

# How to Become Compliant



## A. Learn about the GIPS standards

Make sure you know how rigorous the Standards are and how your firm will benefit from complying.

1. Read [the GIPS standards](#)
2. Purchase [the GIPS Handbook](#)
3. Review guidance and interpretations
  - Read [guidance statements by year and topic](#)
  - Read [questions and answers in the searchable database](#)

## B. Analyze your firm's ability to comply

Your firm may not be ready to comply with the GIPS standards. If your firm markets to institutional investors, you will find that compliance is, in essence, required. Even if you are not, you will find that compliance provides tremendous benefits; and, if you do market globally, you will find even more reasons to comply.

### 1. Evaluate the essentials of compliance

Do you have at least five years (or since the inception of your firm, if the firm is less than five years old) of the data necessary to calculate portfolio-level returns – that is, month-end market values and cash flows?

### 2. Develop a team

In order to comply, you need a firm-wide commitment to invest the time and resources into the project. We generally recommend a team approach to compliance, with representatives from several parts of the firm. It's important that everyone has at least some familiarity with the Standards, including:

- a. Legal and compliance
- b. Sales and marketing
- c. Portfolio management
- d. Operations
- e. Performance

### 3. Review your system capabilities

Firms that comply ideally have the systems resources to make the process go smoothly. You will likely need access to data from several systems to attain compliance. While some firms rely heavily on spreadsheets, you may find it helpful to use [software that is specifically designed for managing composites and assisting with compliance](#), including:

- a. Portfolio accounting
- b. Returns calculation
- c. Composites

### **C. Build the infrastructure to comply**

A few basics need to be in place before you can start implementing the GIPS standards:

1. Define the firm
2. Develop policies and procedures
3. Construct composites

### **D. Implement the requirements**

1. Prepare GIPS-compliant presentations
2. Ensure policies and procedures are followed consistently
3. Monitor compliance on an ongoing basis
4. Consider [verification](#)

### **E. Stay up to date with current developments**

- Sign up for the GIPS newsletter
- Attend GIPS conferences and workshops