

FUND FINANCE FRIDAY

GIPS 2020: An Incremental Change in Subscription Facility Disclosure

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At the end of last month, the CFA Institute released the latest iteration of its principles for representing investment performance. The Global Investment Performance Standards (GIPS) go into effect on Jan. 1, 2020. For the fund finance market, GIPS 2020 represents an incremental move towards more disclosure on the use of subscription facilities.

GIPS 2020 requires that firms report returns both with and without a subscription line, although ex-facility reporting is not required if loan principal is repaid within 120 days with capital call proceeds and no principal is used to fund distributions. Where subscription line reporting is required, firms must also provide the purpose, size and outstanding balance for the facility.

The GIPS standards haven't made many headlines over the past three weeks, probably in part because these changes were previewed in the earlier exposure draft. The GIPS initiative dates back to the mid-1990s and has been instrumental in advancing consistent and comparable reporting of investment performance on a global basis. Compliance with the standards are voluntary.

The 2020 editions of the GIPS standards may be downloaded at the following links for [firms](#), [asset owners](#), and [verifiers](#).