



Setting the global standard for investment professionals

**BOARD OF GOVERNORS
MEETING MINUTES
2 February 2008
Sydney, Australia**

Notice: 22 January 2008

Governors Present:

Mark J.P. Anson, CFA	Stanley G. Lee, CFA
Alida Carcano, CFA	Jeffrey D. Lorenzen, CFA
Pierre Cardon, CFA	Daniel S. Meader, CFA
Jeffrey J. Diermeier, CFA	George W. Noyes, CFA
Vincent Duhamel, CFA *	Nicola Ralston, FSIP
Margaret E. Franklin, CFA	Brian D. Singer, CFA
Emilio Gonzalez, CFA (Chair)	John C. Stannard, CFA, FSIP
James E. Hollis, CFA	Thomas B. Welch, CFA
Samuel B. Jones, Jr., CFA	Teong Keat (T.K.) Yap, CFA

Presidents Council
Representatives
Present:

Terence E. Burns, CFA	Attila K. Koksal, CFA
Elizabeth Hamilton-Keen, CFA	Todd Parker Lowe, CFA (Chair)
Marla L. Harkness, CFA	Richard Mak, CFA
Helmut Henschel	Jeffrey T. Matthias, CFA
Jan Jackrel, CFA	Joni K. Pierce, CFA

Also Present:

John L. Bowman, CFA, Head, Educational Products, CFA Institute
Jean A. Cash, Managing Director, Human Resources, CFA Institute
Raymond J. DeAngelo, Managing Director, Member and Society, CFA Institute
Margaret M. Eisen, CFA, Managing Director, Marketing and Communications, CFA Institute
Barbara L. Higgins, Chief Planning Officer and Head, Registration and Event, CFA Institute
Robert R. Johnson, CFA, Deputy CEO and Managing Director, Education Division, CFA Institute
Christine I. Koppel, CFA, Designated Officer, Professional Conduct Program, CFA Institute
Christine J. Krecek, Strategic Planning Administrator, CFA Institute
Joseph P. Lange, Corporate Secretary, CFA Institute
William P. McKeithan, General Counsel, CFA Institute
Timothy G. McLaughlin, CFA, Managing Director and Chief Financial Officer, Finance and Corporate Support, CFA Institute

* Present for Part of Meeting

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Nitin M. Mehta, Managing Director, Europe, Middle East and Africa Operations,
CFA Institute
Thomas R. Robinson, CFA, Head, Educational Content, CFA Institute
Kurt N. Schacht, CFA, Managing Director, CFA Institute Centre for Financial
Market Integrity
Jan R. Squires, CFA, Managing Director, Asia Pacific Operations, CFA Institute
Ashvin P. Vibhakar, CFA, Deputy Head, Asia Pacific Operations, CFA Institute
Guy P. Williams, Head, Finance and Risk Management, CFA Institute

Materials

Distributed

Prior to Meeting: CFA Institute Board Binder

Materials

Distributed

at the Meeting: Report of the Awards Committee
Report of the Nominating Committee
Resolution for EMEA Region Strategy Plan
Board Meeting Minutes dated 20 November 2007
2008 Fact Sheet for Global Investment Research Challenge

Chair: Emilio Gonzalez, CFA

Meeting Secretary: Joseph P. Lange

Board Committee Reports

The chair of the following Board committees gave overviews of their recent activities to supplement the memoranda included in the Board binders.

Executive Committee (EC)

- o Continued discussion of the CEO and Senior Management External Directorship Policy;
- o Reviewed the proposal to establish the treasurer position at CFA Institute as an internal appointment with finance; and
- o Developing the Board performance evaluation for distribution in Vancouver.

Audit and Risk Committee (ARC)

- o Provided oversight of the PricewaterhouseCoopers external audit process;
- o Reviewed the consolidated financials for fiscal year 2007;
- o Reviewed the internal audit process to ensure matters were on schedule; and
- o Received an updated risk management report.

External Relations and Volunteer Involvement Committee (ERVIC)

- o Update on the SPAGG initiative;
- o Discussed society development and how to interact with existing societies with regards to structure and minimum criteria; and
- o CFA Institute Centre presented its executive compensation piece.

Planning Committee (PC)

- Conducting a post-mortem on the planning retreat and associated breakout sessions;
- Reviewed and endorsed the Europe, Middle East and Africa strategy; and
- Reviewed the timeline of activities for developing the next fiscal year budget.

Noted was the timeline and next steps to be taken to incorporate the feedback provided from the planning retreat and drafting the strategic objectives to Vision 2012.

Presidents Council Representatives Report

The chair of the Presidents Council Representatives (PCRs) provided a few brief remarks to supplement his written report. The Board was encouraged to review the PCRs aggressive goals. It was also noted that Todd Parker Lowe, CFA, had been elected to serve a second two year term as chair of the PCRs.

CEO Report

The CEO provided a few brief remarks to supplement his written report. The following matters were noted:

- The India matter has been broadened to take on a more business focus with the legal component being part of the overall strategy;
- The CFA Institute annual report has been completed and delivered;
- Some challenges identified in filling skilled positions for both the Education division and the CFA Institute Centre;
- Positive feedback received from the membership on the daily briefs from CFA Institute;
- As with any new database system the Seibel implementation has strained the organization; and
- The CEO has joined the board of the XBLR-U.S.

It was also highlighted that the World Bank had approached CFA Institute to have deeper more formal collaborations along two lines. One was related to the organization's work in international financial reporting, which has resulted in a jointly sponsored forum to include all the key players to take place in Vienna at the beginning of July. The second matter had to do with education and their desire to partner with CFA Institute in developing an educational initiative and outreach program with a selected number of government ministries in Europe with regards to improving their financial literacy.

Awards Committee Report and Recommendation

The chair of the Awards Committee presented its report and recommendations for this year's award recipients. The members of the Committee were as follows:

- Vincent Duhamel, CFA (Committee Chair);
- Jeffrey J. Diermeier, CFA;
- Emilio Gonzalez, CFA;
- Jeffrey S. Lorenzen, CFA; and
- Daniel S. Meader, CFA.

The aim of the Committee is to focus on the most deserving candidates and not to present every available award each year. A brief description of the awards and proposed recipients were highlighted for the Board. The following resolution was passed unanimously.

RESOLVED, that the report of the Awards Committee substantially in the form presented at this meeting is accepted and approved; and

FURTHER RESOLVED, that the following award nominees are hereby approved:

- Daniel J. Forrester III Leadership Award for Professional Ethics and Standards of Investment Practice – J. Luther King, Jr., CFA;
- Alfred C. “Pete” Morley Distinguished Service Award – Monique E.M. Gravel, CFA;
- Thomas L. Hansberger Award for Leadership in the Global Investment Profession – George F. Russell, Jr.;
- Nicholas Molodovsky Award – Robert B. Litterman; and
- C. Stewart Sheppard Award – James G. Jones, CFA.

Nominating Committee Report and Recommendations

The chair of the Nominating Committee (NC) presented its report and nominee recommendations for officer and governor terms beginning fiscal year 2009. The members of the Committee were as follows:

- Vincent Duhamel, CFA(Committee Chair);
- Anthony Cagiati, CFA;
- Carole H. Cox, CFA;
- Frank C. Dohn, CFA;
- Emilio Gonzalez, CFA;
- James G. Jones, CFA; and
- Teong Keat (T.K.) Yap, CFA.

The Committee acted independently and utilized the guidance provided by the Executive Committee and CFA Institute Bylaws. The following criteria were reviewed by the Committee during its screening process to determine potential candidates for the governor positions:

- With the resignation of Ashvin Vibhakar, CFA, to join the staff of CFA Institute as of 31 August 2007, the Board concluded not to refill his slot and maintain the number of governors serving at 18 (including the CEO) from the maximum of 19 allowed by the bylaws;
- Due consideration to governor reappointments;
- Seek industry leaders in the profession;
- Seek global experience in non-North American regions; and
- Seek CFA Program experience (e.g. EAC/COE).

The following resolution was passed unanimously.

RESOLVED, that the report of the CFA Institute Nominating Committee substantially in the form presented at this meeting is accepted and approved;

FURTHER RESOLVED, that pursuant to Article 9.2 of the CFA Institute Bylaws, the nominations of Brian D. Singer, CFA, and Thomas B. Welch, CFA, to the offices of Chair and Vice Chair is approved;

FURTHER RESOLVED, that pursuant to Article 9.2 of the CFA Institute Bylaws, the nominations of Saeed M. Al-Hajeri, CFA, Kay Ryan Booth, Stanley G. Lee, CFA, Alan M. Meder, CFA, Zheng Jane Shao, CFA, Roger C. Urwin, and Thomas B. Welch, CFA, as governors are approved.

The Board was reminded to continue to provide governor recommendations for the Committee to consider for future election cycles.

Annual Meeting of Members

The General Counsel submitted the proxy package for the Annual Meeting of Members for review and approval. The proxy statement is in the same form as last year. It contains all the disclosure information with regards to compensation, board reimbursements, and other items that have been requested by the membership. The following resolution was passed unanimously.

RESOLVED, that the CFA Institute Annual Meeting of Members shall be held on Sunday, 11 May 2008 at the CFA Institute Annual Conference in Vancouver, B.C., Canada;

FURTHER RESOLVED, that the 2008 Proxy materials, substantially as provided to the CFA Institute Board (along with the name and background of each individual nominated to serve as Chair, Vice Chair or Governor), is hereby approved for submission to the Regular Members;

FURTHER RESOLVED, that the close of business on 4 March 2008 shall be the "Record Date" for determining members eligible to receive the 2008 Proxy materials, including the Notice of Meeting, Proxy Statement, and Proxy for the purpose of voting at the Annual Meeting of Members;

FURTHER RESOLVED, that the 12:00 p.m. (noon) US/Eastern (4:00 p.m. UTC/GMT), Friday, 9 May 2008 shall be the "Deadline Date" for tabulating proxies received by Internet, facsimile, or mail; and

FURTHER RESOLVED, that the CFA Institute Secretary is directed and authorized to send the Proxy materials to the Regular Members of CFA Institute on or about the "Mail Date" of 14 March 2008 and to take such action as necessary to implement the resolve of the Board.

India Update

The General Counsel briefed the Board on the latest litigation developments involving the Institute of Chartered Financial Analysts of India (ICFAI). A libel action has been filed by ICFAI in Calcutta naming the CEO of CFA Institute and the Indian Society over an announcement that the organization ran in major publications in India stating the fact that CFA Institute received a favorable interim injunction on its trademarks by the Delhi High court. It was also noted that an attorney on staff had transferred to the Asia Pacific operations to work on the business side of India matters, as well as, continue to work on legal issues.

The managing director of Asia Pacific operations advised that CFA Institute has submitted its application to be registered with the All India Council for Technical Education (AICTE), which is now under consideration. Since the application submission there has been a subsequent follow-up meeting to provide additional information to the AICTE. It is uncertain as to the timeline or the process that the AICTE will take in evaluating the organization's application.

It was also explained that CFA Institute has reopened registrations to Indian candidates to sit for the exams at test centers outside of India. Other India related activities were highlighted for the Board as well.

Europe, Middle East and Africa Strategy

The managing director of Europe, Middle East and Africa (EMEA) operations presented the 2012 strategy for the region. The vision for the EMEA strategy was laid out in three broad objectives:

- Leadership – Become accepted as the leading association of investment professionals within the region;
- Localization – Become relevant locally to provide for the needs of the members; and
- Member Satisfaction – Deliver member values so that the majority of members are satisfied.

The challenges associated with each objective were assessed and the scale of opportunity in the region highlighted.

Members and Candidates

- EMEA has a large addressable market of investment professionals;
- There are 16,000 members currently making up 17 percent of the total membership.
- Growth has outstripped the global rate for a decade and is expected to continue to do so;
- The penetration rate remains much lower than for North America; and
- Future growth is underpinned by a deepening of financial markets and a rising penetration rate.

Societies

- The average age of EMEA societies is less than eight years;
- The top eight societies in Europe account for more than 80 percent of European members;
- Level of activity is constrained by low revenues;
- Lack of dedicated staff limits the quantity and quality of output for most societies; and
- Youthful membership not in influential positions in industry.

To advance the mission of CFA Institute and realize the vision for the region, the primary goal is to leverage and invest in several specific societies and add more regional resources. This in turn will allow the organization to deliver greater value to the members and improve the brand and position of CFA Institute in the region. Next, the Board was briefed on the society business and service models.

Competition in the region was noted to be more intense than in other regions. Europe has many well-established national societies that have similar missions to CFA Institute and/or are offer competing education designations. Competitive strategies were discussed that focused on content and delivering better member value in key markets and to seek collaboration initiatives with other organizations when applicable.

The plan for enhancing regional offices and resources was identified along with the incremental budget of \$11 million over a five-year period were outlined:

- Support managed offices at selected European societies;
- Additional staff in London;
- New office in Brussels;
- New office in Eastern Europe; and
- New content production centres in London.

It was noted that the Planning Committee had endorsed the proposed EMEA strategy. A summary of the recommendations was presented.

Mission

- Strengthen the CFA Institute mission in Europe with further investment.

Societies

- Partner with CFA UK with more integrated activity;
- Support key societies to establish professionally staffed offices; and
- Build society business models to generate higher revenues.

Regional Offices

- Add capacity and capability to London office operations;
- Open Brussels office to improve engagement with the EC; and
- Open Eastern European office to extend reach.

Competition

- Contend with better member value proposition in key markets; and
- Establish societies in new markets with significant potential.

The Board provided comments and feedback on the EMEA strategy with regards to resource prioritization, expanding operations, and competition. The following resolution was passed unanimously.

RESOLVED, that the Board of Governors endorses the recommendations in the EMEA Strategy 2012 substantially in the form presented.

Lifelong Learning Strategy

The Deputy CEO and managing director of the Education division provided opening remarks on the lifelong learning strategy. It was recognized that CFA Institute currently does not have a cohesive post CFA education program. The desire is to bring a holistic approach to education and engage members in their professional lives beyond the CFA Program. The new strategy is not CFA Institute exclusive and will include societies, program partner universities, and others to provide a best-in-class post CFA education program.

The head of Educational Content explained that the recent restructuring of the Education division and the CFA Program committees were the first steps in developing lifelong learning. The goal is to leverage content from CFA Institute, societies, and other partners to provide personalized educational opportunities to the members. At the core is the development of a learning portal that can provide a customized and personalized education experience. CFA Institute will basically collect information on a members' preferred learning style, where they are in their career, and information on their preferences in terms of competencies that they would like to have and then deliver educational content to meet those needs. The learning portal will incorporate society content, CFA Institute Centre content, Research Foundation content, as well as, content of vetted third party partners to be involved in the process.

The Global Body of Investment Knowledge (GBIK) will be the breadth and depth for lifelong learning. The GBIK is the comprehensive outline of mainstream knowledge for the investment profession, encompassing an entire career for both generalist and specialist. Furthermore, there is a desire to leverage the continuous practice analysis process that has been implemented for the GBIK and tie that into the learning portal to develop a competency framework.

The head of Educational Products gave an overview of the vision for lifelong learning by providing needs based products for the members throughout their life cycle. It was explained that CFA Institute wants to package and deliver materials in ways that best fits the lifestyles and learning styles of the members. The organization needs to be more nimble in identifying and having a better intimate understanding of what investment professionals are concerned about and in turn address the member value proposition post award of the CFA charter. Lifelong learning will take an open source approach of broadening content offerings. CFA Institute wants to become not only a content producer but also a vetting platform of content from other sources so that the organization can save the most precious resource of our members, which is time. It was also stated that there will be a mechanism in place to create a culture of continuous feedback. Systematic ways to capture, interpret, and use feedback in order to continue to improve lifelong learning offerings. The idea is to provide a state-of-the-art learning portal that gives the member convenient one-stop access to their educational needs.

The head of Educational Content noted that traditional educational offerings such as conferences, monographs, and books will continue to be available and enhanced under the new strategy. In addition, express learning opportunities will also be made available like news briefs and 15-minute web casts. There will be the opportunity to have communities, such as blogs and discussion forums in particular areas to engage the members, not only to provide them with information and education but also to help them or invite them to participate.

The head of Education Products provided an overview of how the learning portal could potentially look in its final form to the end user. The first release of the learning portal will be around the annual conference in May. It will have limited functionality but will have some personalization ability. It was stated that it will probably take several six-month releases over a two-to-three year period to reach full functionality of the learning portal.

The Board discussed the strategy and commented on the various resources required (i.e., staffing, content, technology) to fully implement lifelong learning.

Marketing and Communication Strategy

The CEO introduced the marketing and communications strategy and emphasized that with the exception of global branding, the marketing efforts of CFA Institute are to support its basic strategies and tactical objectives, not to be done in isolation but to have a specific purpose as it relates to the organization's overall strategic objectives.

The managing director of the Marketing and Communications division provided an overview of the internal organizational realignment that took place at CFA Institute in 2006, which brought several functions and activities of the organization together under marketing and communications. It was explained that the division was now responsible for:

- Market Research (Market Research and Analysis);
- Marketing and Communications (Public Relations, Marketing and Strategy Development, CFA Magazine, Executive Communications, Web Services, Corporate Sales); and
- Serving our Constituents (Client Services and Employer Outreach).

Also with the realignment in 2006, the new divisional team members identified what they considered to be the core mission for marketing and communications:

Marketing and Communications at CFA Institute supports the organization in fulfilling its mission by placing the customer at the center of everything we do. Marketing and Communications works with our colleagues to produce and deliver customer solutions, which are integrated combinations of products and services that solve customer needs.

The current fiscal year strategic objectives for Marketing and Communications were outlined as:

- Develop a global branding strategy;
- Enhance member value through a comprehensive review and revision of the benefits package;
- Enhance our capabilities to serve our core constituents responsively and effectively;
- Take public awareness to the level where key publications consistently recognize the value of the CFA charter and CFA Institute as a thought leader;
- Move employer outreach to second phase;
- Implement targeted candidate recruitment strategy; and
- Implement a high value-to-member private wealth strategy.

CFA Institute was noted to have made a significant budget commitment of approximately \$20 million for funding strategy implementation in the current fiscal year.

FY2008 Budget

- Conduct global benchmark brand awareness study:
 - To help set objectives and future spending levels in regions/countries; and
 - To measure our efficacy and success at returning on the mission of CFA Institute.
- Targeted Spending:
 - To maintain brand awareness in important markets with significant penetration of the charter;
 - To increase brand awareness in markets where the potential is significant;
 - To support society activities in several markets;
 - To determine if CFA Institute can help shape capital markets in particular countries; and
 - To build awareness among constituents who are of growing importance to CFA Institute.

Furthermore, CFA Institute strives to be a data-driven organization and in that regards will be enhancing its market research:

- To provide enhanced member value by knowing our members better;
- To know our marketplace penetration rates;
- To be a leading source of data on employment in the investment industry;
- To understand the level of awareness of the CFA brand around the world;
- To help position CFA Institute as the global association for investment professionals; and
- To facilitate recognition of CFA Institute Centre as a thought leader.

The Board provided comments and questions on the marketing and public relations budget, how to determine from a Board perspective if the new marketing strategy is a success, and targeting high-net-worth individuals as to the recognition of why they should choose a charterholder. It was highlighted that a new advertising agency had been retained and the next ad campaign is scheduled for release during the annual conference in Vancouver. The new campaign will focus on characteristics of charterholders and use some of our high profile members in the ads.

Society Leader Award

The chair of the PCRs explained that the Society Leader Award is presented on occasion to an outstanding society leader who has provided significant value across societies, not just within their own local society. Candidate recommendations were solicited from societies and society leaders during the course of the year. It was announced that this year the recipient will be Kathleen C. Chrisman, CFA. The award will be presented during the society leadership conference being held in conjunction with the May meetings in Vancouver.

Global Investment Research Challenge

The managing director of the Member and Society division provided an update on the global investment research challenge. The challenge was noted to be a wonderful way to engage societies in a project that has some community outreach, publicity, and focuses the next generation of investment professionals on performing solid research. This year there will be 14 local competitions leading into three regional competitions with the final playoff global challenge to be held in New York at the beginning of May. Reuters has agreed to sponsor the regional playoffs in both Europe and North America. The process is still underway in identifying a sponsor for the Asian regional playoff.

Consent Agenda

The consent agenda consists of informational, reoccurring, and procedural matters that come before the Board. The following resolutions were passed unanimously.

Board Meeting Minutes

RESOLVED, that the Board of Governors accept and approve the following meeting minutes:

- 20 November 2007 – Open Session; and
- 3 January 2008 – Executive Session (MPS / December Level I Exam).

Amend Article 6 of the CFA Institute Bylaws

RESOLVED, that pursuant to Article 12, section 12.1 of the CFA Institute Bylaws, the Board of Governors approve amending Article 6 of the Bylaws substantially in the form presented; and

FURTHER RESOLVED, that pursuant to Article 6, section 6.6(a)(ii) of the CFA Institute Bylaws, Timothy G. McLaughlin, CFA, CPA, is elected as Chief Financial Officer to serve a term ending 31 August 2008 and until his successor is chosen and qualified.

The following matters were informational only and presented in memorandum format in the Board binders:

- Revised FY2008 Budget (Lifelong Learning Strategy and Marketing and Communications Strategy);
- CFA Institute Centre Report;
- Strategic Plan Report (Quarterly Update); and
- Financial Report (Quarterly Update).



At this time, the Board meeting went into *Executive Session*.

Respectfully submitted,

Joseph P. Lange
Corporate Secretary

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