CFA Institute®
Global Investment
Performance Standards

EMEA GIPS® Standards Conference—Registration Now Open!

We are happy to announce that registration for the **EMEA GIPS Standards Conference** is now open! This conference will be held in Amsterdam, Netherlands, 16–17 June 2020 at the NH Grand Krasnopolsky and will offer a unique opportunity to address the key points that firms and asset owners in Europe, the Middle East, and Africa need to know to comply with the 2020 GIPS standards. Sessions and speakers include:

- Welcoming Remarks—Marg Franklin, CEO, CFA Institute
- Keynote Address—Paul Andrews, Secretary General of IOSCO
- Risk-Adjusted Performance Measurement—Carl Bacon, CIPM, Chief Adviser, StatPro; and Bruce Feibel, CFA, State Street Global Exchange
- Examining Real-Life Ethical Dilemmas That Investment Professionals Face—Michael McMillan, PhD, CFA, CFA Institute; and Sonia Gandhi, CFA, CFA Institute
- ESG Investments from the Point of View of an Institutional Investor—Dimitri Senik, CFA, PwC; and Vincent Kauffman, Ethos Foundation
- Highlights from the 2020 GIPS Standards—Ann Putallaz, PhD, CIPM, AFP Consulting; and Karyn D. Vincent, CFA, CIPM, CFA Institute

This conference is essential for any performance or compliance professional whose organization complies or seeks to comply with the GIPS standards. **Register by 31 March 2020 to save €75.**

Explanations of the Provisions in Sections 1, 2, and 3 Are Available

Since we issued the 2020 edition of the GIPS standards on 30 June 2019, we have been busy working on creating an explanation of each provision within the GIPS standards. We are very pleased to report that we have completed the Explanation of the Provisions for Firms in Sections 1, 2, and 3, and these are available on the **CFA Institute website**. We will post explanations of the provisions for other sections on the website as they are completed, and we will announce the completion of other sections in the GIPS Standards Newsletter. The Explanation of the Provisions in Section 4 will be completed next.

When reading the explanations of the provisions one after another, you will notice that there is repetition of the language across provisions. This is intentional so that each provision's explanation stands on its own.

We are working on creating similar explanations for asset owners. Until that guidance is issued, asset owners may find it helpful to review the guidance for firms because many of the concepts are the same, or very similar.

Annual GIPS Compliance Notification Form Deadline Is 30 June 2020

Firms and asset owners that claim compliance with the GIPS standards are required to notify CFA Institute of their claim of compliance. There are different procedures depending on whether the firm/asset owner is submitting the notification form for the first time (New Claim of Compliance) or is filing an annual update (Returning Firm/Asset Owner). Firms/asset owners that are newly claiming compliance must submit the GIPS Compliance Notification Form prior to publicly claiming compliance. Once a firm/asset owner claims compliance, it must submit an updated GIPS Compliance Notification Form annually, by 30 June of each year. The only required information is the name of the firm/asset owner, contact details for a primary and secondary contact, and whether or not the firm/asset owner has been verified within the past 24 months. Other questions, including types of assets managed and total firm assets, are optional. All information provided must be as of the most recent 31 December.

Firms/asset owners filing a New Claim of Compliance should use the **New Claim of Compliance link**; returning firms/asset owners should use the **Returning Firm/Asset Owner link**.

To begin the renewal process, you must include the firm/asset owner name, as well as the first and last name and email of either the primary or secondary contact included in the prior year's filing. If you get the message, “We need more information. We could not find a match in our records. The information you enter must match the information provided when this firm claimed compliance,” it is likely due to your firm/asset owner name or contact information not matching exactly what was included in the last filing. For example, if in the last filing you used “Inc” as part of your firm/asset owner name, but this time you use “Inc.”, you will get the error message. If this happens, please send us an email at **gipscompliance@cfainstitute.org** with your firm/asset owner name and contact information and we will help resolve the problem.

If your firm/asset owner has merged, your two contacts have left the firm/asset owner, or you have any other questions, please send us an email at **gipscompliance@cfainstitute.org**. We are standing by ready to assist you.

GIPS Standards Sponsor Applications and Agreements—Deadline 30 April 2020

To effectively develop and promote the GIPS standards globally, it is essential to have local organizations (GIPS Standards Sponsors, or Sponsors) that partner with CFA Institute. Sponsors, composed of one or more industry organizations, provide an important link between CFA Institute and their local market. Sponsors are typically formed by a local association representing fund managers, pension funds, or other industry organizations (e.g., banking or asset management associations, financial analysts associations, CFA Institute societies), or as a joint undertaking between these organizations. These organizations are non-profit associations or industry organizations and not commercial entities.

Sponsors contribute, in an important way, to the quality and geographic diversity of the various GIPS standards committees, subcommittees, and working groups. Sponsors, by actively supporting the GIPS standards, will ensure that their local interests are taken into account as the GIPS standards are developed going forward. Local market support and competitive pressures will ultimately determine how successfully the GIPS standards will be embraced in different countries, regions, and markets around the world. The two primary roles of a Sponsor are to:

- promote the GIPS standards locally, and
- represent their local market and provide input on the global development of the GIPS standards, as possible and appropriate.

CFA Institute has recently implemented a new GIPS standards governance and operating structure that requires the September 2014 version of the Sponsor Agreements to be updated. A new application and agreement were distributed on 20 January 2020 to the existing 41 **GIPS Standards Sponsors**. The new GIPS Standards Sponsor Application Package must be submitted to CFA Institute **no later than 30 April 2020** for existing GIPS Standards Sponsors to continue in their sponsorship role. Because of the new governance and operating structure, all former GIPS Standards Sponsor Agreements will need to be terminated and those Sponsors that do not submit their revised agreement will be sent a termination notice after 30 April 2020.

We welcome new GIPS Standards Sponsors. If you are interested in learning more about the roles and responsibilities of Sponsors, please contact us at **standards@cfainstitute.org**.

GIPS® Trademark Guidelines

GIPS® is a registered trademark owned by CFA Institute. Organizations that claim compliance with the GIPS standards, software providers, verifiers, consultants, volunteers and others that use the GIPS trademark must follow the trademark protection rules outlined in the **GIPS Trademark Usage guide**. CFA Institute has developed these trademark guidelines to follow when preparing business cards, promotional literature, signage, and all forms of printed, electronic, and written communications. The GIPS mark must not be used generically (as a noun) and must be used only as an adjective as described in the guidelines. Other requirements include that the GIPS mark must not be used as part of, or incorporated in, the name of a company or imply that the company is entitled to use the marks. Remember, the first and most prominent use of the GIPS® or Global Investment Performance Standards (GIPS®) must include the registered trademark symbol (®).

Should you have questions or need additional details on the proper and correct use of the GIPS trademark, please contact: **trademark@cfainstitute.org**.

Dear GIPS Standards Helpdesk

In each newsletter we feature a Help Desk question. This month's question seeks clarification on carve-outs that are managed with their own cash.

Question: Provision 3.A.15 states that any carve-out in a composite must include cash and any related income. Cash may be accounted for separately, or allocated synthetically. Provision 3.A.18 states that when the firm has or obtains standalone portfolios managed in the same strategy as the strategy of the carve-outs with allocated cash, the firm must create a separate composite for the standalone portfolios. We managed balanced accounts, consisting of equity and fixed-income components that are each traded and managed with their own cash balances. Cash is not allocated synthetically. Are we required to create composites with standalone portfolios? Also, can we include carve-outs that are managed with their own cash and standalone portfolios in the same composite?

Answer: A carve-out is a portion of a portfolio that is by itself representative of a distinct investment strategy. Carve-outs that are managed with their own cash are not considered standalone portfolios, nor are they subject to the requirements to create and report composites of standalone portfolios (provision 3.A.18). A standalone portfolio is a portfolio that is not a portion of a larger portfolio. Firms must create a composite of standalone portfolios only when a firm includes carve-outs with allocated cash in a composite. If a firm has carve-outs managed with their own cash, the firm may elect to include these carve-outs with their own cash in a composite if the carve-outs are representative of a standalone portfolio managed or intended to be managed according to that strategy, but is not required to do so. The composite may also include standalone portfolios, if the firm has or when the firm obtains standalone portfolios managed in that strategy. If the firm elects to not include the carve-outs with their own cash in composites, the firm must include the total portfolio in a composite to meet the requirement that all fee-paying, discretionary, segregated accounts are included in at least one composite. If the firm chooses to include a carve-out managed with its own cash in a composite, it must include all like carve-outs with their own cash in the composite.
