

Annual Meeting of Members
Meeting Minutes
11 May 2018
Hong Kong, SAR

PRESENTERS:

Robert W. Jenkins, FSIP
CFA Institute Board of Governors Chair

Paul Smith, CFA
President and CEO at CFA Institute

Frédéric P. Lebel, CFA
*CFA Institute Board of Governors Immediate Past Chair,
Nominating Committee Chair*

Diane Basile, CFA
Chief Financial Officer at CFA Institute

Joseph P. Lange
Corporate Secretary at CFA Institute

FRIDAY, 11 MAY 2018
11:45 A.M. TO 12:00 P.M. HKT

OPENING REMARKS

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair
Mr. Joseph P. Lange, Corporate Secretary at CFA Institute

The 2018 Annual Meeting of Members of the CFA Institute was called to order, and would be conducted according to the procedures set forth on the meeting agenda.

The reports on the mailings of the proxy materials, the quorum of today's meeting and the appointment of inspectors of election were presented to the meeting attendees. On 26 March 2018, the record date for the Annual Meeting of Members, there were 155,754 regular members of CFA Institute. On 28 March 2018, the notice of meeting and proxy statement mailings were made complete. The quorum requirement for conducting all CFA Institute business was 10% of the regular membership votes, or in this case – 15,575 – either in person or by proxy. As of the 11:59 a.m. ET deadline for CFA Institute to receive proxy on Wednesday, 9 May 2018, 25,142 proxies were submitted, constituting approximately 16% of the regular membership and therefore meeting the quorum requirement.

It was observed that prior to the meeting, Ms. Stephanie Ennaco and Ms. Emily Grymes, both of CFA Institute, had been appointed and taken oaths to serve as inspectors of election.

Regular members with proxies in their possession were asked to submit them to the inspectors of election. Regular members, who had not voted by submitting their proxies and wished to vote, were directed to the

designated area in the room or the webcast to obtain and cast a meeting ballot. The inspectors of election were tasked with verifying and tabulating meeting proxies and ballots, and certifying the vote cast for each motion. The final tally of votes was as follows:

Election Summary

Total Returns by Internet	24,892	99%
Total Returns by Mail/ Telephone	250	1%
Total Returns	25,142	100%
Total Ballots Distributed	155,754	
Percent Returned	16.14%	

INTRODUCTION OF OUTGOING AND CONTINUING GOVERNORS

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

The six outgoing Governors – Ms. Elizabeth Corley, FSIP, CBE; Frédéric P. Lebel, CFA; Mr. Colin McLean, FSIP; Mark Lazberger, CFA; Mr. George Spentzos, CFA, FSIP; and Ms. Lynn Stout – were recognized and thanked for their service. With respect to Ms. Lynn Stout, who sadly passed away on 16 April 2018, the Chair remarked on her distinguished career and her many contributions to the CFA Institute Board of Governors.

The continuing Governors were then recognized:

Ms. Leah Bennett, CFA	Mr. Sunil Singhania, CFA
Mr. Daniel Gamba, CFA	Mr. Paul Smith, CFA
Mr. Yu Hua, CFA	Mr. Zouheir Tamim El Jarkass, CFA
Mr. Robert Jenkins, FSIP	Ms. Maria Wilton
Ms. Diane Nordin, CFA	

ELECTION OF THE CHAIR AND VICE CHAIR

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair
Mr. Frédéric P. Lebel, Nominating Committee Chair

It was announced that the Chair and Vice Chair would be elected, each for one-year terms starting on 1 September 2018 to 31 August 2019. It was mentioned that the members of the Nominating Committee were:

Mr. Julio Cardozo, CFA	Mr. Robert Jenkins, FSIP
Ms. Elizabeth Corley, FSIP, CBE	Mr. Sunil Singhania, CFA
Mr. Philip Graham, CFA	Mr. Kenneth Yee, CFA

The nominee for Chair was Ms. Heather Brilliant, CFA, and the nominee for Vice Chair was Ms. Diane Nordin, CFA. A summary of each nominee’s professional background and personal statement were included in the proxy materials. Mr. Lebel stressed the candor and confidentiality of the Committee’s work in identifying nominees. The Committee’s diversity and the diversity of the groups solicited for governor candidate recommendations was emphasized. A brief overview of the nominations process was provided.

Mr. Lebel moved for the election of the nominees for Chair and Vice Chair. The motion was seconded, and there was with no further discussion. Both nominees received approximately 90% of the votes cast in favor of

their election, 3% against and 7% abstained. Accordingly, the nominees for Chair and Vice Chair were duly elected. The final tally of votes was as follows:

Heather Brilliant, CFA (Chair)

For: 22,796 (90.66%)
 Against: 700 (2.78%)
 Abstain: 1,646 (6.54%)
 Total: 25,142

Diane Nordin, CFA (Vice Chair)

For: 22,686 (90.23%)
 Against: 729 (2.89%)
 Abstain: 1,727 (6.86%)
 Total: 25,142

ELECTION OF GOVERNORS

*Presenter: Mr. Robert W. Jenkins, Board of Governors Chair
 Mr. Frédéric P. Lebel, Nominating Committee Chair*

It was announced that the governors would be elected, each for three-year terms starting on 1 September 2018 to 31 August 2021. The Board in fiscal year 2019 would be comprised of 15 Governors, including 14 elected Governors and the President and CEO of CFA Institute. The nominees for Governor were:

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|-------------------------------------|---|
| Mr. Alex Birkin | Ms. Punita Kumar-Sinha, CFA |
| Mr. Robert Bruner | Mr. Geoffrey Ng, CFA |
| Mr. Dan Fasciano, CFA | Mr. Zouheir Tamim El Jarkass, CFA (second term) |
| Mr. Daniel Gamba, CFA (second term) | |

A summary of each nominee’s professional background and personal statement were included in the proxy materials. It was noted that the Board in FY2019 would consist of 80% charterholders, 33% women, 40% from North America, 40% from Asia, and 20% from Europe and the Middle East. FY2018 guidance from the Board stated the need for governor nominees with technology experience, gender diversity, Asian area expertise, and audit experience. It was felt the nominees for governor satisfied these skills sets, with some exception in the area of technology expertise. Mr. Jenkins moved for the election of the nominees for governor. The motion was seconded, and there was no further discussion. Each nominee received approximately 87-90% of the votes cast in favor of his or her election, 3-5% against and 7-9% abstained. Accordingly, each Governor nominee was duly elected. The final tally of votes was as follows:

Alex Birkin

For: 21,821 (86.79%)
 Against: 1,176 (4.67%)
 Abstain: 2,145 (8.53%)
 Total: 25,142

Dan Fasciano, CFA

For: 22,580 (89.80%)
 Against: 651 (2.58%)
 Abstain: 1,911 (7.60%)
 Total: 25,142

Punita Kumar-Sinha, CFA

For: 22,520 (89.57%)
 Against: 792 (3.15%)
 Abstain: 1,830 (7.27%)
 Total: 25,142

Robert Bruner

For: 21,910 (87.14%)
 Against: 1,102 (4.38%)
 Abstain: 2,130 (8.47%)
 Total: 25,142

Daniel Gamba, CFA

For: 22,560 (89.73%)
 Against: 686 (2.72%)
 Abstain: 1,896 (7.54%)
 Total: 25,142

Geoffrey Ng, CFA

For: 22,570 (89.77%)
 Against: 693 (2.75%)
 Abstain: 1,879 (7.47%)
 Total: 25,142

Zouheir Tamim El Jarkass, CFA

For: 22,340 (88.85%)
 Against: 849 (3.37%)
 Abstain: 1,953 (7.76%)
 Total: 25,142

AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

Member proposals for fiscal year 2018 were presented by the Chair as they were presented in the Proxy Statement.

Articles of Incorporation

- Amendment to Article 2(d) – Purposes
93% For / 2% Against / 5% Abstained
- Amendment to Article 5 – Board of Governors
93% For / 2% Against / 5% Abstained

Bylaws

- Amendment to Article 3.2(b)(iv) – Regular Members
82% For / 12% Against / 6% Abstained

It was noted that the amendment to Article 3.2(b)(iv) of the Bylaws received the most questions from members. It was clarified that this proposal did not grant individuals the charter through a merger process, rather it would allow for individuals to become regular members.

Mr. Jenkins moved for approval of the amendments to the Articles of Incorporation and Bylaws. The motion was seconded, and there was with no further discussion. Accordingly, the amendments to the Articles and Bylaws were approved. The final tally of votes was as follows:

Amendment to Article 2(d)

For: 23,337 (92.82%)
Against: 620 (2.46%)
Abstain: 1,185 (4.71%)
Total: 25,142

Amendment to Article 5

For: 23,444 (93.24%)
Against: 460 (1.82%)
Abstain: 1,238 (4.92%)
Total: 25,142

Amendment to Article 3.2(b)(iv)

For: 20,704 (82.34%)
Against: 2,913 (11.58%)
Abstain: 1,525 (6.06%)
Total: 25,142

RATIFICATION OF THE EXTERNAL AUDITOR

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

The Audit and Risk Committee has appointed PricewaterhouseCoopers LLP as the organization’s independent public accounting firm to perform the fiscal 2018 audit of CFA Institute consolidated financial statements. A summary of the external auditor proposal was included in the proxy statement.

As the motion was seconded, and there was with no further discussion, the ratification of the external auditor received 93% of the votes cast for, 3% against, and 4% abstained. Accordingly, PricewaterhouseCoopers LLP is duly ratified as the external auditor. The final vote tally was as follows:

Ratification to the External Auditor

For: 23,362 (92.92%)
Against: 741 (2.94%)
Abstain: 1,039 (4.13%)
Total: 25,142

REPORT OF THE CHAIR

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

Mr. Jenkins discussed the current relevancy of the charter and ensuring its relevancy in the future. Record CFA Program registrations suggest the charter is relevant today. One step in ensuring it remained relevant was the CFA program curriculum. Over the years, the curriculum had changed. Quite rightly, a cautious approach was always taken in determining what changes should be made to the curriculum. This, of course, took time and risked the curriculum lagging in certain pockets of market practice; however, the advantage was the curriculum was grounded in demonstrable skills.

The question of whether the relevancy of the designation was dependent on the content of the exam was considered in detail. It was surmised that if the exam could not guarantee the relevancy of the knowledge implicit in the charter because of a constantly changing industry, continuing education (CPD) would have to play a part in maintaining relevancy. How much, what type, and in what form were open for debate. It was acknowledged that mandatory continuing education was controversial to members even though it was believed most members would likely meet any minimum requirements set. Still, CPD was a feature of most professional organizations, and a more vibrant and compelling continuous education program was needed to ensure relevancy. It was asserted doing so was a strategic imperative. Therefore, CFA Institute was elevating the importance of its CPD offering. The medium-term goal was to make it more relevant, accessible, and easy to record. The ultimate goal was to create a program that helped members enhance their career.

REPORT OF THE PRESIDENT AND CEO

Presenter: Mr. Paul Smith, President and CEO at CFA Institute

The CEO cited the CFA Institute mission statement and the three prongs of the three-year strategy for delivering on the statement: 1.) develop well credentialed investment professionals (credentialing); 2.) help members maintain their abilities and stay at the top of their profession (member value); and 3.) help the profession protect investors and build excellent careers within the profession (market integrity). It was felt progress was being made, and the course was well set to lead the investment profession. Leadership was defined as being the dominant force within the investment industry and establishing a profession – a profession that serves clients interest rather than sells people products.

Priorities over the next three years were around the concept of deepening and professionalizing the investment profession, specifically CPD, the Societies 2.0 project, and technology. There were charterholders in 165 countries worldwide, which made for an immense global reach.

The credentialing 2030 project was described as a forward looking visioning exercise to reflect on the forces changing the environment of the profession. Key components were building a learning ecosystem for CFA Program; investigating computer based testing for exam delivery; improving CPD; positioning the CFA Program to provide career pathing for specialist micro-credentials; and allowing for multiple learning paths by recognizing third-party learning as partial fulfillment for credentials.

Technology was key for the Societies 2.0 project because a mutually shared technology platform would allow CFA Institute and CFA Member Societies to work together to have a better impact on the communities they served. The CEO encouraged everyone to download the member app because going forward, goods and services would be delivered through the app. It would also be the point of communication for societies and members. Societies 2.0 aimed to ensure the organization spoke with one voice to members. Since the local voice was the one that resonated most with members, resources would be channeled from CFA Institute

through CFA Member Societies to members, with the goal of ensuring members felt they received an immense amount of value for the membership fees they paid.

To date, CFA Institute had increased operational funding at the society level. In July, management would submit a budget increase for society operational funding to the Board. Brand spending – globally and through CFA Member Societies – would also increase, as would advocacy efforts through newly established U.S. and E.U. society advocacy councils. To support the new Societies 2.0 strategy, society leader training was a budgetary focus as well.

REPORT OF THE CFO

Presenter: Ms. Diane Basile, Chief Financial Officer at CFA Institute

In fiscal year 2017, registrations grew by 10% and membership grew by 7%. The regional breakdown for candidates was 49% Asia Pacific (APAC); 20% Europe, Middle East, and Africa (EMEA); and 31% Americas. For members, 63% were from the Americas region; 20% from the EMEA region; and 17% from the APAC region.

The top five markets for CFA Program candidates – China, USA, India, Canada, and UK – represented about 75% of all administrations. All five markets grew on a year over year basis. This growth contributed to strong revenue growth – \$313 million USD in FY17. Of that, 87% came from certificate programs, and the remainder (\$41 million USD), which was up from \$39 million USD in FY16, came from member dues.

Twice as many resources were dedicated to program services relative to support services in FY2017. Included in program services were a \$35 million USD investment in building brand awareness through globally and locally run public relations efforts and a new advertising campaign; a \$17 million USD investment in setting professional standards that strengthened global investor confidence in market integrity; \$33 million USD went to working with global CFA Member Societies to support the network of 157,000 members worldwide; and \$39 million USD went to educational programs and resources to help members better position themselves for success.

As for the support services side, CFA Institute tasked itself to implement organization-wide process efficiency gains. Direct funding had also been increased to member societies. For risk mitigation, CFA Institute continued to maintain a contingency reserve account, which was intended to support the financial stability of the organization in the event of a crisis.

FY2017 was a strong year, leaving the organization well positioned to deliver on its strategic initiative to deliver member value and support all member societies with a broad range of resources in support of its shared mission.

OTHER BUSINESS

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

No other business was announced.

ADJOURNMENT

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

Mr. Jenkins asked for a motion to adjourn the meeting. The motion was seconded and all voted in favor of officially adjourning the 2018 Annual Meeting of Members.

QUESTIONS AND COMMENTS FROM THE MEMBERS

Presenter: Mr. Robert W. Jenkins, Board of Governors Chair

A question from the membership came from a member in the room who asked how computer based testing would impact the cost of administering the CFA exam. In response, Mr. Smith stated it was believed it would increase expenses in the short term. In the medium to longer term, it was expected the cost per candidate would be less than it was today. Mr. Smith emphasized that the Board had not approved computer based testing. The Board had greenlighted a sense of direction as opposed to a specific plan because the project was still very new. It was noted that computer based testing was still years away from implementation.

From the room, a member asked why senior leadership, including management and board members, were not required to be charterholders. Mr. Jenkins explained that behind selecting candidates for governor was first determining the combination of skills the organization required for proper oversight. Furthermore, being a charterholder was an expressed preference. If there were gaps in knowledge on the Board, it was felt that selecting a non-charterholder to fill the gaps was acceptable because the objective was to create a balanced Board.

A member commented that there had been a shift in recent years to embracing more non-charterholders as members of CFA Institute, and if the organization wanted to have a proper impact on society, this should be embraced. It was asked what the pros and cons were relating to increasing the ratio of charterholder members to non-charterholder members of CFA Institute. In response, it was stated that one con was that if the organization's reach was limited only to charterholders, a cap would be placed on a small percentage of the investment profession. This would in turn beg the question of whether the mission could then be achieved. A major pro to having a more expansive view of CFA Institute membership was it would enable a broader impact on the investment community. It was noted that only 5% of members were not charterholders. In 5-10 years' time as this number grew, this topic was expected to be a much livelier debate.

One member suggested that instead of allowing non-charterholders to serve on the CFA Institute Board of Governors, they participated in advisory councils to the Board. Mr. Smith responded that board level direction might not always be found in the charterholder rank. Hence the need to have non-charterholders serving on the Board. It was stated that the Board should provide management with the most intelligent well-informed direction it could and from the most qualified candidates it could find.

It was asked why there was not an open election for governors. Mr. Jenkins explained that an open election was not best practice in public companies. The slate was a result of a long process that sought to achieve the appropriate aggregate skills and balance in governors that served the interests of all members. The danger of putting forward a candidate was that large organizations might muster the votes necessary to elect a specific candidate, and a popularity contest might not serve the interest of all members. It was emphasized that members had the ability to vote in favor, against, or abstain from the voting matters related to the nominations slate.

A member asked via the web if it made sense to continue to impose mandatory CPD on retired CIPM members. Mr. Smith stated that because there was not a status that indicated a CIPM certificate holder was retired, certificate holders must meet the professional requirements to maintain the designation. It was stated that there were no plans to change the CPD requirement in the future.