

## **Program and Budget Committee**

**Fortieth Session**  
**Geneva, June 15 to 19, 2026**

### **PROPOSED AMENDMENTS TO THE POLICY ON INVESTMENTS**

*prepared by the Secretariat*

#### **INTRODUCTION**

1. In July 2019, the WIPO Assemblies<sup>1</sup> approved an amendment to the Policy on Investments (WO/PBC/30/15). The amended Policy was approved in accordance with Financial Regulations 4.10 and 4.11<sup>2</sup> which confer upon the Director General the authority to make short-term investments of funds not required for immediate operational needs and long-term investments of funds held to the credit of the Organization, in accordance with the investment policy approved by Member States.
2. Since the last revision in 2019, the demand for WIPO's Global IP Services has continued to grow and the Organization has continued to generate significant cashflows from its operations. WIPO receives fees in advance from applicants and holds transitory cash on behalf of National IP Offices in connection with services provided through the global IP system treaties. The administration of these international IP protection treaties gives rise to a significant pool of cash that must be managed and invested.
3. Over the same period, the financial and regulatory environment has continued to evolve. Governance standards in investment management have matured and risk management methodologies have advanced. Accordingly, an update to the Policy on Investments is required to ensure that it continues to guide WIPO's investment activities effectively and to deliver results consistent with the Organization's financial objectives.

<sup>1</sup> A/59/13

<sup>2</sup> These Financial Regulations were subsequently replaced by Financial Regulations 3.19 which was applicable as of January 1, 2023, following the revision of the WIPO Financial Regulations and Rules.

## PROPOSED AMENDMENTS TO WIPO'S POLICY ON INVESTMENTS

4. In accordance with the Policy on Investments, one of the responsibilities of the Advisory Committee on Investments (ACI), a committee chaired by the Assistant Director General, Administration, Finance and Management Sector, and comprising representatives from key internal functions, together with two independent experts, is to annually review the policy and make recommendations for amendments. An external consultant was engaged to identify leading practices in investment portfolio management, including governance, risk management and the use of technology. These findings, derived from an extensive benchmarking exercise conducted with a range of organizations, including peer United Nations agencies, international organizations, non-government organizations, private sector multi-nationals, financial institutions, and pension funds, have informed the proposed amendments to the policy.

5. Additional amendments have been identified to provide additional clarity to the Policy on Investments. These reflect feedback from the Organization's external investment advisor and the Independent Advisory Oversight Committee (IAOC) in its course of regular reviews of WIPO's investments reporting. The proposed amendments were further informed by findings from the "Peer Review" conducted by The World Bank, the investment management audit carried out by WIPO's Internal Oversight Division (IOD), and the audit of the annual financial statements performed by WIPO's External Auditors.

6. The key changes are guided by best practice principles in investment management and seek to:

- i) refine and segment WIPO's investment objectives and portfolios to more closely align with the Organization's liquidity requirements across different time horizons;
- ii) improve the governance framework;
- iii) enhance management of investment risks; and
- iv) improve readability.

7. Each proposed amendment, together with an explanation of the rationale for the change, is set out in Annex 2 to the Amended Policy on Investments (Annex 1).

8. The following decision paragraph is proposed.

9. *The Program and Budget Committee (PBC) recommended that the Assemblies of WIPO, each as far as it is concerned, approve the amended Policy on Investments (document WO/PBC/40/10).*

[Amended Policy on Investments follows]

## Annex 1 - AMENDED POLICY ON INVESTMENT

## CONTENTS

<b>SCOPE AND PURPOSE .....</b>	<b>2</b>
DESCRIPTION OF INVESTOR.....	2
<b>GOVERNING AUTHORITY .....</b>	<b>2</b>
<b>INVESTMENT PORTFOLIOS, OBJECTIVES AND INVESTMENT HORIZONS.....</b>	<b>2</b>
<b>STAKEHOLDERS, ROLES &amp; RESPONSIBILITIES .....</b>	<b>4</b>
DIRECTOR GENERAL .....	4
ADVISORY COMMITTEE ON INVESTMENT (ACI).....	4
CONTROLLER.....	5
TREASURER, FINANCE DIVISION.....	5
EXTERNAL FUND MANAGERS.....	5
CUSTODIAN .....	6
<b>ASSET ALLOCATION .....</b>	<b>6</b>
<b>RISK TOLERANCE .....</b>	<b>7</b>
<b>ELIGIBLE ASSET CLASSES, CREDIT LIMITS &amp; DIVERSIFICATION .....</b>	<b>7</b>
<b>OTHER CONSIDERATIONS .....</b>	<b>7</b>
CURRENCY OF INVESTMENT .....	7
FINANCIAL DERIVATIVES .....	8
ETHICAL CONSIDERATIONS .....	8
BORROWINGS.....	8
PRIVILEGES AND IMMUNITIES OF THE ORGANIZATION .....	8
PERFORMANCE BENCHMARKS .....	8
PERFORMANCE MEASUREMENT .....	9
<b>DUTIES IN THE EVENT OF POLICY BREACH .....</b>	<b>9</b>
<b>REVIEW AND REVISION OF INVESTMENT POLICY.....</b>	<b>9</b>
<b>RELATED DOCUMENTS .....</b>	<b>9</b>
<b>GLOSSARY .....</b>	<b>11</b>

## SCOPE AND PURPOSE

### DESCRIPTION OF INVESTOR

1. The World Intellectual Property Organization (WIPO) was established pursuant to the Convention Establishing the World Intellectual Property Organization, which entered into force in 1970. In 1974, WIPO was recognized as a specialized agency of the United Nations.
2. WIPO is primarily a fee-funded organization, deriving the majority of its income from fees generated by its global IP systems. WIPO collects fees in advance from applicants and holds a significant volume of transitory cash on behalf of National IP Offices in connection with services provided through the Patent Cooperation Treaty (PCT), Madrid (Trademarks), and Hague (Industrial Designs) systems. The administration of these international IP protection treaties gives rise to a significant amount of cash that must be managed and invested.

### GOVERNING AUTHORITY

3. WIPO's financial activities, including the investment of funds, are governed by its Financial Regulations and Rules, approved by the General Assembly. The Policy on Investments is developed pursuant to Financial Regulation 3.19, which confers upon the Director General the authority to make short-term and long-term investments of funds in accordance with the Organization's investment policy as approved by the Assemblies.
4. As required by Financial Regulation 2.15, the Director General presents a proposed Program of Work and Budget for each biennial budget period to Member States for approval. In accordance with Financial Regulation 2.18, income and expenditure estimates are presented in Swiss francs. Furthermore, Financial Regulation 3.16 requires that WIPO's annual financial statements, including the results of investment activities, be presented in Swiss francs, the Organization's functional currency.

### INVESTMENT PORTFOLIOS, OBJECTIVES AND INVESTMENT HORIZONS

5. This policy applies to all investments held on behalf of WIPO across four defined investment portfolios, each designed to meet distinct financial objectives. Each portfolio has a target objective, liquidity requirements, risk profile and investment horizon, and serves a specific purpose in supporting the Organization's financial sustainability and success. The portfolios are maintained as operationally segregated tranches to achieve their respective objectives. The four investment portfolios are:
  - 5.1 **Liquidity – Short-Term** – This investment portfolio holds the cash required by the Organization to meet short-term (not more than one-year) working capital requirements. The amount invested in this portfolio is equivalent to the target

Reserves and Working Capital Funds (RWCF) as established in WIPO's Policy on Reserves.<sup>3</sup>

Investments in this portfolio prioritize capital preservation and short-term liquidity, with minimal tolerance for investment risk. The primary objectives of the Liquidity Short-Term portfolio, in order of importance, are:

- (i) preservation of nominal capital,<sup>4</sup>
- (ii) provision of liquidity as required by the target reserve, and
- (iii) within the constraints of (i) and (ii), the rate of return.

**5.2 Liquidity – Medium-Term** – This investment portfolio constitutes cash reserves that will meet contingencies over the one-to-four-year period. The portfolio size is set within a range equivalent to between 80% to 120% of the two-year rolling average of the sum of WIPO's current liabilities (as reported in the audited financial statements) and amounts related to the Special Project Reserves, less the portion of ASHI current liabilities and the target reserve for two years. The Liquidity Medium-Term portfolio is not expected to be used in the short term but is invested in such a way that access is possible without material costs.<sup>5</sup>

Investments in this portfolio target stable, modest returns over the medium-term. The primary objectives, in order of importance, are:

- (i) preservation of nominal capital,
- (ii) medium-term liquidity and,
- (iii) within the constraints of (i) and (ii), the nominal rate of return.

**5.3 Strategic – Medium-Term** – This investment portfolio comprises the balance of cash remaining after allocations to the Liquidity Short-Term, Liquidity Medium-Term and Strategic Long-Term portfolios. The Strategic Medium-Term portfolio has an investment horizon of four to ten years and is not expected to be drawn upon within a one-to-four-year period.

This portfolio is designed to maintain a medium-term reserve to fund new Capital Master Plan (CMP) projects and to support the Organization's initiatives with funding for innovative projects through investment gains. The portfolio targets growth and value creation with an objective of generating a positive real return, net of any management and administrative fees, over a rolling five-year period.<sup>6</sup>

<sup>3</sup> WIPO's Policy on Reserves establishes the total amount of the RWCF as a percentage of the estimated biennial expenditure (PBE factor). The PBE factor provides an indication of how long WIPO's operation could be funded by drawing exclusively on the Reserve funds.

<sup>4</sup> WIPO aims to achieve a market return whenever appropriate for its investments, in line with the benchmarks indicated in paragraphs 35 to 39. In the period where negative interest conditions prevail, target market returns may undermine the preservation of capital.

<sup>5</sup> Current liabilities include Advanced Receipts, Transfers Payable, Current Accounts, Payables and Accruals and Provisions as presented in WIPO's financial statements.

<sup>6</sup> WIPO manages the level of reserves in accordance with its Policy on Reserves. The policy establishes the principles and approval mechanism for the use of reserves for one-time projects for capital improvements and exceptional circumstances.

- 5.4 Strategic – Long-Term** – This portfolio represents cash and investments set aside, and which may continue to be set aside, to finance WIPO's After Service Health Insurance (ASHI) liability. This portfolio is held by the WIPO/UPOV After Service Health Insurance Plan (ASHIP).<sup>7</sup>

The portfolio is managed over a long-term investment horizon with the objective of achieving capital growth and a positive overall return. The return target, determined in accordance with the prevailing Asset and Liability Management (ALM) study, aims to achieve a funding cover ratio of 100 per cent of the ASHI liability within a 20-year horizon.<sup>8</sup>

## STAKEHOLDERS, ROLES & RESPONSIBILITIES

### DIRECTOR GENERAL

6. The Director General reviews and approves recommendations submitted by the Advisory Committee on Investments (ACI).
7. In accordance with Financial Regulations 3.19, the Director General shall regularly inform the Program and Budget Committee (PBC) of the status of WIPO's short-term and long-term investments.

### ADVISORY COMMITTEE ON INVESTMENT (ACI)

8. The Committee is composed of members appointed by the Director General. ACI members are selected based on relevant experience in investment management, risk management, their ability to exercise independent and objective judgment, and a collective balance of skills aligned with the Organization's investment universe. An Office Instruction establishing the Committee was issued by the Director General.
9. This Committee provides advice to the Director General in respect of the investment of the Organization's funds pursuant to Financial Regulation 3.19. This advice covers such matters as contents of the investment policy, strategy, asset allocation, appropriate performance benchmarks, and investment guidelines. Specific responsibilities of the ACI are included in WIPO's Office Instruction.<sup>9</sup>
10. In order to carry out the responsibilities described under paragraph 9 above, the Committee may retain the services of experts outside the Organization having relevant experience in the financial sector. The ACI meets whenever necessary but at least quarterly.

<sup>7</sup> In July 2024, the Assemblies of the Member States of WIPO approved the creation of a multi-employer plan in document A/65/6 with the responsibility for the funds set aside by WIPO for the financing of employee benefit liabilities outlined in document WO/PBC/37/12.

<sup>8</sup> In July 2022, the Assemblies of the Member States of WIPO approved the funding proposal for long-term employee benefits outlined in document A/63/7, specifically to have an annual charge up to 10 per cent of personnel costs starting from biennium 2024/25. The funding proposal targets a cover ratio of 100 per cent of WIPO's ASHI liability within a period of 20 years.

<sup>9</sup> This refers to Office Instruction No. 12/2021 on WIPO Advisory Committee on Investments (ACI).

## CONTROLLER

11. In accordance with Financial Regulation 1.1 together with Financial Rules 103.27 and 103.28, the authority to make and prudently manage investments in accordance with the investment policy approved by Member States under Financial Regulation 3.19, is delegated to the Controller.
12. Furthermore, in accordance to Financial Rule 103.29, the Controller ensures, by establishing appropriate investment guidelines,<sup>10</sup> that funds are held in currencies and asset classes that place primary emphasis on minimizing loss of principal while ensuring the liquidity necessary to meet the Organization's cashflow requirements.

## TREASURER, FINANCE DIVISION

13. The Treasurer, part of the Finance Division, acts as the Secretary to the ACI and is responsible for carrying out investment activities and reporting on all investments made. The Treasurer liaises with external fund managers and the custodian, and prepares monthly reports on the status of investments for submission to the ACI via the Controller. These reports cover investment performance relative to benchmarks and risk statistics. The Treasurer is additionally responsible for monitoring the criteria which would result in placing an external fund manager on "watch" for potential replacement. The resulting report will be submitted to the ACI, via the Controller. The Treasurer also undertakes a month-end review of trade executions.
14. Cashflow projections for all investment portfolios will be updated on a monthly basis by the Treasurer in order to ensure that sufficient funds are available to meet the Organization's liquidity requirements established for each portfolio. The Treasurer is also responsible for managing relationships with banks and all other financial counterparties, including regular monitoring of their credit ratings.
15. The responsibility for investing the Liquidity – Short Term portfolio lies with the Treasurer, under the oversight of the ACI. This includes, but is not limited to:
  - (a) Construction and management of a portfolio of investments that meets the liquidity requirements of the Organization;
  - (b) Dealing with established investment counterparties and in asset classes which satisfy the terms of this investment policy;
  - (c) Evaluation and maintenance of relationships with investment counterparties, including coordinating the legal documentation;
  - (d) Credit risk analysis of counterparties; and
  - (e) Monitoring financial markets.

## EXTERNAL FUND MANAGERS

16. External fund managers are individuals or companies engaged to provide professional investment management services, managing assets such as equities, bonds and real estate either through separate mandates or through pooled investments, with the objective of meeting the Organization's specified investment goals.

<sup>10</sup> These guidelines are issued as administrative instructions, consistent with the policy on investment.



17. External Fund Managers may invest in any of the asset classes listed in Appendix 1, subject to the requirements and constraints set out in the investment guidelines as defined by the ACI and approved by the Director General.<sup>11</sup>
18. When required, the selection of external fund managers will be conducted in accordance with the Organization's procurement framework.<sup>12</sup>

## CUSTODIAN

19. The custodian is the financial institution responsible for safeguarding the Organization's financial assets. The custodian holds assets such as equities and bonds, arranges settlement of purchases and sales of such assets and collects related income. The custodian may provide other services such as asset valuation, risk analysis, performance monitoring of the external fund managers, and compliance reporting.
20. When required, the selection of a custodian will be conducted in accordance with the Organization's procurement framework.<sup>13</sup>

## ASSET ALLOCATION

21. The asset allocation for Liquidity Short-Term Portfolio, Liquidity Medium-Term Portfolio and Strategic Medium-Term Portfolio is determined by the ACI, whose recommendations are submitted to the Director General for approval.
22. The asset allocation for Strategic Long-Term Portfolio is driven by the financial and actuarial characteristics of WIPO's ASHI liabilities. The asset allocation is reviewed in a regular cycle by an Asset and Liability Management (ALM) study, the results of such studies which are reviewed by the ACI. Based on these findings, the ACI recommends any necessary adjustments to the composition of the investment portfolios, with such recommendations being submitted to the Director General for approval.
23. Cash flows between portfolios shall follow a defined order of preference, ensuring that the liquidity needs of the Organization are met as a priority, before funds are allocated across portfolios with different investment horizons (short, medium and long-term). Movements of funds between portfolios are guided by rules set out in the Investment Guidelines, ensuring consistency, discipline, and alignment with the Organization's financial planning framework.

<sup>11</sup> These guidelines, consistent with the policy on investment, should not be confused with the investment guidelines issued as administrative instructions by the Controller.

<sup>12</sup> It is noted that there may be specificities for this type of service which may not be the same as standard procurement. For example, where the payment is taken directly from the asset, there is no need for a pre-encumbrance through a Purchase Requisition; or it may be more appropriate to have an open-ended contract to allow full flexibility in managing the investment.

<sup>13</sup> Like the conditions for External Fund Managers, the specificities for this type of service may not be the same as standard procurement. For example, where the payment is taken directly from the asset, there is no need for a pre-encumbrance through a Purchase Requisition.

## **RISK TOLERANCE**

24. WIPO's Risk Management Policy sets out the Organization's approach to managing risks and controls in a systematic, structured and consistent manner in support of WIPO's Medium-Term Strategic Plan. This Policy is in accordance with Regulation 5.1 of the Financial Regulations and Rules, on establishing frameworks for results-based management, enterprise risk management and internal controls, and Regulation 5.2 on establishing an internal control framework and system in accordance with relevant and prevailing best practices.
25. The level of risk taken in relation to investment activities is consistent with the investment objectives, return targets and investment horizon of each of the four portfolios. WIPO uses Conditional Value at Risk (CVaR) as a risk metric to measure portfolio tolerance to potential losses in value over a specified time horizon and at a given confidence. Risk tolerance levels are determined and approved by the Director General based on recommendations from the ACI. The ACI is responsible for understanding and continuously monitoring the risks.

## **ELIGIBLE ASSET CLASSES, CREDIT LIMITS & DIVERSIFICATION**

26. Eligible asset classes and their minimum credit rating are set out in Appendix 1. The ACI may propose investments in asset classes which are not established in Appendix 1 on the basis of recommendations received from the Controller, provided that the investment in a new asset class does not exceed 5 per cent exposure on the targeted portfolio or 10 per cent if from a combination of new asset classes. Such recommendations will be submitted to the Director General for approval.
27. Investments may only be held with institutions with credit ratings as set out in Appendix 1. Guidance on the credit quality of institutions will be supported by the use of Credit Default Swaps. Liquidity – Short Term will be invested across multiple institutions, with the aim of diversifying such monies amongst a minimum of four institutions, wherever possible, with no more than 30 per cent of the portfolio to be held with any one institution.
28. Counterparty credit risk exposure limits apply based on the recommendation of the ACI. Investments placed with subsidiaries or affiliates of a counterparty are aggregated when determining the percentage of money held with the institution concerned. Limits may be temporarily exceeded owing to foreign currency fluctuations, the maturity of large investments, changes in cash flow or downgrading of institutions.

## **OTHER CONSIDERATIONS**

### **CURRENCY OF INVESTMENT**

29. The investments should be made considering the functional currency of the Organization, currently the Swiss franc.

30. Where investments are held in currencies other than the Swiss franc, the use of hedging instruments to minimize the risk arising from currency fluctuations against the Swiss franc, and thereby avoid total negative investment returns, is permitted. The hedging strategies related to investment activities are defined in the Investment Guidelines and are authorized by the Controller, after consultation with the ACI.

### **FINANCIAL DERIVATIVES**

31. Investment in derivatives for speculative purposes is not permitted.

### **ETHICAL CONSIDERATIONS**

32. Investments take into consideration the United Nations Responsible Investment Statement and whether the entity issuing the investment has embraced the United Nations Global Compact's ten principles in the areas of human rights, labor standards, the environment and anti-corruption ([www.unglobalcompact.org](http://www.unglobalcompact.org)). All investment activities are conducted in compliance with the principles outlined in WIPO's Policy on Preventing and Detecting Fraud and Other Prohibited Acts.

### **BORROWINGS**

33. Using leverage for investments is not permitted. Similarly, external fund managers are prohibited from borrowing funds from any institutions in order to leverage investments.

### **PRIVILEGES AND IMMUNITIES OF THE ORGANIZATION**

34. Whenever new investment business is initiated with a counterparty, the Organization will indicate that the investment is placed subject to its Privileges and Immunities. The counterparties should agree not to withhold taxes nor to attach the account/assets for legal claims.

### **PERFORMANCE BENCHMARKS**

35. Liquidity Short-Term Portfolio will be managed internally by reference to the 3-month SARON rate for Swiss francs or other financial market equivalent of similar tenor.
36. Liquidity Medium-Term Portfolio will be managed by external fund managers by reference to a composite benchmark comprising different asset classes targeting comparable market returns invested over the medium-term investment horizon.
37. Strategic Medium-Term Portfolio will be managed by external fund managers by reference to a composite benchmark comprising different asset classes targeting comparable market returns invested over the medium-term investment horizon.
38. Strategic Long-Term Portfolio will be managed by external fund managers by reference to a composite benchmark comprising different asset classes invested over the long-term investment horizon.
39. Each investment portfolio will have a performance benchmark specified within its investment guidelines. Such benchmarks must meet the following criteria;
- (i) unambiguous, transparent and simple;

- (ii) investable and replicable;
- (iii) measurable and stable;
- (iv) appropriate to the investment purpose, and
- (v) specified in advance.

## **PERFORMANCE MEASUREMENT**

- 40. For Liquidity Medium-Term Portfolio, Strategic Medium-Term Portfolio and Strategic Long-Term Portfolio, the custodian will report the performance of externally managed portfolios on a monthly basis and ensure that external fund managers have adhered to their investment guidelines. Performance of internally managed cash will be calculated in Swiss francs, i.e. after eliminating the effect of fluctuations in the currencies in which the funds are invested.
- 41. The performance of Liquidity Short-Term Portfolio will be assessed against appropriate benchmarks. The performance of external fund managers will be measured relative to the benchmark and any additional indicators, as specified in the investment guidelines.
- 42. The overall portfolios and benchmark performances presented in Swiss francs will be reported to the ACI monthly. The report will include comparative performance figures for the previous quarters and previous year.
- 43. The annual financial statements will disclose details of all investments in accordance with International Public Sector Accounting Standards (IPSAS) and investments will accordingly be subject to audit.

## **DUTIES IN THE EVENT OF POLICY BREACH**

- 44. In the event of a breach of a provision or section of this policy, the Treasurer is required to notify the ACI no later than one business day after the breach is discovered. The ACI is then responsible for assessing how the breach may be brought within guidance in an appropriate and cost-effective manner. In the event that the policy breach results from market developments, the ACI may make recommendations to the Director General that increase exposure above the exceeded limit to protect the financial interest of the portfolios.

## **REVIEW AND REVISION OF INVESTMENT POLICY**

- 45. This policy is reviewed annually by the ACI on the basis of recommendations from the Controller, with recommendations submitted to the Director General. Following such review, any revisions are submitted to the Member States for approval. More frequent ad-hoc reviews may be undertaken as the result of market circumstances or other factors.

## **RELATED DOCUMENTS**

- 46. This Investment Policy forms an integral part of WIPO's overall financial and governance framework and is to be read and applied in conjunction with other relevant policies, rules, guidelines, and internal administrative instructions of the Organization.

The effective implementation of this Policy is supported by, and closely linked to, related governing documents, including, the following;

- (i) WIPO Financial Regulations and Rules
- (ii) Investment Guidelines
- (iii) Policy on Reserves
- (iv) WIPO Risk Management Policy
- (v) WIPO Procurement Guidelines
- (vi) WIPO Policy on Preventing and Detecting Fraud and Other Prohibited Acts and,
- (vii) WIPO Treasury and Cash Management Manual.

## GLOSSARY

**Asset Allocation:** Asset allocation is how investors divide their investment portfolios among different assets that might include cash, fixed income assets, equities or real estate. As each asset class behaves differently with different risks and return potential, WIPO aims to balance risk and rewards based on its financial objectives, risk tolerance, and investment horizon.

**Asset and Liability Management (ALM) study:** An ALM study is a strategic financial analysis conducted to manage risks arising from mismatches between an organization's assets and liabilities. By focusing on the correlation between assets and liabilities, WIPO can align its investment strategy with its financial obligations, thereby balancing financial sustainability with financial commitments.

**Conditional Value at Risk (CVaR):** WIPO uses CVaR measurement, which is a statistical measure used to estimate the potential loss in the value of the investment portfolio over a specific time horizon at a level of confidence. WIPO applies a 12-month CVaR at a 95% confidence level, which is the widely accepted industry standard. This CVaR measure is the expected return of the portfolio in the worst 5% of the scenarios over one year.

An example - A 12-month CVaR at a 95% confidence level amounting to -10% would mean that the expected average loss in the worst 5% of return outcomes for the portfolio is -10%.

**Credit Default Swaps (CDS):** A CDS is a contract between two parties in which one party purchases protection from another party against losses from the default of a borrower for a defined period of time. The movement on the price of the contract provides signals regarding the likelihood of a credit event, including the probability of default. WIPO reviews the price movements of available CDS of counterparties to ascertain the credit quality of its financial counterparties.

**Financial Derivatives:** Financial derivatives are financial instruments that are linked to a specific financial indicator, and through which financial risks can be traded in financial markets in their own right. Although they carry inherent risks, financial derivatives can facilitate the management of financial risk.

**Investment Horizon:** Investment horizon is a term used to identify the length of time an investor is aiming to maintain their portfolio before selling their assets.

## Eligible Asset Class

Public Asset Class	Minimum credit rating <sup>14</sup>	
	Short-term (up to 12 months)	Long-term (12 months plus)
<b>Cash or Equivalent</b>		
Call, savings or deposit accounts	A-2/P-2	A/A2
Certificates of deposit/time deposits		
Structured deposits		
Cross-currency deposits		
<b>Money market investments</b>		
Commercial paper	A-3/P-3	BBB/Baa3
Repurchase/reverse repurchase agreements	A-2/P-2	A/A2
Banker's acceptance		
<b>Bonds, notes or other obligations and other fixed income products purchased directly by WIPO</b>		
Government bonds	A-3/P-3	BBB-/Baa3
Sub-sovereign bonds – provincial, municipal, territorial		
Supranational bonds		
Private placements		
Corporate bonds	A-3/P-3	BBB-/Baa3
<b>Bonds, notes or other obligations and fixed income products acquired as shares in pooled market traded funds</b>		
Government bonds	Up to a maximum of 35% of the portfolio's assets may be invested in high yield bonds BB+/Ba1 to C/Ca; 100% of assets may be held in investment Grade (AAA/Aaa to BBB-/Baa3)	Up to a maximum of 35% of the portfolio's assets may be invested in high yield bonds BB+/Ba1 to C/Ca; 100% of assets may be held in investment Grade (AAA/Aaa to BBB-/Baa3)
Sub-sovereign bonds – provincial, municipal, territorial		
Supranational bonds		
Corporate bonds		
<b>Real Estate</b>		
Real Estate Investment Trusts (REITs)	Not applicable	Not applicable
Real Estate Funds	Not applicable	Not applicable
<b>Equities</b>		
Equity funds	Not applicable	Not applicable
Direct equity holdings	Not applicable	Not applicable

<sup>14</sup> WIPO relies on credit ratings published by Moody's, Standard & Poor's and FITCH IBCA. Where on securities not rated by the three approved companies, an alternative rating service is permitted only to the extent that the rating service provider appears to be objective and independent in its analysis.

## ANNEX 2: Proposed amendments to the Policy on Investments

No	Section / Sub-Section	Paragraph(s) – Operating (OC) and Core Cash (CC)	New / Modification/ Deletion / No Change	Paragraph(s) in amended Policy	Reason for change <sup>15</sup>
		Paragraph(s) – Strategic Cash (SC) <sup>16</sup>			
1.	Scope and Purpose / Description of Investor	1 to 2 – OC & CC	Modification	1 to 2	These modifications are introduced to provide greater clarity by emphasizing the Organization's operating model of administering the international treaties for IP protection and consequently, the amount of cash that is required to be managed and invested.
		1 to 2 – SC			
2.	Scope and Purpose / Authority	3 to 4 – OC & CC	Modification	3 to 4	There are no substantive changes. These modifications are introduced to reflect the updated Financial Regulations (2.15, 2.18, 3.16 and 3.19) from WIPO Financial Regulations and Rules (FRR) which were applicable as from January 1, 2023.
		3 to 4 – SC			
3.	Stakeholders, Roles & Responsibilities / Director General	5 to 6 – OC & CC	Modification	6 to 7	There are no substantive changes. These modifications are introduced to reflect the updated Financial Regulation 3.19 from WIPO's FRR which were applicable as from January 1, 2023.
		5 to 6 – SC			
4.	Stakeholders, Roles & Responsibilities / Advisory Committee on Investments	7 to 9 – OC & CC	Modification	8 to 10, 21 to 23	There are no substantive changes. These modifications are introduced to provide greater clarity than its predecessor with reference to the WIPO Office Instruction which highlights the terms of reference of the Advisory Committee on Investments.
		7 to 9 – SC			
5.	Stakeholders, Roles & Responsibilities / Controller	10 to 11 – OC & CC	Modification	11 to 12	There are no substantive changes. These modifications are introduced to replace Financial Rule 104.10, Regulations 4.10 and 4.11 from the previous FRR with Financial Rules 103.27, 103.28 and 103.29 from WIPO FRR which were applicable as from January 1, 2023. These Financial Rules continue to provide authority to the Controller to make short-term (103.27) and long term (103.28) investments of cash standing to the credit of the Organization, and establish appropriate guidelines on investment management (103.29).
		10 to 11 – SC			
6.	Stakeholders, Roles & Responsibilities / Treasurer, Finance Division	12 to 15 – OC & CC	Modification	13 to 15	These modifications are introduced to improve the governance framework by implementing best practice principles in financial management based on the recommendations from the Independent Advisory and Oversight Committee (IAOC).
		12 to 13 – SC			

<sup>15</sup> Certain changes were necessary to meet findings raised by the Internal Oversight Division and WIPO's External Auditors. Recommendations by the Independent Advisory and Oversight Committee are also introduced in the amended policy. Where applicable, these changes are highlighted accordingly in the Annex.

<sup>16</sup> Editorial changes were made in the amended policy to remove duplication in the Operating and Core Cash policy and the Strategic Cash policy, specifically from item #1 to 21.



<b>No</b>	<b>Section / Sub-Section</b>	<b><u>Paragraph(s) – Operating (OC) and Core Cash (CC)</u></b>	<b><u>New / Modification/ Deletion / No Change</u></b>	<b><u>Paragraph(s) in amended Policy</u></b>	<b><u>Reason for change<sup>15</sup></u></b>
		<b><u>Paragraph(s) – Strategic Cash (SC)<sup>16</sup></u></b>			
7.	Stakeholders, Roles & Responsibilities / External Fund Managers	16 – OC & CC	Modifications	16 to 18	These modifications are introduced to provide greater clarity than its predecessor by including “pooled investments” that are externally managed in the definition of “External Fund Managers”. Additionally, the governance framework is strengthened with specific reference to the Organization’s procurement framework and the specificities for this type of service which may not be the same standard procurement. These modifications are necessary to meet the recommendations raised by WIPO’s External Auditors.
		14 – SC			
8.	Stakeholders, Roles & Responsibilities / Custodian	17 – OC and CC	Modifications	19 to 20	These modifications are introduced to strengthen the governance framework with specific reference to the Organization’s procurement framework and the specificities for this type of service which may not be the same standard procurement. These modifications are necessary to meet the recommendations raised by WIPO’s External Auditors.
		15 – SC			
9.	Investment Objectives, Risk Tolerance and Constraints / Objectives	18 to 19 – OC and CC	Modification	5	These modifications are proposed to implement best practice principles in financial management with the introduction of four investment portfolios. The modifications provide greater clarity on the amount to be apportioned to each portfolio, the time horizon for investing, and the intended purpose for each of the investment portfolios. Furthermore, the term “Cash” was removed in the naming of the portfolios based on the recommendations from IAOC.
		16 to 18 – SC			
10.	Investment Objectives, Risk Tolerance and Constraints / Risk Tolerance	20 – OC and CC	Modification	24 to 25	These modifications are introduced to implement best practice principles in financial risk management with the use of Conditional Value at Risk (CVaR) as a measure of portfolio risk and to replace the “low risk” and “some risk” descriptions from its predecessor. These modifications improve WIPO’s governance framework and are necessary to meet the recommendations from the Internal Oversight Division (IOD).
		19 – SC			
11.	Investment Objectives, Risk Tolerance and Constraints / Constraints	21 to 24 – OC and CC	Modification	5, 26 to 28	There are no substantive changes. Editorial modifications are introduced to provide greater clarity than its predecessor.
		20 – SC			
12.	Investment Objectives, Risk Tolerance and Constraints / Currency of Investment	25 to 26 – OC and CC	Modification	29 to 30	These modifications are introduced to implement best practice principles in financial risk management with the introduction of improved reporting on risk related to currency movements and the subsequent actions approved to mitigate these risks related to investment activities. These modifications improve WIPO’s governance framework and are necessary to meet the recommendations from the IOD.
		21 to 22 – SC			

<b>No</b>	<b>Section / Sub-Section</b>	<b>Paragraph(s) – Operating (OC) and Core Cash (CC)</b>	<b>New / Modification/ Deletion / No Change</b>	<b>Paragraph(s) in amended Policy</b>	<b>Reason for change<sup>15</sup></b>
		<b>Paragraph(s) – Strategic Cash (SC)<sup>16</sup></b>			
<b>13.</b>	Investment Objectives, Risk Tolerance and Constraints / Credit Limits	27 – OC and CC	Modification	28	This modification is introduced to provide best practice principles in financial risk management with the use of Credit Default Swaps to define risk exposure limits with counterparties. This modification improves WIPO's governance framework also complies with the recommendations from IOD.
		23 – SC			
<b>14.</b>	Investment Objectives, Risk Tolerance and Constraints / Ethical Considerations	28 – OC and CC	Modification	32	This modification is introduced to improve the governance framework by including consideration to the United Nation's Responsible Investment Statement. In practice, all WIPO's investments as at April 30, 2026 meet this requirement.
		24 – SC			
<b>15.</b>	Investment Objectives, Risk Tolerance and Constraints / Borrowings	29 – OC and CC	No change	33	There is no change in this section.
		25 – SC			
<b>16.</b>	Eligible Asset Classes	30 – OC and CC	Modification	26 to 28, Appendix 1	These modifications are introduced to provide greater clarity than its predecessor with the use of Appendix 1, which shows the eligible asset classes for investments and its related credit ratings. These modifications include best practice principles to allow for the introduction of new asset classes by the ACI subject to the constraints mentioned in paragraph 26. Furthermore, additions to include the use of credit default swaps as signals for risk (paragraph 27) and establishing counterparty limits (paragraph 28) improves WIPO's governance framework and also complies with the recommendations from IOD.
		26 – SC			
<b>17.</b>	Eligible Asset Classes / Guidelines for External Managers	31 to 33 – OC and CC	Modification	16 to 17	There are no substantive changes. Editorial modifications are introduced to provide greater clarity than its predecessor by moving the guidelines for External Fund Managers to the Investment Guidelines, an administrative document issued by the Director General.
		27 to 29 – SC			
<b>18.</b>	Privileges and Immunities of the Organization	34 – OC and CC	No change	34	There is no change in this section.
		30 – SC			
<b>19.</b>		35 to 36 – OC and CC	Modification	35 to 39	These modifications are introduced to provide greater clarity than its predecessor with an update on the reference to performance benchmarks. These modifications improve

<b>No</b>	<b>Section / Sub-Section</b>	<b>Paragraph(s) – Operating (OC) and Core Cash (CC)</b>	<b>New / Modification/ Deletion / No Change</b>	<b>Paragraph(s) in amended Policy</b>	<b>Reason for change<sup>15</sup></b>
		<b>Paragraph(s) – Strategic Cash (SC)<sup>16</sup></b>			
	Performance Measurement / Benchmarks	31 – SC			WIPO's governance framework and are necessary to meet the recommendations from the IOD.
<b>20.</b>	Performance Measurement / Performance Measurement and Reporting	37 to 40 – OC and CC	Modification	40 to 43	These modifications are not substantive and are editorial to provide greater clarity than its predecessor.
		32 to 35 – SC			
<b>21.</b>	Performance Measurement / Credit Limits	Page 10	Deletion	Appendix 1	This sub-section is deleted and replaced with Appendix 1, which references approved rating agencies.
		Page 20			
<b>22</b>	Financial Derivatives		New	31	This addition is introduced as the best practice and is to improve governance with specific instructions on the use of financial derivatives and their constraints.
<b>23</b>	Duties in the Event of Policy Breach		New	44	As a best practice principle in financial management, this addition is introduced to provide for improved governance with the introduction of specific instructions regarding the methods and timeliness of communication and escalation in the event of a breach in policy. This modification is necessary to meet the recommendations from IOD.
<b>24</b>	Review and Revision of Investment Policy		New	45	As a best practice principle in financial management, this is to provide for improved governance with specific instructions regarding the timeliness of review and revision of the policy. This addition is necessary to meet the recommendations from IOD.
<b>25</b>	Related Documents		New	46	As a best practice principle in financial management, this addition is introduced to provide for improved governance with references to specific documents related to the amended policy. This addition is necessary to meet the recommendations from IOD.
<b>26</b>	Glossary		New	Page 11	As a best practice principle in financial management, this addition is introduced to provide greater clarity on the technical terms used in the policy. This addition, first highlighted during the "Peer Review" with the World Bank is necessary to meet the recommendations from IOD.