

CFA Institute
Global Investment Performance Standards GIPS
Re: Guidance Statement on Performance Examinations
P.O. Box 3668
Charlottesville, Virginia 22903
USA

standards@cfainstitute.org

Basel, August 10, 2011
A.170.4 / MST / SLO

Re: Comments on the Exposure Draft of the Guidance Statement on Performance Examinations

Dear Sirs

We refer to your invitation to comment on the Exposure Draft of the Guidance Statement on Performance Examinations and would like to thank you very much for the opportunity to present our views.

The Swiss Bankers Association (SBA) is the leading professional organization of the Swiss financial centre. We offer the following comments in our capacity as Country Sponsor for GIPS in Switzerland. Our remarks and suggestions have been developed in the context of our Expert Group on GIPS in which both banks as well as auditors are represented.

In general, the Swiss Bankers Association welcomes the revision of the GIPS Guidance Statement on Performance Examinations so as to reflect the newest edition of the GIPS standards and the revised Guidance Statement on Verification and to improve the guidance on performance examinations.

The remarks below follow the chronology of the Exposure Draft. Thereby, we also address the specific questions asked in the consultation package.

We agree with the approach that the terms “composite” and “composite presentation” be viewed interchangeably (Question 1). Likewise, we agree that the verifier must obtain a list of all open and closed portfolios for the firm for the period(s) under examination (Question 2).

Regarding the section “Performance Examination Procedures – Portfolio Trade Processing” (Question 3) we believe that the proposed text is sufficient and that a specification of how verifiers should obtain the required documentation goes too far.

The procedure that a verifier should follow to obtain the documentation may differ significantly from firm to firm, depending on size, organization and quality of supervision and audit of the company. While in one case it may be appropriate to rely on documentation obtained from independent external parties, in another it might not enhance confidence and add value to the verification.

We are of the opinion that the procedures and sources to obtain documentation should be subject to the verifier's professional judgment. We therefore recommend that none of the three possibilities proposed in question 3 be included in the Guidance Statement.

Our comments on question 4 regarding the section "Performance Examination Procedures – Existence and Ownership of Client Assets" follow the same rationale as for question 3. We believe that the provision of documentation should be left to the professional judgment of the verifier. We thus suggest including neither one of the proposals in question 4. In the same context, we recommend that the sentence currently included in this section ("The verifier must make every reasonable effort to obtain these documents directly from independent external third parties (e.g. custodian, broker)") be deleted from the proposed Guidance Statement.

Concerning question 5 ("Performance Examination Procedures – Compliant Composite Presentation Information and Disclosures") we agree with the proposed treatment of supplemental information presented in the examined composite's compliant presentation.

In the chapter on the Representation Letter it is stated that "The compliant presentation for the composite is a fair and accurate representation of the firm's investment performance" (second bullet point). As we cannot see how a composite presentation could provide a fair and accurate representation of a firm's investment performance, we believe that this point should be rephrased as follows: "The compliant presentation for the composite is a fair and accurate representation of the composite's investment performance".

Again, we would like to thank you for the opportunity to comment on your exposure draft and the regard that you pay to our views. We are very interested, of course, in seeing the further development of the Guidance Statement and wish you plenty of success in finalizing this project. Please do not hesitate to contact us should you need additional information.

Yours sincerely,
Swiss Bankers Association



Claude-Alain Margelisch



Markus Staub