Notice: 2 February 2009

Governors Present: Mark J.P. Anson, CFA Daniel S. Meader, CFA
Kay Ryan Booth Alan M. Meder, CFA
Pierre Cardon, CFA Nicola Ralston, FSIP
Margaret E. Franklin, CFA John D. Rogers, CFA
Emilio Gonzalez, CFA Brian D. Singer, CFA (Chair)
Saeed Al-Hajeri, CFA Roger Urwin
Samuel B. Jones, Jr., CFA Thomas B. Welch, CFA
Stanley G. Lee, CFA Teong Keat (T.K.) Yap, CFA
Jeffrey D. Lorenzen, CFA

Governors Absent: Jane Shao, CFA

Presidents Council Representatives Present: Terence E. Burns, CFA Attila K. Koksal, CFA
Richard A. Clemens, CFA* Ralph H. Lehman, CFA
Sharon L. Criswell, CFA* Todd Parker Lowe, CFA (Chair)
Janine C.K. Guenther, CFA Nanci D. Morris, CFA
Marla L. Harkness, CFA Mohammad Shoaiib, CFA
Helmut Henschel

Also Present: C. Jeannie Anderson, General Counsel, CFA Institute
Jean A. Cash, Managing Director, Human Resources, CFA Institute
Michael K. Dalton, Managing Director, Information Technology, CFA Institute
Raymond J. DeAngelo, Managing Director, Member and Society, Marketing and Communications, CFA Institute
Barbara L. Higgins, Chief Planning Officer and Head, Registration and Event, CFA Institute
Robert R. Johnson, CFA, Deputy CEO, CFA Institute
Rahul Keshap, Director Operations, Asia Pacific Office, CFA Institute
Christine I. Koppel, CFA, Designated Officer, Professional Conduct Program, CFA Institute
Christine J.S. Krecek, Manager, Event Services and Strategic Planning, CFA Institute* 
Robert E. Lamy, CFA, Head, CFA Program Content, CFA Institute*
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Joseph P. Lange, Corporate Secretary, CFA Institute
Peter B. Mackey, CFA, Head, CFA Examinations, CFA Institute*
Timothy G. McLaughlin, CFA, CPA, Managing Director and Chief Financial
   Officer, Finance and Corporate Support, CFA Institute
Nitin M. Mehta, Managing Director, Europe, Middle East and Africa Operations,
   CFA Institute
Thomas R. Robinson, CFA, Managing Director, Education Division,
   CFA Institute
Kurt N. Schacht, CFA, Managing Director, CFA Institute Centre for Financial
   Market Integrity, CFA
Jan R. Squires, CFA, Managing Director, Interactive and External Relations,
   CFA Institute
Ashvin P. Vibhakar, CFA, Managing Director, 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: Indian Litigation Update
   Press Release: Donaldson, Levitt to Lead Investor Task Force on Reform of U.S.
      Financial Market Regulation
   Awards Committee Report and Recommendations
   Nominating Committee Report and Recommendations
   Council of Examiners/CFA Exam Team Chart

Meeting Chair: Brian D. Singer, CFA

Meeting Secretary: Joseph P. Lange

Opening Remarks

The Chair of the Board, Brian Singer, CFA, welcomed the new President and Chief Executive Officer,
John D. Rogers, CFA. The Board Chair and CEO spent the last month traveling to different regions
visiting with as many individuals as possible throughout the organization. The experience was beneficial
to the new CEO and enlightening to the Board Chair.

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)/Brian Singer, CFA (Committee Chair)
Mr. George Noyes, CFA, appointed to serve on the Disciplinary Review Committee and Nominating Committee.

Approved a change to the Planning Committee terms of reference that clarified its duties with regards to the budget.

Council of Examiners charter noted on the Board agenda.

Awards Committee report and recommendations noted on the Board agenda.

Audit and Risk Committee (ARC)/Marg Franklin, CFA (Committee Chair)

- Discussed financials with the current market conditions.
- Country risk and disaster recovery updates.
- Discussed reputational risk given current environment.

External Relations and Volunteer Involvement Committee (ERVIC)/Dan Meader, CFA (Committee Chair)

- Congratulated Presidents Council Representatives on the success of the regional meetings and noted that the governors’ attendance and participation at the events were greatly appreciated.
- Discussed level II funding program issues.
- Noted potential scenarios to assist the new CEO with learning more about societies.

Planning Committee (PC)/Jeff Lorenzen, CFA (Committee Chair)

- Provided with a comprehensive overview of the EMEA strategy report.
- Referenced the planning strategy session on globalization to take place later that day.
- Noted the adoption of a slightly revised PC terms of reference that clarified the committee’s role with reviewing the organization’s financials.

Presidents Council Representatives Report

The Chair of the Presidents Council Representatives (PCRs), Todd Lowe, CFA, shared a few themes and topics on the minds of volunteers that emerged from the society regional meetings.

- What is the current status of CFA Institute marketing and public relations and how can societies be tied into the new strategy?
- Volunteerism continues to be a concern in generating the type of leadership that societies need to continue to be vibrant and vital. Some smaller societies have difficulty maintaining membership, which tend to be the development grounds for new charterholders who then move on to larger metropolitan areas.
- Societies are very interested in seeking opportunities for collaboration with one another. Collaborative efforts are positively viewed for a variety of reasons.
- Societies (especially in the U.S.) are struggling to understand what their role can be with the CFA Centre for Financial Market Integrity.
- Society leaders/volunteers appreciated the opportunity to interact with Board members at the regional meetings.

The PCR Chair presented for a discussion topic the issue of what the organization can do to assist members who are unemployed or underemployed? Does CFA Institute have additional resources that can
assist societies in delivering services, not necessarily financial resources, such activities as career counseling support, resume writing and/or interviewing skills guidance?

Mr. Dan Meader, CFA, suggested that the level III funding model could be utilized. He encouraged the PCRs to submit specific recommendations to the Board for consideration.

The Managing Director of Member and Society, Marketing and Communications, Ray DeAngelo, provided an overview of activities that CFA Institute has either begun or is considering undertaking in the current environment. The organization is beta testing a resume writing skills project that members can access electronically. It has been proposed that a skills application force be initiated that takes the skills members have as portfolio managers or financial analysts and helps apply them to other parts of the industry and business. And CFA Institute has utilized the retirement dues category for members who have been disenfranchised by the financial crisis.

Mr. Pierre Cardon, CFA, inquired into the effectiveness of the CFA Institute Jobline. Mr. DeAngelo stated that it has been a challenge to get enough non-North American jobs listed. The organization charges North American firms to list their jobs, however, does not charge firms outside North America as an incentive for them to list their jobs. Within North America, the success rate for members to find employment on Jobline is actually quite high.

The Board discussed member and candidate fees and the flexibility for CFA Institute to react with funding resources in the current environment. It was noted that societies set their own membership fees.

The Board Chair encouraged the PCRs to communicate and work with the society leadership to help coordinate their efforts in identifying and moving forward on activities to address members’ needs. He also requested for the PCRs to bring back before the Board specific proposals for consideration.

Management Reports

CEO
The CEO stated that he is not an agent of change but does see the evolution of CFA Institute over time in order to build a truly global organization. His initial impression from meeting with a number of society leaders and volunteers was admiration for volunteers and respect for colleagues. The following areas were identified as fundamental activities needed to achieve a borderless organization.

- Technology infrastructure
- Communications infrastructure
- Human capital/resources
- Decentralized mentality

The CEO provided the following observation on gaps in the organizational culture.

- A management structure in which decisions go through one or two people is not going to be effective and does not work for global organizations. The goal is to continue to devolve responsibility for operating decisions to the managing directors who have accountability and authority for their areas; however, we will not devolve the responsibility for effective communication among ourselves before decisions are made.
Need to learn to see ourselves as part of a global organization. We are where our members are; we are not Charlottesville, New York, London, or Hong Kong.

Strategy
The Chief Planning Officer, Barbara Higgins, gave a brief update on the initial year of the vision 2012 strategic plan. Mid-year progress for 2009 is consistent with expectations. With regards to the planning process, began implementing the next stages of more effective communication on strategy.

Finance
The Chief Financial Officer, Tim McLaughlin, CFA, discussed CFA Program enrollment numbers. CFA Institute had budgeted for 221,000 candidates this year, however, now forecasting about 200,000. That is compared to 175,000 candidates last year. New candidate registrations are slightly below last year.

With the market turmoil, as of 31 August 2008 reserves were reduced by $25 million from the previous year to $150 million. Management was forecasting a breakeven operating margin that currently captures all of the expenses as planned in the strategic objectives. Two big enrollment dates are approaching in the CFA Program and the CFO emphasized that 80 percent of the organization’s revenue comes from the candidates in the CFA Program and the driver of that are new candidate registrations.

The Board discussed new candidate registration and the projection potentials for the next few years.

India
The General Counsel, Jeannie Anderson, noted that with regards to the AICTE litigation arguments are scheduled to resume 6 March. Hearings in the ICFAI litigation are scheduled for 4 March. The 1998 CFA Institute injunction against the ICFAI in U.S. Federal Court was upheld on final appeal in the fourth circuit. Despite all the challenges for candidates from India, currently there are over 5000 Indian candidates enrolled to sit for the June examinations administered outside of that country.

CFA Institute Centre Report
The Managing Director of the CFA Institute Centre, Kurt Schacht, CFA, provided an updated on the Centre’s strategy and strategic objective number 4 which was noted as follows.

- Redefine the CFA Institute Centre for Financial Market Integrity structure and process to be an increasingly effective member advocate and proponent of ethical and professional standards for global capital markets.

An outside strategic review of the Centre conducted by the consulting firm of CCW had the following recommendations.

- Refine and clarify mission.
- Revise scope to focus on core issues.
- Expand research capabilities.
- Develop a broader plan for promotion and awareness of the Centre’s content to members, regulators, and media.
Mr. Schacht addressed the issue of society engagement and discussed plans for improving member awareness and opportunities for society involvement with the advocacy message.

Ms. Marg Franklin noted that in the current environment the Centre had an opportunity to make some meaningful strides. Mr. Schacht discussed its newest thought leadership project, the Investors Working Group (IWG). This is a joint project with the Council of Institutional Investors. The goal is to have the CFA Institute voice prominently involved in the debate over expected global regulatory changes in response to the financial crisis.

Mr. Cardon commented that asset owners, the ultimate investors, were not represented on the IWG. Mr. Schacht stated that was a fair observation, however, that was never the design of the group. The IWG was designed as a U.S. initiative with a European observer and the next step is to create a European version of the group.

The Board discussed the IWG and commented on the recommendations from the strategic review.

**EMEA Strategy Report**

The Managing Director of the Europe, Middle East and Africa (EMEA) Operations, Nitin Mehta, presented the annual EMEA report. Vision updates were noted with regards to leadership, localization, and member satisfaction. It was stated the EMEA strategy was approved by the Board in February 2008. The implementation of the “glocalization” strategy for EMEA has focused on building the capability of the regional office and strengthening the society network. Both objectives have been significantly advanced. Mr. Mehta provided comments on the following topics.

- **Strategy Essentials**
  - Added staff in regional office to expand local capability and implement various service models.
  - Assembled new product expertise in regional offices.
  - Opened office in Brussels to better engage with the European Commission.
  - Investigating potential for sub-regional office focusing on local outreach in Eastern Europe.

- **Society Relations**
  - Change Management - Staffed office, development begun in Switzerland and Germany.
  - Society Development - Strategic planning facilitation at six societies.
  - Local Support - Society relations representative roles moved to EMEA.
  - Communications - Developed *Connexions* as the regional newsletter for society leaders.
  - New Societies - Kuwait became 33rd regional society, plans for Nigeria and Ukraine.

- **Education**
  - CFA Program Partners - 11 new partnerships, in eight countries.
  - Executive Education - Two new programmes in partnerships with ICMA Centre (UK) and Bocconi (Italy).
• Annual Conference - First European Investment Conference, held in Amsterdam (December 2008).
• Competition - First Regional Investment Research Challenge, held in London (April 2008).
• Traveling Conference - First tour of Middle East (March 2008).

  - Marketing and Communications
    • Public Relations - Raised EMEA’s share of media mentions to 25 percent.
    • Newspaper Column - First regular educational column in top tier press (Financial Times).
    • Local Advertising - First local campaigns in UK, France, another being developed for the Middle East.
    • Media Outreach - Developed CFA Institute Academy for Financial Journalists.
    • Employer Outreach - UK employer survey.

  - Advocacy
    • Consultants, Regulatory and stakeholder outreach, and society outreach.

  - Planned for 2009
    • Expand team further with specialist education content producers.
    • Support establishment of staffed offices for more societies.
    • Build platform for managing industry relationships.
    • Engage in local advocacy issues and regional policy makers.

Saeed Al-Hajeri, CFA, inquired as to the process of selecting regional offices. Mr. Mehta stated there are a number of factors considered, such as, candidate growth, number of members, and geography. The Brussels office was quite simple, the European Commission is based there and if the organization wants to have our voice heard and to affect policy we needed to be close to them.

Mr. Attila Koksal, CFA, noted that societies located in Eastern Europe and the Middle East need support with regards to employer outreach because the society leadership is young.

Mr. T.K. Yap, CFA, asked given the current operational infrastructure of two offices in EMEA and one in Asia/Pacific what is considered an optimal infrastructure model? Mr. Mehta had proposed in the EMEA strategy strengthening the local society network to avoid having too many expensive offices belong to CFA Institute. It is an important question to discuss as what the role of the regional offices should be and how much decentralization should we have.

The Board provided comments and input on the report.

Awards Committee Report

The Past Chair of the Board, Emilio Gonzalez, CFA, presented the Awards Committee report and recommendations for recipients. 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:

- Professional Excellence Award
  - David F. Swensen
- Daniel J. Forrestal III Leadership Award for Professional Ethics and Standards of Investment Practice
  - Frederic P. Lebel, CFA
- Alfred C. “Pete” Morley Distinguished Service Award
  - Rebecca Todd McEnally, CFA
- C. Stewart Sheppard Award – James G. Jones, CFA.
  - James W. Bronson, CFA
- Special Service Award
  - John H. Pieper, CFA

Nominating Committee Report

The Board Past Chair presented the Nominating Committee report and recommendations. The candidate slate was discussed with the following resolution passed with Mr. Cardon and Mr. Meader abstaining from the vote.

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 Thomas B. Welch, CFA, and Margaret E. Franklin, 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 Pierre Cardon, CFA, Daniel S. Meader, CFA, Gabriele Luigi Montalbetti, CFA, and Charles J. Yang, CFA as governors are approved; and

FURTHER RESOLVED, that the Secretary of CFA Institute is directed and authorized to submit the nominations to the CFA Institute Regular Members for election at the 2009 Annual Meeting of Members.

Annual Members Meeting

The Corporate Secretary, Joe Lange presented the fiscal year 2009 proxy package and key dates. The following resolution was passed unanimously.

RESOLVED, that the CFA Institute Annual Meeting of Members shall be held on Sunday, 26 April 2009 at the CFA Institute Annual Conference in Orlando, Florida, USA;

FURTHER RESOLVED, that the 2009 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 17 February 2009 shall be the “Record Date” for determining members eligible to receive the 2009 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) EDT (16:00:00 UTC/GMT), Friday, 24 April 2009 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 5 March 2009 and to take such action as necessary to implement the resolve of the Board.

Council of Examiners Charter

The Head of CFA Examinations, Peter Mackey, CFA, explained that the Council of Examiners (COE) did not have a standing charter outlining its duties and structure. In addition, it was proposed that the COE be divided into two groups; 1) the leadership group which will continue to be referred to as the COE and 2) the CFA exam team comprised of the group that writes the CFA exam questions. The leadership group will be subject to term limits. The Executive Committee has reviewed and endorsed the charter and recommends Board approval. The following resolution was passed unanimously.

RESOLVED, that the Board of Governors accept and approve the Council of Examiners charter substantially in the form presented.

CEO Matters

Member of the Executive Committee
The following resolution was passed with Mr. Rogers abstaining from the vote.

RESOLVED, pursuant to Article 7.2(b)(i) of the CFA Institute Bylaws the Board of Governors appoint John D. Rogers, CFA (President and CEO) to serve as a member of the Executive Committee for term ending 31 August 2009.

Signatory to CFA Institute Bank Accounts
The following resolution was passed with Mr. Rogers abstaining from the vote.

RESOLVED, that John D. Rogers, CFA (President and CEO) shall be added as an authorized signatory on the CFA Institute accounts listed below:

- Main Operating Account - SunTrust Bank-Account #xxxx0721
- Controlled Disbursement Account - SunTrust Bank-Account #xxxx1997
- Payroll Account - SunTrust Bank-Account #xxxx0223
- Imprest Account - SunTrust Bank-Account #xxxx0281
- Dreyfus Money Market Fund - SunTrust Robinson Humphrey-Account #xxxx1061
- Mutual Funds/Contingency Reserve - Vanguard Group-Account #xxxx9456
- Mutual Funds/Business Opp. Reserve - Vanguard Group-Account #xxxx8414
- Checking Account/Hong Kong - Standard Chartered Bank-Account #xxxx7590
- Checking Account/Malaysia - Standard Chartered Bank-Account #xxxx2355
Checking Account/London - HSBC Bank-Account #xxxx9018
U.S. Treasury Bills and Strips Account - SunTrust Robinson Humphrey-
Account #xxxx8247/8
Certificate of Deposit - JP Morgan Chase-Account #xxxx0650
Letter of Credit/Collateral Assignment - JP Morgan Chase-Account #xxxx1129

In addition, Jeffrey J. Diermeier and Jean A. Cash will be removed as authorized signatories.

The Board of Governors accept and approve in the form presented at this meeting.

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

Respectfully submitted,

Joseph P. Lange
Corporate Secretary

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