This Adopting Release includes the following key topics and describes the rationale for the changes made to the Exposure Draft:

**1. Expanded Guidance on When This Guidance Statement Does and Does Not Apply**

A firm would follow this Guidance Statement when it manages only BDPFs and elects not to create any GIPS Reports or GIPS Advertisements but wishes to claim compliance with the GIPS standards in consultant databases or when responding to Requests for Proposal (RFPs).

We received multiple comments questioning when this guidance statement applies. Respondents pointed out specific instances that needed more clarity and also noted that examples were helpful. We added five examples clarifying when this Guidance Statement applies and when it does not apply. We also reinforced the point that firms must comply with all applicable requirements of the GIPS Standards for Firms.

**2. Compliance Statement**

Firms historically have been allowed to claim compliance with the GIPS standards in only two places: in a GIPS Report and in a GIPS Advertisement. The Exposure Draft proposed a compliance statement that could be used by firms managing only BDPFs that are adhering to this Guidance Statement and wish to claim compliance when reporting to a consultant database or when responding to an RFP. The language in the proposed compliance statement was based on the compliance statement that is required to be used in GIPS Reports but was modified to reflect the different circumstances.

There were mixed opinions on whether firms managing only BDPFs should be allowed to use a modified compliance statement when reporting to a consultant database or when responding to an RFP. Some of the firms that conduct verifications appreciated the point that the compliance statement in a GIPS Report includes language stating that the firm has “prepared and presented this report in compliance with the GIPS standards.” For firms following this Guidance Statement, there would be no report prepared in accordance with the GIPS standards for a firm that manages only BDPFs. One respondent suggested additional edits to further clarify when the compliance statement may be used. The TC agreed that the modified compliance statement should be edited as noted.

The following compliance statement is recommended for a firm managing only BDPFs that has been verified:

[Insert name of firm], ~~which manages only broad distribution pooled funds,~~ claims compliance with the Global Investment Performance Standards (GIPS®). [Insert name of firm] manages only

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**broad distribution pooled funds.** [Insert name of firm] has been independently verified for the periods [insert dates]. The verification report(s) is/are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. **For firms that manage only broad distribution pooled funds,** ~~Verification~~ provides assurance on whether the firm's policies and procedures related to broad distribution pooled fund maintenance, as well as the calculation of performance of such funds, have been designed in compliance with the GIPS standards and **have been implemented on a firm-wide basis, and whether** the provision of the performance of such funds is in accordance with the Guidance Statement for Firms Managing Only Broad Distribution Pooled Funds. Verification does not provide assurance on the accuracy of any specific performance report.

The following compliance statement is recommended for a firm managing only BDPFs that has not been verified:

[Insert name of firm], ~~which manages only broad distribution pooled funds,~~ claims compliance with the Global Investment Performance Standards (GIPS®). **[Insert name of firm] manages only broad distribution pooled funds.** [Insert name of firm] has not been independently verified.

One commenter suggested requiring the modified compliance statement. Although the final Guidance Statement requires certain language in the modified compliance statement, it does not require using the modified compliance statement.

### 3. Provision 1.A.19

The Exposure Draft included a table with each provision in Sections 1 and 2 and indicated whether or not the provision is applicable to a firm adhering to this Guidance Statement. Provision 1.A.19 states:

A pooled fund benchmark used in a GIPS Pooled Fund Report must reflect the investment mandate, objective, or strategy of the pooled fund. The firm must not use a price-only benchmark in a GIPS Pooled Fund Report.

The Exposure Draft incorrectly stated that Provision 1.A.19 was applicable to firms adhering to this Guidance Statement. The final Guidance Statement was corrected to state that this provision is not applicable because the firm does not prepare GIPS Reports.

### 4. Effective Date

In the Exposure Draft, the effective date was proposed to be for periods beginning on or after 1 January 2024. Because of the timing in issuing the final version of this Guidance Statement, the effective date was changed to give firms adhering to this Guidance Statement adequate time to comply. The Guidance Statement is effective for periods beginning on or after 1 July 2024.