



One Franklin Parkway  
San Mateo, CA 94403-1906  
tel 650/312.2000  
franklintempleton.com

---

January 29, 2018

By U.S. Mail and Email ([standards@cfainstitute.org](mailto:standards@cfainstitute.org))

CFA Institute

Global Investment Performance Standards

Re: Exposure Draft of the Guidance Statement on Benchmarks

915 E. High Street

Charlottesville, VA 22902

Dear Sir/Madam:

Franklin Resources, Inc. appreciates the opportunity to comment on the Global Investment Performance Standards' ("GIPS") Exposure Draft of the Revised Guidance Statement On Benchmarks (the "Exposure Draft") proposed by the CFA Institute with an effective date (expected) on January 1, 2019. Franklin Resources, Inc. is a global investment manager that operates under the name Franklin Templeton Investments ("Franklin Templeton or FTI"). Franklin Templeton provides investment products and services, including registered pooled funds, separate account strategies, wrap fee and private equity products that are offered to retail, institutional, and high net worth investors around the world. As of December 31, 2017, Franklin Templeton had assets under management of over \$753 billion with several firms that claim GIPS compliance.

Although this Exposure Draft at first appears to primarily relate to benchmarks shown in composites in GIPS compliant presentations, the proposed changes also have the potential to greatly impact materials used for marketing and advertising outside of such presentations. Because such materials are already governed by global regulatory requirements, we do not believe that it is necessary or appropriate for GIPS standards to apply to such materials, and therefore do not support any elements of the Exposure Draft that would do so.

For example, if a firm is required to make a benchmark change in the GIPS compliant presentation, it would likely require the firm to make the corresponding benchmark change in its marketing and advertising materials. This is because it may not be cost effective for a firm to present two different benchmarks across various materials for the same composite. Revising

marketing pieces is a costly and expensive endeavor for a large investment management organization such as Franklin Templeton, as even simple changes involve expensive and time-consuming modifications due to the sheer volume of materials we produce. Accordingly, we strongly urge the CFA Institute to abandon these proposed requirements entirely or at the very least deem them “recommendations” only.

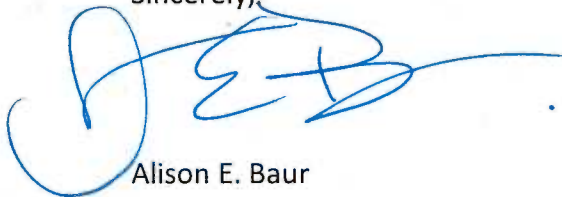
In addition, we are very concerned with the substantial costs that firms would face if any of these proposals are adopted. For example, there are significant costs that firms incur with subscribing to benchmark performance and in generating detailed portfolio and benchmark analytics, the latter of which is often only made available to firms through third party vendors and systems. Franklin Templeton tracks approximately 2,000 benchmarks with an additional 300 custom benchmarks across our products at significant cost, and changes to the information we would need from a third party would substantially increase those costs.

Moreover, some of the non-required, recommended items discussed in the Exposure Draft, such as including trading costs and net-of-fees to create a custom benchmark, might require manual calculations for firms. We believe that proposals requiring manual calculations or processes should generally not be recommended (and certainly not required), since they involve a costly and time consuming process and are more prone to errors.

Finally, we strongly believe that institutional clients already have a sophisticated understanding of the role of benchmarks and for this reason, as well as the other reasons outlined above, the proposed guidance in this Exposure Draft is unnecessary and unhelpful. We believe that the addition of new requirements would instead make the GIPS compliant presentation more confusing and would not add any measurable value to an investor in evaluating a firm’s performance.

For all of these reasons, we do not support the Exposure Draft.

Sincerely,



Alison E. Baur

Deputy General Counsel