

Preface: Background to Adoption of the GIPS Standards in Japan¹

The Security Analysts Association of Japan (SAAJ[®]), a not-for-profit association established in 1962, provides highly regarded education and continuing education programs for investment professionals, and engages in activities for the establishment/development of professional ethics and improvements in areas such as investment performance standards, financial accounting standards, corporate disclosure, etc. SAAJ members come from a broad range of sectors comprising the financial and investment industries and, as of March 2010, totaled over 23,000 individual members and over 500 corporate members.

As a professional organization covering various sectors related to investment management, SAAJ decided to commit itself to establishing/managing standards for performance presentation, with participation from various related industries, and in 1999 published SAAJ Investment Performance Standards (SAAJ-IPS[®]). Recognizing the move toward the convergence of local standards into global standards, effective 1 January 2006, the SAAJ-IPS standards were fully transformed into the Global Investment Performance Standards (GIPS) and the term “SAAJ-IPS” abolished. As GIPS Country Sponsor, SAAJ has continuously promoted the GIPS standards in Japan, and most major investment management firms are already in compliance. SAAJ has also actively participated in the GIPS Executive Committee’s efforts to develop the GIPS standards, contributing to improvements in the standards and management of the governing organization. SAAJ’s policy is to continue to make every effort for the further development and improvement of the GIPS standards.

History in Japan:

- In 1995, responding to the increasing need for a common set of standards for performance presentation in the investment industry in Japan, SAAJ commenced drafting the SAAJ-IPS standards by establishing the Investment Performance Standards Committee. Aiming to produce internationally acceptable standards, the SAAJ IPS Committee not only considered industry structure and practices specific to Japan but also carefully reviewed the content of global standards which the CFA Institute had started studying in 1995. As a result, by incorporating all elements of the GIPS standards (1999 edition) and adding provisions for real estate, venture investments, and after-tax returns which were not provided in the then GIPS standards, the SAAJ-IPS standards were formally established in 1999.
- Although upon their establishment the SAAJ-IPS standards already incorporated all elements of the GIPS standards, SAAJ revised them and restated them as the Japanese Version of GIPS in 2002 in accordance with the GIPS adoption guidelines established by the Investment Performance Council (IPC) under the CFA Institute in 2000.
- In 2005, the GIPS standards were revised by the IPC and saw the introduction of new sections covering real estate and private equity, areas not addressed in the previous edition, as well as the incorporation of best practices. Parallel with this, the IPC set new guidelines for the adoption of the GIPS standards by countries, either by adopting the English version or a Translation of GIPS (TG) by translating the standards into the respective local language. Accordingly, effective 1 January 2006, the SAAJ-IPS standards were revised and fully transformed into the Japanese Translation of GIPS.
- With the progress of the convergence of local standards into the GIPS standards, the IPC was dissolved and, in 2006, the new governance structure started reflecting the direct participation of GIPS Country Sponsors. As GIPS Country Sponsor, SAAJ has become a member of the GIPS Council and also Asia-Pacific Regional Investment Performance Subcommittee under the GIPS Executive Committee (GIPS EC). Several members of the SAAJ IPS Committee have also participated in GIPS EC’s various technical subcommittees and working groups. As such, SAAJ has actively contributed to revisions of the GIPS standards and creation of materials regarding interpretation.
- The 2010 edition of the GIPS standards was translated into Japanese by SAAJ and the Japanese Translation of the GIPS standards (2010 edition) was adopted by the SAAJ Board of Directors in April 2010.
- If a discrepancy arises between the Japanese Translation and the English version, the English version will be the official governing version.

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The Security Analysts Association of Japan

¹ This is the English translation of the preface of “Japanese Translation of GIPS”, 2010 edition.