



Setting the global standard for investment professionals

Board of Governors Meeting Summary Notes – February 2010

- Planning Committee (PC) Report
 - Summary/Action Items
 - Reviewed and endorsed the Guiding Principles for Additional Educational Designations and Certification for approval by the Board.
 - ✓ Guiding Principles (approved by the Board)
 - New initiatives in designations and certifications should:
 - Contribute to the return on mission by improving the value proposition to members and fit within the vision of the CFA Institute.
 - Leverage our skills, resources, and experiences in key competencies of financial education, such as development of curriculum and measurement of knowledge.
 - Meet a critical need among a significant number of global investment industry participants.
 - Be distinct from the CFA program, with minimal overlap of curriculum, and avoid competing for candidates.
 - Base any ethics related training on the CFA Institute Code and Standards.
 - Be on a track to develop into a self-support business model that furthers the organization's goals for revenue diversification.
 - Reviewed and endorsed the Guiding Principles for the Member Revenue Model for approval by the Board.
 - ✓ Guiding Principles (revised and approved by the Board)
 - The Board of Governors recognizes the financial risk associated with our member and candidate structures and provides standing authority to management to adjust member dues in accordance with the following principles:
 - Member dues should be derived in a means which contributes to the return on mission.
 - Member dues may be regularly adjusted for an appropriate measure of inflation, as determined by management.
 - The financial risk of the CFA Institute should be managed sustainably and prudently including consideration of the changing dynamics between candidates and members.
 - The ultimate objective is to delegate to management the authority to set member dues that fall within the guiding principles. Changes falling outside these guiding principles

would continue to require explicit Board approval. The Board will continue its duty of approving all changes to member dues consistent with articles 3.7 and 10.2 of the current CFA Institute Bylaws.

- Member Dues Adjustment (approved by the Board)
 - Summary/Action item
 - Management recommends increasing regular and affiliate member dues by \$50 (\$275 total per year) and retired status dues by \$60 (\$100 total per year) in FY2011.
 - Continue to allow members that have been economically displaced due to the recent market volatility to temporarily maintain membership through the retired member status.
 - The last member dues increase was approved for FY1999. Over that time inflation has reduced purchasing power of member dues by over 20 percent.
 - Member-related products and services will continue to be substantially subsidized by the CFA Program. The organization is dependent on candidate registrations to support member services with 85 percent of all revenue derived from this single, volatile source.
 - Any member dues increase should be positioned relative to the value delivered by the Charter and membership in CFA Institute. Product Strategy, Marketing and Communications and Business Planning will work together to determine an appropriate messaging strategy.
 - Comments
 - Inquires made to regional affordability, purchasing power discrepancy or disparity.
 - Members of CFA Institute who are members of a society pay an additional charge and societies are free to adjust their dues as their boards see fit.
- Asia Pacific Strategy
 - Summary
 - Accomplishments since April 2009
 - ✓ Education
 - Adding and developing personnel infrastructure
 - Developing university relationships
 - Live education
 - CFA Program presentations
 - ✓ Engagement
 - Regulatory outreach
 - Industry outreach
 - Hub-and-spoke office model delayed
 - ✓ Societies
 - China RO structure and administrative expensive under reevaluation
 - Society formation
 - Strategic planning assistance to Melbourne, Japan, Beijing, Shanghai, Malaysia, Indonesia, and India
 - Global society corporation governance project underway

- India “one country, one society” may need review in future
 - ✓ Marketing and branding protection
 - CFA Program advertising campaigns in India and China
 - Adding and developing personnel infrastructure
 - Public relations
 - India and China Advertising Campaigns
 - APAC media coverage
 - ✓ Beyond the outpost
 - Adding and developing personnel infrastructure
 - Internal coordination; Communication Specialist on board, increase regional office responsibilities on client service, communications, marketing, conference planning, etc.
 - Improving IT service and technology/information transfer
 - New office space
 - ✓ Reflections
 - Financial crisis; major downturns in Hong Kong and Singapore
 - FY2010 budget impact of financial crisis
 - China Ros; administrative expense
 - Other offices embracing and supporting Asia Pacific efforts
 - AP strategy needs continuous refinement and re-evaluation
- CFA Institute Centre
 - Organizational Placement within CFA Institute (approved by the Board)
 - Summary/Action Item
 - ✓ Since 2004 the Centre has conducted its operations as a distinct and separately identified from CFA Institute. It is recommended that the Centre’s operations be realigned and integrated into CFA Institute is recommended for approval by the Board.
 - Focus on a single brand identity-CFA Institute
 - Focus on a single brand identity clarifies and simplifies CFA Institute marketing and communication messages
 - Constituents of CFA Institute currently do not make a distinction between the Centre and CFA Institute positions
 - Collaboration among all staff is strengthened and reinforces the message that all staff is fully a part of CFA Institute
 - Voice of the Centre
 - Summary
 - ✓ A Board working group presentation for discussion:
 - Challenges of a Global Voice
 - Determining Jurisdiction and Relevance
 - How Do We Deliver in the Last Mile?
 - Connecting Globally with On Influential Voice
 - Potential Strategic Implications
- Research Foundation Report
 - Summary
 - Lifelong learning is a strategic objective of CFA Institute and of the Research Foundation, which has a long history of support for these efforts. Currently

- engaged in a discussion with management on how best to leverage the resources of the Research Foundation.
- A Board working group provided an overview of Research Foundation matters for discussion purposes only.
- CEO Report
 - Summary
 - Financials
 - ✓ The Strategic Work Plan reflects 54 implementation plans and 122 milestones. Of the implementation plans: 48 are on target; 5 are behind schedule; and 1 is on hold.
 - ✓ New candidates for 2010 are now projected to be 67,800; versus a budgeted number of 59,700. Total registrations are projected to be 194,000; versus the 172,800 budgeted.
 - ✓ 2010 Net Operating Revenue (excluding investment earnings and gains) are projected to be \$182.7 million compare to a budget of \$168.3 million; Operating Margin is projected to be \$(3.2) million compared to a budget of \$(10.7) million.
 - Marketing and Communications
 - ✓ Within the Stakeholder Services, Marketing, and Communication Division.
 - Global Communications...Advertising, Public Relations, Communications
 - Marketing and Brand Management...Strategic Marketing, Creative Services, Corporate Sales
 - Market Research
 - Industry Relations and University Relations
 - ✓ With all of the outward facing activities now concentrated into a single division, the goal is to have a more integrated/multi-faceted outreach program.
 - ✓ In progress of developing a long term strategic plan for industry relations and employer outreach on a global basis.
 - ✓ Advertising campaigns in China and India have exceeded expectations.
 - ✓ Developed a micro site in China.
 - EMEA
 - ✓ Planning first CFA Institute investment conference in the Middle East in Bahrain on 23 March.
 - ✓ Added a couple of new CFA Program partners in the UK and Switzerland.
 - ✓ Added a new executive education partner in Switzerland.
 - ✓ With Society relations, providing support to societies in Switzerland and Germany to start up staffed offices.
 - ✓ Added two new ad agencies in Switzerland and the Middle East.
- Audit and Risk Committee (ARC) Report
 - Summary
 - Received a status update on internal audit and the improvements on the past due items.

- Reviewed the status of IT strategies, activities, and accomplishments. Many activities underway in addition to the My CFA project:
 - ✓ Completed the case management system for the Professional Conduct Program.
 - ✓ Updated the general ledger system.
 - ✓ Implementing performance metrics for the IT division.
 - ✓ Upgrading network infrastructure to New York, London, Hong Kong, and the internet.
 - ✓ Completed hires to several key positions.
- Discussed the financial report.
- Updated on the emergency response and disaster recovery plan.
- Received reports on enterprise risk management.
- Country risk report assessed whether the organization is in compliance with regulatory, tax and legal constraints in countries in which core activities are conducted.
- External Relations and Volunteer Involvement Committee (ERVIC) Report
 - Summary
 - Updated on the emerging society/representative office taking shape in Vietnam.
 - Presented with an overview of the level II funding provided for society initiatives. Commended the PCRs for working in partnership with staff to review and process the proposals.
 - Action Items
 - Reviewed the Ukraine application for society membership and approved them as the 137th society.
- Presidents Council Representatives (PCR) Report
 - Mohammad Shoab, CFA (PCR, Asia Pacific Region) gave a presentation on his perspectives on challenges and opportunities in Asia.
 - Brand Awareness, Brand Protection and Recognition
 - CFA Program and Scholarships
 - Member Services
 - Candidate Services
 - CFA Centre/Advocacy Division
 - Regulatory Outreach
 - Ethical Standards – A Challenge and an Opportunity
 - Societies
 - Global Capabilities
- Executive Committee (EC) Report
 - Summary
 - Appointed Todd Lowe, CFA, to serve as the EC representative on Disciplinary Review Committee Nominating Committee.
 - Requested feedback be given to the vice chair on assessing the Board activities undertaken during the Seoul meetings.
 - Highlighted the use of Board working groups to handle issues that either overlapped oversight committee responsibilities or did not clearly fall into one group.
 - Continue to work on providing transparency into the EC role and responsibilities.
- Awards Committee (AC) Report (approved by the Board)

- Summary/Action Item
 - The AC submitted to the Board its recommendations for award recipients for fiscal year 2010:
 - ✓ Daniel J. Forrester Award: William Donaldson, CFA
 - ✓ Alfred C. "Pete" Morley Award: Jeff Diermeier, CFA
 - ✓ Nicholas Molodovsky Award: Daniel Kahneman
 - ✓ C. Stewart Sheppard Award: Gary Sanger, CFA
- Nominating Committee (NC) Report (approved by the Board)
 - Summary
 - Pursuant to the CFA Institute Bylaws, nominations for governor and for chair and vice chair are made by the NC subject to approval by the Board.
 - The FY2011 CFA Institute Board will be composed of 18 Governors, including 17 elected governors and the CFA Institute President.
 - Action Item
 - Recommendation that the following Board nominees be submitted to the CFA Institute Regular Members for election at the Annual Meeting of Members in Boston:
 - ✓ Chair: Marg Franklin, CFA
 - ✓ Vice Chair: Dan Meader
 - ✓ Governors: Mark Anson, CFA; Giuseppe Balocchi, CFA; Beth Hamilton-Keen, CFA; Jim Jones, CFA; Jeff Lorenzen, CFA; and Aaron Low, CFA.
- Consent Agenda Matters (approved by the Board)
 - Retention of External Financial Auditor for year ending 31 August 2010: PricewaterhouseCoopers
 - Annual Members Meeting and Proxy Package:
 - Date/Location: Sunday 16 May 2010 in Boston, MA
 - Record Date: 8 March 2010
 - Deadline Date: 14 May 2010
 - Mail Date: 18 March 2010
 - Open Additional bank Accounts for Added Risk Protection
- Next In-Person Board Meetings
 - Date: 14-16 May 2010
 - Location: Boston, MA