

COMPARISON MATRIX

COMPARISON OF PROPOSED V. EXISTING GIPS STANDARDS

SECTION	CURRENT GIPS	PROPOSED GIPS	REASON FOR CHANGE
FUTURE DATES: Requirements That Go Into Effect In The Future			
Accrual Accounting of Dividends	1.A.8 Accrual accounting must be used for dividends (as of the ex-dividend date) for periods beginning 1 January 2005.	1.A.8 Accrual accounting must be used for dividends (as of the ex-dividend date) for periods beginning 1 January 2010. 1.B.3 Until 1 January 2010, Accrual Accounting should be used for dividends (as of the ex-dividend date).	IPC unanimously felt that this requirement would be over-burdensome at this time and recommended that moving it to 2010 would be a reasonable solution to allow firms more time to upgrade systems.
Consistent Valuation Dates	Not in the current GIPS standards	1.A.4 For periods beginning 1 January 2006, composites must have consistent beginning and ending annual valuation dates. Unless the composite is reported on a non-calendar fiscal year, the beginning and ending valuation dates must be at calendar year-end (or on the last business day of the year). 1.A.6 For periods beginning 1 January 2006, the firm must value portfolios as of the calendar month-end.	For comparability purposes, consistent valuations dates are needed.
Carve-out returns	3.A.7 Carve-out returns excluding cash cannot be used to create a stand-alone composite. When a single asset class is carved out of a multiple-asset portfolio and the returns are presented as part of a single-asset composite, cash must be allocated to the carve-out returns and the allocation method must be disclosed. Beginning 1 January 2005, carve-out returns must not be included in single asset-class composite returns unless the carve-outs are actually managed separately with their own cash allocations.	3.A.7 Carve-out segments excluding cash must not be used to represent a discretionary portfolio and, as such, must not be included in composite returns. When a single asset class is carved out of a multiple asset portfolio and the returns are presented as part of a single asset composite, cash must be allocated to the carve-out returns. Beginning 1 January 2010, carve-out returns must not be included in single asset class composite returns unless the carve-out is actually managed separately with its own cash balance.	The IPC agreed to move the effective date of this provision to 1 January 2010, as it would be overly burdensome for firms to implement prior to 2010.
Mandatory Verification	The goal of the GIPS committee in drafting the verification procedures is to encourage broad	Verification will be mandatory effective 1 January 2010. The verification report must	The IPC believes that mandatory verification is an important part of

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	acceptance of verification. Verification is expected to become mandatory at some time in the future (but not prior to 2005).	cover periods from 1 January 2010 forward, at a minimum. Firms will have until 31 December 2011 to complete the initial verification. If a verification report has not been issued by 31 December 2011, the firm may no longer claim GIPS compliance.	the compliance process and proposes it be mandatory in 2010.
Significant Cash Flow s	From the Guidance Statement on the Treatment of Significant Cash Flows: “it is anticipated that the IPC will adopt a requirement to use Temporary New Accounts to handle significant cash flows beginning 1 January 2010, provided that the technology and programming required exists and is not cost prohibitive”	2.B.3 If the firm chooses to adjust for the treatment of significant cash flows, the use of a Temporary New Account is recommended.	Although the temporary new account concept continues to be “best practice” in the industry, from an implementation stand-point there are still too many practicality questions unanswered. Therefore, the IPC believes it is best to only recommend the use of temporary new accounts.
Fundamentals of Compliance			
	Not a section in the current GIPS standards	Added Section: Fundamentals of Compliance: Two of the most critical issues that a firm must consider when becoming compliant with the GIPS standards are the definition of the firm and the firm’s definition of discretion. The definition of the firm is the foundation for firm-wide compliance and creates defined boundaries whereby total firm assets can be determined. The firm’s definition of discretion establishes criteria to judge which portfolios should be in a composite to accurately reflect the application of the firm’s investment strategy. Once a firm meets all of the requirements of the GIPS standards, it must appropriately use the claim of compliance to indicate adherence to the Standards.	The GIPS standards needed a section that highlights the most important “fundamental” concepts surrounding a claim of GIPS compliance.
Definition of Firm	Introduction 12: <i>Definition of a Firm.</i> GIPS must be applied on a firmwide basis. A firm may define itself as: • an entity registered with the appropriate national regulatory authority overseeing the	FC.A.1: GIPS must be applied on a firmwide basis. FC.A.2: A firm must be defined as an investment firm, subsidiary, or division held out to clients or potential clients as a Distinct	Based on the content of the Guidance Statement on the Definition of Firm, the IPC added two requirements within GIPS. The IPC also removed two of the three options for defining the firm

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	<p>entity's investment management activities; <i>or</i></p> <ul style="list-style-type: none"> • an investment firm, subsidiary, or division held out to clients or potential clients as a distinct business unit (e.g., a subsidiary firm or distinct business unit managing private client assets may claim compliance for itself without its parent organization being in compliance); • (until 1 January 2005), all assets managed to one or more base currencies (for firms managing global assets). 	<p>Business Entity.</p> <p>FC.B.1: Firms are strongly encouraged to adopt the broadest, most meaningful definition of the firm. The scope of this definition should include all geographic (country, regional, etc.) offices operating under the same brand name regardless of the actual name of the individual investment management companies.</p>	<p>and focused on defining a firm based on how the entity present itself to the public.</p>
Other Fundamental Concepts	Not in the current GIPS standards	<p>FC.A.3: The firm must provide a compliant presentation to all prospective clients¹, i.e., the firm cannot choose to whom they want to present compliant performance. (As long as a prospective client has received a compliant presentation within the previous 12 months, the firm can present the prospect with interim performance information.)</p> <p>FC.A.4: Firms must provide a list and description² of composites to any prospective client that makes such a request.</p> <p>FC.A.5: When firms jointly market with other firms, the firm claiming compliance must be sure that it is clearly defined and separate relative to any other firms being marketed and that it is clear which firm is claiming compliance.</p>	<p>Several additional requirements are added in order to clarify the spirit of the GIPS standards and provide a clear idea of what is expected from compliant firms.</p>

¹ The calculation and presentation of pooled unitized products, such as mutual funds and open-ended investment companies, is regulated in most markets. These vehicles are not subject to this requirement (FC.A.3) when a firm is advertising performance solely for a pooled unitized product.

² A description may be more abbreviated than the full definition, but should include all salient features.

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		<p>FC.A.6: Total firm assets are equal to the market value of all discretionary and non-discretionary assets under management within the defined firm. This includes both fee-paying and non-fee-paying assets.</p> <p>FC.A.7: Firms must include the performance of assets assigned to a sub-advisor in a composite provided the firm has discretion over the selection of the sub-advisor.</p> <p>FC.A.8: Changes in a firm's organization <u>must</u> not lead to alteration of historical composite results.</p>	
Definition of Composites	Not in the current GIPS standards	FC.B.2: Firms are recommended to not market a composite to a prospective client with assets less than the composite's minimum asset level.	Added a recommendation to discourage a potential abuse of a minimum asset level.
Document Policies and Procedures	Not in the current GIPS standards	FC.A.9: Firms must document, in writing, their policies and procedures used in establishing and maintaining compliance with all the applicable requirements of the GIPS standards.	Clarified an implicit requirement for firms to document policies.
Certification, Guidance, and Interpretation of the GIPS Standards	Not in the current GIPS standards	FC.A.10: Firms must understand all the requirements and recommendations of the GIPS standards, including any updates, reports, Guidance Statements, interpretations, or clarifications published by AIMR and the Investment Performance Council, including the most recent update to the GIPS Handbook. All clarification and update information will be made available to the public via the AIMR Web site (www.aimr.org) and must be considered when determining a firm's claim of compliance.	Clarified an implicit requirement for firms to follow IPC and AIMR guidance regarding the GIPS standards.
Claim of Compliance	Introduction 17: <i>Claim of Compliance</i> . Once a firm has met all of the required elements of GIPS, the firm may use the following "Compliance Statement" to indicate that the performance presentation is in compliance with	FC.A.11: Once a firm has met all of the required elements of GIPS, the firm must use the following "Compliance Statement" to indicate that the performance presentation is in compliance with GIPS:	Revised the Claim of Compliance section to provide additional clarity and add the registered trademark symbol.

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	<p>GIPS:</p> <p>[Insert name of firm] has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).</p> <p>If the performance presentation does not meet all of the requirements of GIPS, firms cannot represent that the performance presentation is “in compliance with the Global Investment Performance Standard <i>except for . . .</i>” Statements referring to the calculation methodology used in a presentation as being “<i>in accordance</i> (or compliance) with the Global Investment Performance Standards” are prohibited except when applied to the performance of a single, existing client.</p>	<p>(Insert name of firm) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).</p> <p>FC.A.12: Compliance must be achieved on a firm-wide basis. If the firm does not meet all of the requirements of the GIPS standards, the firm cannot represent that it is “in compliance with the Global Investment Performance Standard except for...”</p> <p>FC.A.13: Statements referring to the calculation methodology used in a composite presentation as being “in accordance (or compliance) with the Global Investment Performance Standards” are prohibited.</p> <p>FC.A.14: Statements referring to the performance of a single, existing client as being “calculated in accordance” with the Global Investment Performance Standards” are prohibited except when reporting the performance of that individual account to the existing client.</p>	
Input Data			
	1.A.1 All data and information necessary to support a firm’s performance presentation and to perform the required calculations must be captured and maintained.	1.A.1 All data and information necessary to support a firm’s performance presentation and to perform the required calculations must be captured and maintained.	unchanged
	1.A.2 Portfolio valuations must be based on market values (not cost basis or book values).	1.A.2 Portfolio valuations must be based on market values (not cost basis or book values).	unchanged
	1.A.3 Portfolios must be valued at least quarterly. For periods beginning 1 January 2001, portfolios must be valued at least monthly. For periods beginning 1 January 2010, it is anticipated that firms will be required to value	1.A.3 For periods prior to 1 January 2001, portfolios must be valued at least quarterly. For periods between 1 January 2001 and 1 January 2010, portfolios must be valued at least monthly. For periods beginning January 1, 2010, firms	Restated to more clearly explain the time periods required for each valuation frequency. No longer anticipated but will require the valuation of portfolios on the date

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	portfolios on the date of any external cash flow.	will be required to value portfolios on the date of any external cash flow.	of any external cash flow in 2010.
	<p>1.A.4 Firms must use trade-date accounting beginning 1/1/2005.</p> <p>4.A.4 If settlement-date valuation is used by the firm.</p>	<p>1.A.4 The firm must use Trade Date Accounting for periods beginning 1 January 2005.</p> <p>4.A.4 For periods prior to 1 January 2005, the firm must disclose if it employs a transaction accounting method other than Trade Date Accounting.</p>	Provided a definition for trade date accounting for purposes of the GIPS standards, which requires a firm to record an asset or liability on the date in which the transaction is entered into.
	1.A.5 Accrual accounting must be used for fixed income securities and all other assets that accrue interest income.	1.A.5 Accrual accounting must be used for fixed income securities and all other assets that accrue interest income. Market values of fixed income securities must include accrued income.	Added sentence indicating that market values of fixed income must include accrued income (see current GIPS 2.A.3).
	1.A.6. Accrual accounting must be used for dividends (as of the ex-dividend date) beginning 1/1/2005.	1.A.6 For periods beginning 1 January 2010, Accrual Accounting must be used for dividends (as of the ex dividend date).	IPC unanimously felt that this requirement would be over-burdensome at this time and recommended that moving it to 2010 would be a reasonable solution to allow firms more time to upgrade systems.
	not included in the current GIPS standards	1.A.7 For periods beginning 1 January 2006, composites must have consistent beginning and ending annual valuation dates. Unless the composite is reported on a non-calendar fiscal year, the beginning and ending valuation dates must be at calendar year-end (or on the last business day of the year).	New requirement resulted from Composite Definition Guidance Statement
	not included in the current GIPS standards	1.A.8 For periods beginning 1 January 2006, the firm must value portfolios as of the calendar month-end.	Ensures that all portfolios are valued on the same date to obtain a basis for comparison
	<p>4.A.11 Any known inconsistencies between the chosen source of exchange rates and those of the benchmark must be described and presented.</p> <p>1.B.1 Sources of exchange rates should be the same for the composite and the benchmark.</p>	4.A.11 The firm must disclose and describe any known inconsistencies in the exchange rates used among the portfolios within a composite and between the composite and the benchmark.	Replaced recommendation with requirement to disclose when there are differences between exchange rates.
	not included the current GIPS standards	1.B.2 When presenting Net-Of-Fees returns, firms should accrue Investment Management	Resulting from the fees provisions, firms are encouraged

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		Fees	to accrue investment management fees
Calculation Methodology			
	2.A.1. Total return, including realized and unrealized gains plus income, must be used.	2.A.1 Total return, including realized and unrealized gains plus income, must be used.	unchanged
	2.A.2 Time-weighted rates of return that adjust for cash flows must be used. Periodic returns must be geometrically linked. Time-weighted rates of return that adjust for daily-weighted cash flows must be used for periods beginning January 1, 2005. Actual valuations at the time of external cash flows will likely be required for periods beginning 1 January 2010.	2.A.2 Time-weighted rates of return that adjust for cash flows must be used. Periodic returns must be geometrically linked. Approximated time-weighted rates of return that adjust for daily-weighted cash flows must be used for periods beginning 1 January 2005. Firms must use a “true” Time-Weighted Rate of Return calculation method for periods beginning January 1, 2010.	Updated the description for “true” TWRP based on the Calculation Methodology Guidance Statement
	2.A.3: In both the numerator and the denominator, the market values of fixed-income securities must include accrued income.	Combined with 1.A.5 Accrual accounting must be used for fixed income securities and all other assets that accrue interest income. <u>Market values of fixed income securities must include accrued income.</u>	Combined with Input Data provision that requires the use of accrual accounting for fixed income securities
	2.A.4. Composites must be asset-weighted using beginning-of-period weightings or another method that reflects both beginning market value and cash flows.	2.A.4 Composite performance must be calculated by asset-weighting the member portfolio returns using beginning-of-period values or a method that reflects both beginning-of-period values and cash flows.	Reworded for clarity
	2.A.5. Returns from cash and cash equivalents held in portfolios must be included in total return calculations.	2.A.5 Returns from cash and cash equivalents held in portfolios must be included in total return calculations.	unchanged
	2.A.6: All returns must be calculated after the deduction of the actual Trading Expenses incurred during the period. Estimated Trading Expenses are not permitted.	2.A.6: All returns must be calculated after the deduction of the actual Trading Expenses incurred during the period. Estimated Trading Expenses are not permitted. 2.A.9: If the actual direct Trading Expenses cannot be identified and segregated from a Bundled Fee: <ul style="list-style-type: none"> when calculating <u>Gross-Of-Fees returns</u>, returns must be reduced by the entire Bundled Fee, or the portion of the Bundled 	Changes resulting from the Fees Subcommittee provisions

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		<p>Fee that includes the direct Trading Expenses. Estimated Trading Expenses are not permitted.</p> <ul style="list-style-type: none"> when calculating <u>Net-Of-Fees returns</u>, returns must be reduced by the entire Bundled Fee, or the portion of the Bundled Fee that includes the direct Trading Expenses and the Investment Management Fee. Estimated Trading Expenses and Investment Management Fees are not permitted. <p>2.A.10: If a composite contains both portfolios where the <u>actual</u> direct Trading Expenses cannot be identified and segregated from a Bundled Fee and portfolios where the direct Trading Expenses can be <u>identified</u>, GIPS Calculation Methodology Requirement 2.A.9 (above) must be met for those portfolios where the direct Trading Expenses cannot be identified and segregated from a Bundled Fee when calculating the composite Gross-Of-Fees or Net-Of-Fees return.</p>	
	2.A.7. If a firm sets a minimum asset level for portfolios to be included in a composite, no portfolios below that asset level can be included in that composite.	2.A.7. If a firm sets a minimum asset level for portfolios to be included in a composite, no portfolios below that asset level can be included in that composite.	unchanged
	Not in the current GIPS standards	2.A.8: For periods beginning 1 January 2006, firms must calculate composite performance by asset-weighting the member portfolio returns at least monthly.	Added a new requirement to ensure more accurate calculations
	Not in the current GIPS standards	2.A.9 If the actual direct Trading Expenses cannot be identified and segregated from a Bundled Fee: (a) when calculating <u>Gross-Of-Fees returns</u> ,	Changes resulting from the Fees Subcommittee provisions

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		<p>returns must be reduced by the entire Bundled Fee, or the portion of the Bundled Fee that includes the direct Trading Expenses. Estimated Trading Expenses are not permitted.</p> <p>(b) when calculating <u>Net-Of-Fees returns</u>, returns must be reduced by the entire Bundled Fee, or the portion of the Bundled Fee that includes the direct Trading Expenses and the Investment Management Fee. Estimated Trading Expenses and Investment Management Fees are not permitted.</p>	
	Not in the current GIPS standards	2.A.10 If a composite contains both portfolios where the actual direct Trading Expenses cannot be identified and segregated from a Bundled Fee and portfolios where the direct Trading Expenses can be identified, GIPS Calculation Methodology Requirement 2.A.9 (above) must be met for those portfolios where the direct Trading Expenses cannot be identified and segregated from a Bundled Fee when calculating the composite Gross-Of-Fees or Net-Of-Fees return.	Changes resulting from the Fees Subcommittee provisions
	2.B.1. Returns should be calculated net of non-reclaimable withholding taxes on dividends, interest, and capital gains. Reclaimable withholding taxes should be accrued.	2.B.1 Returns should be calculated net of non-reclaimable withholding taxes on dividends, interest, and capital gains. Reclaimable withholding taxes should be accrued.	unchanged
	2.B.2: Performance adjustments for external cash flows must be treated in a consistent manner with the firm's documented policy.	2.A.11: Performance adjustments for external cash flows must be treated in a consistent manner with the firm's documented, composite-specific policy.	Upgraded the recommendation to a requirement in order to ensure firms utilized document policies for adjustments.
	Not in the current GIPS standards	2.B.3 If the firm chooses to adjust for the treatment of significant cash flows, the use of a Temporary New Account is recommended.	Added recommendation to clarify the use of a temporary new account is encouraged; however, not required.
Composite Construction			
	3.A.1 All actual fee-paying discretionary portfolios must be included in at least one	3.A.1 All actual, fee-paying, discretionary portfolios must be included in at least one	Stressed that non-discretionary portfolios should never be

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	composite.	composite. While non-fee-paying discretionary portfolios may be included in a composite (with appropriate disclosures), non-discretionary portfolios <u>must not</u> be included in a firm's composites.	included in a firm's composites.
	3.A.2. Firm composites must be defined according to similar investment objectives and/or strategies.	3.A.2 The firm's composites must be defined according to similar investment objectives and/or strategies.	Reworded for consistency.
	3.A.3. Composites must include new portfolios on a timely and consistent basis after the portfolio comes under management - unless specifically mandated by the client.	3.A.3 Composites must include new portfolios on a timely and consistent basis after the portfolio comes under management unless specifically mandated by the client.	unchanged
	3.A.4. Terminated portfolios must be included in the historical record of the appropriate composites up to the last full measurement period that the portfolio was under management.	3.A.4 Terminated portfolios must be included in the historical record of the appropriate composites up to the last full measurement period that the portfolio was under management.	unchanged
	3.A.5. Portfolios must not be switched from one composite to another unless documented changes in client guidelines or the redefinition of the composite make switching appropriate. The historical record of the portfolio must remain with the appropriate composite.	3.A.5 Portfolios must not be switched from one composite to another unless documented changes in client guidelines or the redefinition of the composite make it appropriate. The historical record of the portfolio must remain with the appropriate composite.	unchanged
	3.A.6. Convertible and other hybrid securities must be treated consistently across time and within composites.	3.A.6 Convertible and other hybrid securities must be treated consistently across time and within composites.	unchanged
	3.A.7 Carve-out returns excluding cash cannot be used to create a stand-alone composite. When a single asset class is carved out of a multiple-asset portfolio and the returns are presented as part of a single-asset composite, cash must be allocated to the carve-out returns and the allocation method must be disclosed. Beginning 1 January 2005, carve-out returns must not be included in single asset-class composite returns unless the carve-outs are actually managed separately with their own cash allocations.	3.A.7 Carve-out segments excluding cash must not be used to represent a discretionary portfolio and, as such, must not be included in composite returns. When a single asset class is carved out of a multiple asset portfolio and the returns are presented as part of a single asset composite, cash must be allocated to the carve-out returns. Beginning 1 January 2010, carve-out returns must not be included in single asset class composite returns unless the carve-out is actually managed separately with its own cash balance.	The IPC agreed to move the effective date of this provision to 1 January 2010, as it would be overly burdensome for firms to implement prior to 2010.
	3.A.8. Composites must include only assets under management and may not link simulated	3.A.8 Composites must include only assets under management. The firm must not link	Reworded for clarity.

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	or model portfolios with actual performance.	simulated or model portfolios with actual performance.	
	3.B.1: Separate composites should be created to reflect different levels of allowed asset exposure. 3.B.2: Unless the use of hedging is negligible, portfolios that allow the use of hedging should be included in different composites from those that do not.	Not in the proposed GIPS standards	These two recommendations were removed as they are considered guidance and are already a part of the Composite Construction Guidance Statement
	Not in the current GIPS standards	3.B.3 Carve-out returns should not be included in single asset class composite returns unless the carve-outs are actually managed separately with their own cash balance.	An attempt to halt industry abuse in regards to carve-out management until requirement to manage cash separately comes in to effect in 2010 (see 3.A.7).
Disclosures			
	4.A.1. The following disclosures are mandatory: definition of "firm" used to determine the firm's total assets and firmwide compliance.	4.A.1 The firm must disclose the definition of "firm" used to determine the firm's total assets and firmwide compliance.	Reworded for consistency
	4.A.2. The following disclosures are mandatory: Total firm assets for each period.	Not in the proposed GIPS standards	Removed as a requirement, as the IPC believes this information is easily derived from the other required data
	4.A.3 The availability of a complete list and description of all of the firm's composites.	4.A.3 The firm must disclose the availability of a complete list and description ³ of all of the firm's composites. The firm must be prepared to provide a compliant presentation for any composite listed on the firm's list of composites.	Fundamental to a firm's claim of compliance is the need for the firm to be able to produce a compliant presentation for any of the firm's composites.
	4.A.4. The following disclosures are mandatory: if settlement-date valuation is used by the firm.	4.A.4 For periods prior to 1 January 2005, the firm must disclose if it employs a transaction accounting method other than Trade Date Accounting.	Reworded for clarity
	4.A.5: The minimum asset level, if any, below which portfolios are not included in a composite.	4.A.5 Firms must document and disclose the minimum asset level, if any, below which portfolios are not included in a composite. Firms must also disclose any changes to the	Since firms can alter the minimum asset level, the requirement was strengthened to ensure firms disclose information relating to the

³ A description may be more abbreviated than the full definition, but should include all salient features.

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		minimum asset level and must not retroactively apply the new limit. The firm should not market a composite to a prospective client with assets less than the composite's minimum asset level.	change.
	4.A.6. The following disclosures are required: the currency used to express performance.	4.A.6 The firm must disclose the currency used to express performance.	Reworded for consistency
	4.A.7. The presence, use and extent of leverage or derivatives, including a description of the use, frequency and characteristics of the instruments sufficient to identify risks.	4.A.7 If applicable, the firm must disclose the presence, use, and extent of leverage or derivatives including a description of the use, frequency, and characteristics of the instruments sufficient to identify risks.	Reworded for clarity
	4.A.8 Whether performance results are calculated gross or net of investment management fees and other fees paid by the clients to the firm or to the firm's affiliates.	4.A.8 Firms must clearly label returns as Gross-Of-Fees or Net-Of-Fees.	Reworded for clarity
	4.A.9. Relevant details of the treatment of withholding tax on dividends, interest income, and capital gains. If using indexes that are net of taxes, firms must disclose the tax basis of the composite (e.g., Luxembourg based or U.S. based) versus that of the benchmark.	4.A.9 The firm must disclose relevant details of the treatment of withholding tax on dividends, interest income and capital gains. If using indexes that are net-of-taxes, the firm must disclose the tax basis of the composite (e.g. Luxembourg based or U.S. based) versus that of the benchmark.	Reworded for consistency
	4.A.10. The following disclosures are mandatory: for composites managed against specific benchmarks, the percentage of the composites invested in countries or regions not included in the benchmark.	4.A.10 For composites managed against a benchmark, the firm must disclose the percentage of the composites invested in countries, regions, or sectors not included in the benchmark for the most recent period.	Expanded to include regions or sectors outside of the benchmark and clarified this disclosure should be made for the most recent period.
	4.A.11 Any known inconsistencies between the chosen source of exchange rates and those of the benchmark must be described and presented. 1.B.1 Sources of exchange rates should be the same for the composite and the benchmark.	4.A.11 The firm must disclose and describe any known inconsistencies in the exchange rates used among the portfolios within a composite and between the composite and the benchmark.	Replaced recommendation with requirement to disclose when there are differences between exchange rates.
	4.A.12 Whether the firm has included any non-fee-paying portfolios in composites and the percentage of composite assets that are non-fee-paying portfolios.	5.A.8 If a composite contains any non-fee-paying portfolios, the firm must disclose, as of the end of each period, the percentage of the composite assets represented by the non-fee-paying portfolios.	Moved to Presentation & Reporting section and added disclosure items that will provide prospective clients with pertinent information regarding the

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			inclusion of non-fee-paying portfolios in the composite.
	4.A.13 Whether the presentation conforms with local laws and regulations that differ from GIPS requirements and the manner in which the local standards conflict with GIPS.	4.A.13 If the presentation conforms with local laws and regulations that differ from GIPS requirements, the firm must disclose this fact and disclose the manner in which the local laws and regulations conflict with GIPS.	Reworded for clarity
	4.A.14. For any performance presented for periods prior to 1/1/2000 that does not comply with GIPS, the period of non-compliance and how the presentation is not in compliance with GIPS.	4.A.14 For any performance presented for periods prior to 1 January 2000 that does not comply with GIPS, the firm must disclose the period of non-compliance and how the presentation is not in compliance with GIPS.	unchanged
	4.A.15 When a single asset class is carved out of a multiple-asset portfolio and the returns are presented as part of a single-asset composite, the method used to allocate cash to the carve-out returns.	4.A.15 For periods prior to 1 January 2010, when a single asset class is carved out of a multiple asset portfolio and the returns are presented as part of a single asset composite, the firm must disclose the policy used to allocate cash to the carve-out returns.	Clarified this disclosure was only required for periods prior to 2010 (when firms will no longer be able to carve out segments without their own cash)
	4.B.1 The portfolio valuation sources and methods used by the firm. 4.B.2 The calculation method used by the firm.	4.A.21 Firms must disclose that the portfolio, composite, and benchmark calculation methods and valuation sources are available upon request.	Upgraded and combined two recommendations into a requirement and indicated that firms must make these available upon request.
	4.B.3 When gross-of-fee performance is presented, the firm's fee schedule(s) appropriate to the presentation.	4.A.16 Firms must disclose the Fee Schedule appropriate to the presentation.	Change resulting from the Fees Subcommittee provisions. Upgraded recommendation to present fees schedule to requirement.
	4.B.4 When only net-of-fee performance is presented, the average weighted management and other applicable fees.	Not included in the proposed GIPS standards	Because firms will now be required to present the fee schedule, this recommendation is no longer necessary.
	4.B.5 Any significant events within the firm (such as ownership or personnel changes) that would help a prospective client interpret the performance record.	4.A.23 The firm must disclose any events (such as ownership or personnel changes, significant deviations between annual and interim performance results, etc.) which help a prospective client interpret the performance record.	Upgraded the recommendation to a requirement.
	Not in the current GIPS standards	4.A.17 If a composite contains portfolios with	Changes resulting from the Fees

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		<p>Bundled Fees, the firm must disclose for each annual period shown the percentage of composite assets that are Bundled Fee portfolios.</p> <p>4.A.18 If a composite contains portfolios with Bundled Fees, the firm must disclose the various types of fees that are included in the Bundled Fee.</p> <p>4.A.19 When presenting Gross-Of-Fees returns, firms must disclose if any other fees are included in addition to the direct Trading Expenses.</p> <p>4.A.20 When presenting Net-Of-Fees returns, firms must disclose if any other fees are included in addition to the Investment Management Fee and direct Trading Expenses</p>	Subcommittee provisions.
	Not in the current GIPS standards	4.A.22 The firm must disclose any discretionary use of a Sub-advisor(s).	New recommendations based on content from the Guidance Statement on Definition of the Firm.
	Not in the current GIPS standards	<p>4.A.24 Firms must disclose a description⁴ of the investment objectives, style, and/or strategy of the composite.</p> <p>4.A.26 If a firm determines that it is appropriate to redefine a composite, it must disclose the date and nature of the change. Changes to composites must not be applied retroactively.</p> <p>4.A.27 Firms must disclose any changes to the name of a composite.</p> <p>4.A.28 Firms must list “discontinued” composites on the firm’s list of composites for at least five years after discontinuation.</p>	These additions are based on the content of the Composite Definition Guidance Statement.

⁴ A description may be more abbreviated than the full definition, but should include all salient features.

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	Not in the current GIPS standards	<p>4.A.25 If a firm is redefined, it must disclose the date and reason for the redefinition.</p> <p>4.B.6 If a parent company contains multiple defined firms, each firm within the parent company is strongly encouraged to disclose a list of the other firms contained within the parent company.</p> <p>4.B.7 Firms should disclose when a change in a calculation methodology or valuation source results in a material impact on the performance of a composite return.</p>	New recommendations based on content from the Guidance Statement on Definition of the Firm.
Presentation and Reporting			
	5.A.1.a At least five years of performance (or a record for the period since firm inception, if inception is less than five years) that is GIPS compliant. After presenting five years of performance, firms must present additional annual performance up to ten years. (For example, after a firm presents five years of compliant history, the firm must add an additional year of performance each year so that after five years of claiming compliance, the firm presents a 10-year performance record.)	5.A.1.a The following items must be reported: At least five years performance (or a record for the period since firm or composite inception, if the firm or composite has been in existence less than five years) that is GIPS compliant; After presenting five years of performance, the firm must present additional annual performance up to ten years. (For example, after a firm presents five years of compliant history, the firm must add an additional year of performance each year so that after five years of claiming compliance, the firm presents a ten year performance record)	Added composite inception.
	5.A.1.b Firms must present annual returns for all years.	5.A.1.b The following items must be reported: Annual returns for all years	Reworded for consistency
	5.A.1.c The following items must be reported: the number of portfolios and amount of assets in the composite and the percentage of the firm's total assets represented by the composite at the end of each period.	5.A.1.c The following items must be reported: The number of portfolios and amount of assets in the composite, and the percentage of the firm's total assets represented by the composite at the end of each annual period.	Reworded for consistency
	5.A.1.d A measure of the dispersion of individual component portfolio returns around the aggregate composite return.	5.A.1.d A measure of dispersion of individual portfolio returns for each annual period.	Clarified the disclosure and that it is to be made for each annual period.
	5.A.1.e. The standard Compliance Statement indicating firmwide compliance with GIPS.	4.A.29 The firm must provide the standard Compliance Statement indicating firmwide compliance with the GIPS standards.	Moved to disclosures – reworded for consistency

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	5.A.1.f The following items must be reported: the composite creation date.	4.A.30 The firm must disclose the composite creation date.	Moved to disclosures
	5.A.2. Firms may link non-GIPS-compliant performance to their compliant history so long as firms meet the disclosure requirements of Section 4 and no non-compliant performance is presented for periods after January 1, 2000. (For example, a firm that has been in existence since 1990 that wants to present its entire performance history <i>and</i> claim compliance as of January 1, 2000, must present performance history that meets the requirements of GIPS at least from January 1, 1995, and must meet the disclosure requirements of Section 4 for any non-compliant history prior to January 1, 1995.)	5.A.2 The firm may link non-GIPS compliant performance to their compliant history, so long as the firm meets the disclosure requirements of Section 4 and no non-compliant performance is presented for periods after 1 January 2000. (For example, a firm that has been in existence since 1995 that wants to present its entire performance history and claim compliance beginning 1 January 2005, must present performance history that meets the requirements of GIPS at least from 1 January 2000, and must meet the disclosure requirements of Section 4 for any non-compliant history prior to 1 January 2000.)	Modified to reflect a more current example.
	5.A.3. Performance for periods of less than one year must not be annualized.	5.A.3 Performance for periods of less than one year must not be annualized.	unchanged
	5.A.4 Performance results of a past firm or affiliation can only be linked to or used to represent the historical record of a new firm or new affiliation if <ul style="list-style-type: none"> • a change only in firm ownership or name occurs, or • the firm has all of the supporting performance records to calculate the performance, substantially all the assets included in the composites transfer to the new firm, and the investment decision-making process remains substantially unchanged. 	5.A.4 Performance results of a past firm or affiliation <u>must</u> be linked to or used to represent the historical record of a new firm or new affiliation if: <ul style="list-style-type: none"> • a change only in firm ownership or name occurs, or • the firm has all of the supporting performance records to calculate the performance, substantially all the assets included in the composites transfer to the new firm, and the investment decision-making process remains substantially unchanged. 	Clarified to be consistent with interpretation and guidance. Firms are required to link past results if the following two conditions are met.
	5.A.5. If a compliant firm acquires or is acquired by a non-compliant firm, the firms have one year to bring the non-compliant firm's acquired assets into compliance.	5.A.5 If a compliant firm acquires or is acquired by a non-compliant firm, the firms have one year to bring the non-compliant firm's acquired composites into compliance.	Modified to focus on the need for composites to come into compliance, not firms.
	5.A.6: If a composite is formed using single-asset	5.A.6: If a composite is formed using single asset	Added a retroactive disclosure to the requirement to ensure pertinent

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	carve-outs from multiple asset class composites, the presentation must include the following: <ul style="list-style-type: none"> • a list of the underlying composites from which the carve-out was drawn, <i>and</i> • the percentage of each composite the carve-out represents. 	carve-outs from multiple asset class composites the presentation must include the following: <ul style="list-style-type: none"> • a list of the underlying composites from which the carve-out was drawn, and • the percentage of the composite that is composed of carve-outs. As of 1 January 2006, the firm must disclose this information for each period (retroactively and going forward).	information regarding carve outs is provided.
	5.A.7. The total return for the benchmark (or benchmarks) that reflect the investment strategy or mandate represented by the composite must be presented for the same periods for which the composite return is presented. If no benchmark is presented, an explanation of why no benchmark must be disclosed. If the firm changes the benchmark that is used for a given composite in the performance presentation, the firm must disclose both the date and the reasons for the change. If a custom benchmark or combination of multiple benchmarks is used, the firm must describe the benchmark creation and re-balancing process.	5.A.7 The total return for the benchmark (or benchmarks) that reflects the investment strategy or mandate represented by the composite must be presented for each annual period. If no benchmark is presented, the presentation must explain why no benchmark is disclosed. If the firm changes the benchmark that is used for a given composite in the performance presentation, the firm must disclose both the date and the reasons for the change. If a custom benchmark or combination of multiple benchmarks is used, the firm must describe the benchmark creation and re-balancing process.	Reworded for consistency.
Presentation and Reporting Recommendations	5.B.1. The following items should be included in the composite presentation or disclosed as supplemental information: <ul style="list-style-type: none"> (a) composite performance gross of investment management fees and custody fees and before taxes (except for non-reclaimable withholding taxes), (b) cumulative returns for composite and benchmarks for all periods, (c) equal-weighted means and median returns for each composite, (d) volatility over time of the aggregate composite return, and (e) inconsistencies among portfolios within a 	5.B.1: The following items should be included in the composite presentation or disclosed as supplemental information: <ul style="list-style-type: none"> (a) composite performance gross of Investment Management Fees and Administrative Fees and before taxes (except for non-reclaimable withholding taxes), (b) removed (c) removed (d) The firm is recommended to present the volatility over time of the aggregate 	Current 5.B.1.b and 5.B.1.c were removed as these were no longer viewed as relevant. 5.B.1.e is now covered in 4.A.11. The remainder of the recommendations were reworded for clarity.

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	<p>composite in the use of exchange rates.</p> <p>5.B.2: Relevant risk measures—such as volatility, tracking error, beta, modified duration, etc.—should be presented along with total return for both benchmarks and composites.</p>	<p>composite return and benchmark return,</p> <p>(e) Incorporated into 4.A.11</p> <p>5.B.2 Relevant composite-level risk measures such as beta, tracking error, modified duration, information ratio, Sharpe ratio, Treynor Ratio, credit ratings, and Value at Risk (VaR) should be presented along with total return for both benchmarks and composites for all periods presented.</p>	
<p>Presentation and Reporting Recommendations</p>	<p>Not in the current GIPS standards</p>	<p>5.B.3 After presenting the required five years of compliant historical performance, the firm is encouraged to bring any remaining portion of their <u>historical</u> track record into compliance with the GIPS standards. (This does not preclude the requirement that the firm must add annual performance to their track record on an <u>on-going</u> basis to build a ten year track record.)</p> <p>5.B.4 The firm is recommended to present the following additional performance-related information:</p> <ul style="list-style-type: none"> (a) Graphs and charts presenting specific information required or recommended under the GIPS standards (b) Returns for quarterly and/or shorter time periods (c) Annualized composite and benchmark returns for periods greater than 12 months (d) Composite-level country and sector weightings. 	<p>Additional recommendations indicate that firms should initially present more than the required five years of data and that the firm should consider presenting other specific performance-related information in addition to the required information.</p>
<p>Real Estate Provisions</p>			
	<p>Not in the current GIPS standards</p>	<p>Please see “Gold” GIPS, Section 6 for a listing of the Real Estate Provisions.</p>	<p>GIPS added new section to address the calculation and presentation of performance of</p>

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			real estate assets, which takes effect 1 Jan 2005.
Private Equity Provisions			
	Not in the current GIPS standards	Please see “Gold” GIPS, Section 7 for a listing of the Private Equity Provisions.	GIPS added new section to address the calculation and presentation of performance of private equity investments, which takes effect 1 Jan 2005.
GIPS Advertising Guidelines			
	Not in the current GIPS standards	Please see “Gold” GIPS Appendix B for a listing of the GIPS Advertising Guidelines	GIPS added new section to address the advertisement of a firm’s claim of compliance with the GIPS standards, which takes effect 1 Jun 2004.