



Setting the global standard for investment professionals

Board of Governors Meeting Summary Notes – November 2010

- Relevance to Members
 - Purpose: Thought discussion on the best ways to provide our members with access to ideas and tools that are germane to their practice.
 - Talking Points
 - How do we define member relevance?
 - Do we know what our members want and expect from CFA Institute?
 - How has the My CFA experience helped us prepare for the next step?
 - What does success in this endeavor look like?
 - Are there other organizations (for profit and not for profit) that we admire in this area?
 - What are the major gaps in terms of where we are today and where we might want to go?
 - What tactics could we realistically consider to fill the major gaps?
 - Organizationally, are there structural or cultural considerations to get us to this next level?
 - Takeaways
 - Improve upon the data points/depth/granularity on members.
 - Explore the use of a continuous member analysis (focus groups) approach of asking members what products and services to offer.
 - Engage employers and other stakeholders for a better/rounded understanding of needs.
 - Embrace and support the diverse member experience (demographics and regional needs).
 - Consider a pulling in focus with regards to marketing.
 - Accelerate the use of social media.
- Volunteer Engagement
 - Purpose: Thought discussion on the expectations from our volunteer assets.
 - Update on the volunteer experience project.
 - What makes a volunteer happy?
 - What makes a volunteer effective?
 - Our own lessons learned in working with volunteers.
 - Takeaways
 - Volunteer database with 1,200 members showing interest to contribute to the organization.
 - Development of best practices for volunteers in the areas of awareness, recruitment, governance, and evaluation.
 - ✓ Establish a code of volunteer responsibilities
 - ✓ Provide training and clear expectations
 - ✓ Create a culture of leadership succession and recruitment
 - Regional and cultural differences with regards volunteerism.
 - PCRs to think about the total volunteer experience with regards to societies.

- Research Foundation (RF)
 - The Board Chair and management provided an update on the latest discussions with the RF Trustees regarding transitioning itself to a strategic rather than operational governance focus. A timeline has been established for developing an operating agreement between CFA Institute and RF to delineate and codify the relationship, partnership, and services provided.
- Everest Project
 - Management gave an overview of a concept being explored to establish a local language generalist program for employers and regulators in various countries bring entry level individuals into the investment industry. The thought is to extend basic professional training and learning opportunities outside of the CFA/CIPM Programs.
 - The Board discussed and was generally receptive to the idea as it fits within the CFA Institute mission and guidance adopted in February of 2010 with regards to new initiatives in designations and certifications.
- Audit and Risk Committee (ARC) Report
 - The ARC Chair supplemented the written report with the following updates:
 - Met with the external auditors PwC and reviewed/approved the consolidated financials for both the CFA Institute and RF.
 - Developing guiding principles for the possible use of debt for a major acquisition of an assist. Reviewing from a strategic view alternative form and amounts of debt as well as the associated risks and benefits.
 - Provided observations on the RFP process to building relations for a global banking structure.
 - Reviewing the option of obtaining catastrophic insurance to cover various exam administration and related issues.
- External Relations and Volunteer Involvement Committee (ERVIC) Report
 - The ERVIC Chair supplemented the written report with the following updates:
 - Noted the ERVIC objectives for the year.
 - Highlighted the Society Leadership Conference and reviewed the society funding model.
 - Introduced to the society best practices.
 - Approved various volunteer committee chairs
 - Discussed and revised the recommendations being presented to the Board for adoption to streamlining the membership application process.
- Planning Committee (PC) Report
 - The PC Chair supplemented the written report with the following updates:
 - Described the PC matrix for developing agendas.
 - Provided oversight of the HR strategic initiatives.
 - Received an update and gave feedback on the China strategy.
 - Discussed the low trust in the investment industry and opportunities for CFA Institute and societies to address.
 - PC sees this as a year of knowledge capture. Reviewing the process for developing strategy taking into consideration the need to address urgent issues and to incorporate long range planning.

- Executive Committee (EC) Report
 - The EC Chair supplemented the written report with the following updates:
 - The main responsibility of the EC was emphasized as Board management. The process for reviewing and assigning topics for vetting by the appropriate oversight committee and ultimately coming to the full Board for discussion and/or approval was highlighted. Will continue to improve communication and transparency of EC activities.
 - The structure and composition of the EC was explained.
 - It was noted that the CEO will have a midyear review of his objectives and milestones.
- Presidents Council Representatives (PCR) Report
 - The PCR Chair supplemented the written report with the following updates:
 - Extended an invitation to all the Board members to attend one of the society regional meetings.
 - PCRs are extremely service oriented and to be mindful not to take on too many projects so as to maintain focus on serving societies.
- CEO Report
 - The CEO supplemented the written report with the following updates:
 - Globalization
 - ✓ Sold out the European Investment Conference in Copenhagen
 - ✓ Sold out the Private Wealth Conference in Singapore
 - ✓ Conducted first non North American Council of Examiners
 - ✓ Conducting several practice analysis sessions outside North America
 - ✓ Staff in place in Beijing and Shanghai
 - High Performance Organization
 - ✓ Defined as an organization that plans, executes, and measures then reviews its performance in an objective manner
 - ✓ Work plans in place with accountability that measure performance as return on mission
 - ✓ CFA Program electronic curriculum having very good uptake
 - ✓ Annual report this year is primarily being delivered in an electronic/interactive format
 - Relevance to Societies and Members
 - ✓ CARMA International tracks global media presence of organizations. Of the more than 3,000 organizations tracked by CARMA, CFA Institute consistently ranks among the highest in terms of the favorability of the media coverage achieved. The volume of coverage discussing CFA Institute in FY10 was 53% greater than last year, with a solidly favorable rating of 63. The overall audience reached by CFA Institute also more than tripled.
 - ✓ Candidate number up 5% over last year, a little under the 8% increase budgeted for this year most likely related to slower enrollment of level II and III candidates
 - ✓ Advocacy group has been very busy responding to several comment periods through this post economic crisis

- The HR Managing Director provided an HR strategic initiatives update.
 - HR Global Service Delivery
 - ✓ Completed assessment and evaluation of the current state of HR service
 - ✓ Designed and implements the global service delivery model
 - ✓ Implementing best practice solutions to gain efficiency and deliver best practice service
 - Human Capital/Recruiting
 - ✓ Developed a global recruiting strategy and implementation plan to attract and recruit quality employees
 - Talent Development
 - ✓ Developed a formal and modern approach to talent development
 - ✓ Completed managing director interviews and updated all job descriptions
 - ✓ Established a talent development framework to be extended down through the organization
 - Next Steps
 - ✓ Continue HR realignment, hire resources
 - ✓ Develop RFP for HR technology
 - ✓ Establish metrics to report on progress and success of the recruiting strategy
 - ✓ Drive talent development framework to next level
 - ✓ Continue to drive value proposition through organization
 - ✓ Continue developing learning assessment tool
- Streamlining the Membership Application Process (approved by the Board)
 - The growing Charter Pending (CP) population is a new and unintended class of CFA Institute constituent which currently numbers nearly 20,000. To ensure that this new constituency does not promulgate the notion that passing Level III is the critical achievement while attaining the charter is secondary successful candidates need to be encouraged to earn the charter and represent CFA Institute as members in a timely manner. Steps were recommended to bring all qualified CP candidates to regular membership in CFA Institute and societies in the most efficient manner possible. Membership application procedures have evolved over time in response to the needs of CFA Institute, societies, and our constituents, and adjustments were made to the application process to ensure that qualified potential charterholders are not disenfranchised.
 - The Board endorsed the following revisions:
 - The society review period will be reduced from 45 days to 30 days.
 - References submit statements using an email address which posts the data directly to the applicant's account.
 - Applicants' self-report eligibility based upon the CFA Institute Bylaws definition of work experience. CFA Institute will audit 25% of the applications which report 48 months of qualifying work experience.
 - One of the professional references need not be, but is strongly encouraged, to be a CFA Institute or society member.



- Consent Agenda Matters (approved by the Board)
 - Audited Financial Statements
 - Audited Report and accompanying audited financial statements for fiscal year ending 31 August 2010.
 - FY2011 Volunteer Committee Chair Appointments
 - Standards and Financial Market Integrity Advisory Council: Lindsay Tomlinson
 - Corporate Disclosure Policy Council: Gerald White, CFA
 - United States Investment Performance Committee: Ann Putallaz, CFA
 - Guidance on Governor Involvement in Volunteer Committees
- Next In-Person Board Meeting
 - Date: 27-29 January 2011
 - Location: Buenos Aires, Argentina