

MEMO# 30957

November 21, 2017

CFA Institute Delays Effective Date of Its Broadly Distributed Pooled Fund Guidance Statement

[30957]

November 21, 2017 TO: ICI Members
ICI Global Members SUBJECTS: Advertising
Compliance
Disclosure
Fund Accounting & Financial Reporting
International/Global

Investment Advisers RE: CFA Institute Delays Effective Date of Its Broadly Distributed Pooled Fund Guidance Statement

Over the past two years, broadly distributed pooled funds (including regulated funds) and their disclosure and performance reporting practices have become a focal point for the CFA Institute.^[1] ICI has submitted comment letters in response to these CFA Institute initiatives.^[2] ICI submitted a follow-up letter to the CFA Institute in October, expressing concern with the CFA Institute's recent work related to broadly distributed pooled funds.^[3] We strongly urged the CFA Institute to reconsider the need for, and its fundamental approach to, issuing pooled fund-specific guidance and standards, and recommended a delay in the Guidance Statement's effective date (originally January 1, 2018), to give both the CFA Institute and Firms sufficient time to complete their respective work.

This week, the GIPS Executive Committee announced that the effective date of the Guidance Statement would be delayed to January 1, 2020, to coincide with the effective date of the 2020 edition of the GIPS standards.^[4]

Matthew Thornton
Assistant General Counsel

endnotes

^[1] See Institute [Memorandum No. 30755](#), dated June 22, 2017, for additional background

and summaries of the CFA Institute's (i) March 2017 Guidance Statement on Broadly Distributed Pooled Funds ("Guidance Statement"), *available at* www.gipsstandards.org/standards/Documents/Guidance/gs_pooled_funds.pdf, and (ii) May 2017 GIPS 20/20 Consultation Paper ("Consultation Paper"), *available at* www.gipsstandards.org/standards/Documents/Guidance/gips_2020_consultation_paper.pdf. Global Investment Performance Standards ("GIPS") apply to all firms ("Firms") that claim compliance with the standards, many of which are ICI members.

[2] See ICI Comment Letter on CFA Institute's Exposure Draft of the Guidance Statement on Broadly Distributed Pooled Funds dated April 29, 2016 , *available at* www.ici.org/pdf/29878.pdf; see also ICI Comment Letter on CFA Institute's Consultation Paper dated July 14, 2017, *available at* www.ici.org/pdf/30778a.pdf.

[3] ICI's most recent letter is *available at* www.ici.org/pdf/30922a.pdf.

[4] The announcement is *available at* www.gipsstandards.org/news/Pages/detail.aspx?ID=80. The announcement also states, "Additionally, we are working to provide further details regarding the Safe Harbor provision associated with this GIPS guidance statement and will make that available to you as soon as possible. Nevertheless, we strongly encourage firms to adopt the Guidance Statement early." The Guidance Statement contains a safe harbor provision, which requires the CFA Institute to review the legal and/or regulatory requirements applicable to pooled funds and identify those regimes that it determines to qualify for inclusion under the safe harbor. Firms falling under those jurisdictions will be deemed to have met the requirements of Provision 0.A.9 (regarding the provision of a compliant presentation) and the Guidance Statement.