
Instructions for GIPS Policies & Procedures Template

All firms that claim compliance with GIPS are required to maintain policies and procedures to document how the firm maintains compliance. An effective Policies and Procedures Manual will communicate information and responsibilities throughout the firm and ensure that people follow through with specified actions. It may also be requested by a prospective client or regulatory examiner. We recommend taking the time to read, understand, and utilize this document completely.

The Policies and Procedures Manual (“P&P Template”) walks through each section of the GIPS standards chronologically, and has been organized topically within each section. The P&P Template should be read concurrently with this document, and the guidelines below. Here are a few points to keep in mind:

- Most of the GIPS requirements are concrete requirements that all firms must adhere to, and may form the basis of your policy.
- This document contains the exact GIPS requirement(s) that relate to each topical area presented in the P&P Template. We have also included “plain English” guidance in **red font** to explain the focus of the requirements, what a good procedure should include, and any additional points of consideration that should not be overlooked if they are applicable to your firm.
- In the P&P Template, example procedure language has been included in **blue font**. This is only example language, and may need to be modified for individual situations. We strove to create a balance between too much information (that complicates measures) and too little sample language.
- We have included multiple cross references to guidance statements, resources, and related requirements throughout this document, which may provide useful background information if a requirement or concept is not understood. Keep in mind that any word in the GIPS requirements that is in ALL CAPS can be found in the GIPS glossary.
- Where specific standards are referenced, those with an “A” are required and those with a “B” are recommended.

We hope this template will facilitate your efforts in becoming GIPS compliant. In addition to the guidance provided throughout the document, we will provide a free 30 minute consultation to discuss the template, the GIPS standards, and any unique situations that your firm may be facing. If you find that further resources or expertise are needed to complete the policies, we are ready and waiting to assist you with additional consultation services.

KNOWLEDGE OF AND ADHERENCE TO GIPS AND APPLICABLE LAWS:

0.A.1	FIRMS MUST comply with all the REQUIREMENTS of the GIPS standards, including any updates, Guidance Statements, interpretations, Questions & Answers (Q&As), and clarifications published by CFA Institute and the GIPS Executive Committee, which are available on the GIPS standards website (www.gipsstandards.org) as well as in the <i>GIPS Handbook</i> .
0.A.2	FIRMS MUST comply with all applicable laws and regulations regarding the calculation and presentation of performance.

Describe procedures for maintaining awareness of GIPS changes and applicable laws and regulations. Recommend designating a GIPS expert internally, subscribing to GIPS email alerts, and/or utilizing a verifier or consultant. Describe the involvement of the CCO in ensuring conformity to laws and regulations.

FIRM DEFINITION:

0.A.4	The GIPS standards MUST be applied on a FIRM-wide basis.
0.A.12	FIRMS MUST be defined as an investment firm, subsidiary, or division held out to clients or PROSPECTIVE CLIENTS as a DISTINCT BUSINESS ENTITY.
0.A.15	Changes in a FIRM'S organization MUST NOT lead to alteration of historical COMPOSITE performance.
0.B.3	FIRMS SHOULD adopt the broadest, most meaningful definition of the FIRM. The scope of this definition SHOULD include all geographical (country, regional, etc.) offices operating under the same brand name regardless of the actual name of the individual investment management company.

Include a definition of the firm, indicating the scope to which the GIPS standards will be applied. This should be consistent with how the firm is held out to the public in marketing efforts, and could include regulatory registration status. Be sure to consider parents, subsidiaries, affiliates, and changes in firm organization. For complex firm histories, a brief narrative of the history would be helpful. For additional resources, see the Guidance Statement on the Definition of the Firm. Recommendation 0.B.3 is included above for additional guidance, and could be addressed as part of the policy here.

FIRM ASSETS UNDER MANAGEMENT:

0.A.13	For periods beginning on or after 1 January 2011, TOTAL FIRM ASSETS MUST be the aggregate FAIR VALUE of all discretionary and non-discretionary assets managed by the FIRM. This includes both fee-paying and non-fee-paying PORTFOLIOS.
0.A.14	TOTAL FIRM ASSETS MUST include assets assigned to a SUB-ADVISOR provided the FIRM has discretion over the selection of the SUB-ADVISOR.

Describe how and where AUM will be tracked for GIPS purposes. Remember that this is important for ensuring that all assets in the firm have been considered for potential composite inclusion. Refer back to the Guidance Statement on Firm Definition for complex firm structures, and determining whether the firm has “discretion” over ambiguous portfolios. Recommend addressing whether the firm maintains any sub-advisor relationships. Based upon your use of a sub-advisor please note disclosure items 4.A.25 and 4.B.7.

POLICIES & PROCEDURES; ASSET EXISTENCE:

0.A.5	FIRMS MUST document their policies and procedures used in establishing and maintaining compliance with the GIPS standards, including ensuring the existence and ownership of client assets, and MUST apply them consistently.
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Identify who will be responsible for maintaining this Policies and Procedures Manual. Recommend including a review schedule to ensure the document is revised periodically, and that relevant staff will be informed of procedures they are obligated to perform. The person who is responsible should also be included in the GIPS Committee and the periodic review of the Policies and Procedures Manual.

Describe custodian reconciliation process to satisfy the existence of client assets. If any assets are not held by a custodian, you must describe more rigorous procedures in detail. For Private Equity or Real Estate holdings additional detailed information should be incorporated here.

MARKETING OBLIGATIONS:

0.A.9	FIRMS MUST make every reasonable effort to provide a COMPLIANT PRESENTATION to all PROSPECTIVE CLIENTS. FIRMS MUST NOT choose to whom they present a COMPLIANT PRESENTATION. As long as a PROSPECTIVE CLIENT has received a COMPLIANT PRESENTATION within the previous 12 months, the FIRM has met this REQUIREMENT.
0.A.10	FIRMS MUST provide a complete list of COMPOSITE DESCRIPTIONS to any PROSPECTIVE CLIENT that makes such a request. FIRMS MUST include terminated COMPOSITES on the FIRM’S list of COMPOSITE DESCRIPTIONS for at least five years after the COMPOSITE TERMINATION DATE.
0.A.11	FIRMS MUST provide a COMPLIANT PRESENTATION for any COMPOSITE listed on the FIRM’S list of COMPOSITE DESCRIPTIONS to any PROSPECTIVE CLIENT that makes such a request.
0.A.3	FIRMS MUST NOT present performance or performance-related information that is false or misleading.
0.A.16	When the FIRM jointly markets with other firms, the FIRM claiming compliance with the GIPS standards MUST be sure that it is clearly defined and separate relative to other firms being marketed, and that it is clear which FIRM is claiming compliance.
0.A.6	If the FIRM does not meet all the REQUIREMENTS of the GIPS standards, the FIRM MUST NOT represent or state that it is “in compliance with the Global Investment Performance Standards except for...” or make any other statements that may indicate partial compliance with the GIPS standards.
0.A.7	Statements referring to the calculation methodology as being “in accordance,” “in compliance,” or “consistent” with the Global Investment Performance Standards, or similar statements, are prohibited.
0.A.8	Statements referring to the performance of a single, existing client PORTFOLIO as being “calculated in accordance with the Global Investment Performance Standards” are prohibited, except when a GIPS-compliant FIRM reports the performance of an individual client’s

PORTFOLIO to that client.

Addressing requirement 0.A.9 is crucial in maintaining GIPS compliance, so a policy that affirms the requirement would be good. Describe the firm’s marketing efforts, and procedures to ensure all “prospective clients” receive a Compliant Presentation. The definitions of a “prospective client” and “Compliant Presentations” are included in the GIPS Glossary, and as part of the Scope section under GIPS Compliance.

A policy to affirm that a List of Composite Descriptions will be maintained should also be included. Procedures might include the individual responsible for maintaining it, and/or the frequency with which it will be reviewed. Procedures for making the List available would also be prudent.

Other marketing obligations above cite actions the firm must not do; these rules must be followed in practice, but do not need to be explicitly outlined.

OTHER RECOMMENDATIONS:

0.B.1	FIRMS SHOULD comply with the RECOMMENDATIONS of the GIPS standards, including RECOMMENDATIONS in any updates, Guidance Statements, interpretations, Questions & Answers (Q&As), and clarifications published by CFA Institute and the GIPS Executive Committee, which will be made available on the GIPS website (www.gipsstandards.org) as well as in the <i>GIPS Handbook</i> .
0.B.2	FIRMS SHOULD be verified.
0.B.4	FIRMS SHOULD provide to each existing client, on an annual basis, a COMPLIANT PRESENTATION of the COMPOSITE in which the client’s PORTFOLIO is included.

GIPS recommendations are optional, and can be given cursory attention here if you choose to implement them. While some disclosures are recommended, if they are material or would provide additional valuable information to the reader, we would strongly recommend including them. We also recommend addressing verification, in either case, so everyone in the firm can be aware of the levels of due diligence the firm is receiving.