

**MEMO# 30763**

July 3, 2017

## **ICI Comment Letter on CFA Institute's GIPS Consultation Paper; Comments Due by July 10**

[30763]

July 3, 2017 TO: Accounting/Treasurers Committee  
Advertising Compliance Advisory Committee  
ICI Global Regulated Funds Committee  
Investment Advisers Committee  
SEC Rules Committee

Small Funds Committee RE: ICI Comment Letter on CFA Institute's GIPS Consultation Paper;  
Comments Due by July 10

The CFA Institute issued a consultation paper on GIPS® titled GIPS 20/20 (the “consultation paper”) in May.[\[1\]](#)

**Comments on ICI’s draft comment letter (attached) are due by July 10, close of business (please send them to me at [matt.thornton@ici.org](mailto:matt.thornton@ici.org)). Comments on the consultation paper are due to the CFA Institute by July 16.**

### **Summary of the Consultation Paper**

The consultation paper contemplates a restructuring of GIPS, with “the relationship between the party presenting performance (*i.e.*, the investment manager or asset owner) and the receiver of the information (*i.e.*, prospective client, prospective pooled fund investor, or oversight board) [being] the defining criterion regarding how performance should be presented.” With respect to pooled funds generally, the paper emphasizes the importance of fund performance (rather than composite performance). Further, “firms managing any type of pooled fund would be required to present to prospective investors in those funds a pooled fund report that would include only the pooled fund’s information.” The paper proposes that investment management firms be required to provide the pooled fund report to existing investors on an annual basis, or alternatively, make an offer to do so. In describing these proposed items, the consultation paper is not very specific, and it is unclear what the intended relationship would be between regulated funds’ extensive existing legal and regulatory requirements and the fund performance reports that the paper contemplates.

## Summary of ICI's Draft Comment Letter

In the attached draft comment letter, ICI explains that regulated funds ("funds") currently are subject to robust performance reporting requirements, and the CFA Institute should exclude them from the scope of this project. If the CFA Institute wishes to move forward with fund-specific performance reporting standards, we recommend that it must appropriately tailor them with existing requirements in mind. At a minimum, it must distinguish between those funds for which new standards are neither necessary nor appropriate, and those pooled funds for which they may be. To accomplish this, we recommend excluding from new standards any fund for which a firm (e.g., an adviser subject to GIPS) certifies that the fund is currently subject to ongoing legal or regulatory performance reporting requirements.

Matthew Thornton  
Assistant General Counsel

### [Attachment](#)

#### endnotes

[1] Available at

[www.gipsstandards.org/standards/Documents/Guidance/gips\\_2020\\_consultation\\_paper.pdf](http://www.gipsstandards.org/standards/Documents/Guidance/gips_2020_consultation_paper.pdf).

See Institute [Memorandum No. 30755](#), dated June 22, 2017, for additional background.

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