

Board of Governors Meeting

Open Session Minutes

2-3 November 2012
Charlottesville

Board of Governors Present:

Giuseppe Ballocchi, CFA
Beth Hamilton-Keen, CFA
James G. Jones, CFA
Attila Koksal, CFA
Mark J. Lazberger, CFA
Frederic P. Lebel, CFA

Jeffrey D. Lorenzen, CFA
Aaron Low, CFA
Colin W. McLean, FSIP
Daniel S. Meader, CFA
Alan M. Meder, CFA (Meeting Chair)
John D. Rogers, CFA

Matthew H. Scanlan, CFA
Jane Shao, CFA
(via Conference call)
Roger Urwin
Charles J. Yang, CFA

Board of Governors Absent:

Saeed M. Al-Hajeri, CFA

PCR Representatives Present:

Jason Bell, CFA
Leah Bennett, CFA
Aaron Brown, CFA

Daniel J. Fasciano, CFA
Marla L. Harkness, CFA
Tom Joski, CFA

Leyla G. Kassem, CFA
Barry Sine, CFA, CMT
Arthur Thompson, CFA

PCR Representatives Absent:

Sharon Craggs, CFA

Bradford S.J. Young, CFA

Leadership Team Members Present:

Jeannie Anderson
Elaine Cheng
Raymond J. DeAngelis
Donna Marshall

Timothy G. McLaughlin, CFA
Nitin Mehta, CFA
Thomas R. Robinson, CFA
Kurt Schacht, CFA

Paul Smith, CFA
Jan Squires, CFA
Ashvin Vibhakar, CFA

Others Present:

Jeffrey Bailey, CFA
Nancy Dudley
Rebecca Fender, CFA
Barbara Higgins

Walter Haslett, CFA
Christine Koppel, CFA
Joseph P. Lange (Meeting Secretary)

Melissa Looney
Craig Lindquist
Guy Williams

Materials Provided:

Event/Scheduling Information

Meeting Pack

FRIDAY, 2 NOVEMBER 2012

2:00 P.M. TO 4:45 P.M.

WELCOME

Presenter: Mr. Alan Meder, Board of Governors Chair

Everyone was welcomed to the meeting in Charlottesville.

A list of major initiatives requiring Board attention was presented to the group. It was noted that this document would be updated and revised as needed throughout the year.

DISCIPLINARY REVIEW COMMITTEE AND PROFESSIONAL CONDUCT PROGRAM

Presenters: Ms. Jeannie Anderson, General Counsel at CFA Institute

Ms. Christine Koppel, Designated Officer at CFA Institute

It was explained that CFA Institute had three elements to professional ethics: 1) Standards of Practice Council (SPC), 2) Professional Conduct Program (PCP), and 3) Disciplinary Review Committee (DRC). The purpose of each group was then defined.

The process started with the SPC, a volunteer committee responsible for writing the codes and standards for the CFA Program. The PCP, a staff division at CFA Institute, was then responsible for monitoring candidates and members, enforcing the SPC's rules, and beginning investigations when necessary while the DRC, a volunteer committee comprised entirely of charterholders, was responsible for final adjudication of professional conduct cases that go before a hearing panel. It was concluded that these groups have separate, yet interdependent, roles and manage to work very well together.

The DRC's major responsibilities included hearing contested disciplinary matters, reviewing Statement of Charges agreements, and working with PCP on Rules of Procedure and other special projects. The DRC, which consisted of 27 members, volunteered the equivalent of 12 days of time annually, created a 5-person executive team to meet on a quarterly basis and worked very well with the PCP group.

The PCP's major responsibilities included sourcing matters, investigation, evaluation and assessment, determination, disciplinary panels and published notices. It was noted that most cases came to the PCP either through self-reporting, complaints or internal monitoring initiatives, and that the bulk of the group's work was conducted in the investigation phase. Sanctions for violations found were recommended by PCP staff and could be accepted and settled, or rejected and assigned to DRC hearing panels for a final conclusion.

DRC members roughly mirrored that of the organization's membership and had good global representation. The group's nominations process was briefly reviewed, and it was mentioned that the DRC had received nearly 80 interested applicants in the past year.

Highlighted was the substantial growth in the number of investigations handled by the organization over the years. It was explained that CFA Institute had responded to this dramatic increase by adding staff with the necessary expertise to work as an integrated team, particularly for the industry case matters. In addition, an electronic case management system had been incorporated to improve the ability to track progress, manage volume, assess risk and share large files. The group reported it would continue to look for ways to refine the operational process.

The breakdown of dockets by region was presented and showed that while the exam investigations had a fairly even distribution, the industry investigations had about 80% coming from the Americas. There were several reasons provided for this figure, such as the differing levels of transparency, regulation and aggressiveness in various markets and the higher rate of self-reporting in the Americas region. The group stated it was working to increase CFA Institute's presence outside the Americas as well as its culture of self-reporting around industry matters.

In terms of exam matters closed with sanctions over the years, the organization was catching more instances of cheating, mainly due to the implementation of data forensics and post-exam similarity analysis. In terms of industry matters closed with sanctions over the years, it was noted that almost 87% of cases were closed with no action in 2001 whereas less than 80% were closed with no action in 2011 – a change partly due to altered behavior and partly to a more robust investigative process. In addition, a large number of people were given summary suspensions or elected to resign during the investigation, because of the PCP's extensive monitoring of public information on regulatory sites.

The nature of industry behavior since 2008 was presented and showed that there had been a decline in duty to customer/suitability cases, a leveling off of insider trading cases, and an increase in both private securities transactions/personal trading cases and duty to employer cases.

The upcoming DRC and PCP activities in the coming year were outlined for the group. It was noted that the DRC would meet twice and continue to enforce its tremendous training efforts for all members.

Questions, Comments and Resulting Discussions:

It was clarified that while the DRC was becoming more reflective of the organization's membership, even including individuals from emerging markets, the codes and standards remained the same for everyone.

The organization was developing a global PCP plan to both make sure all members had the ability to defend themselves and to make sure cheating was discovered regardless of geographical location. The initiative's main challenge would be applying one standard across the globe.

In terms of the new strategy, the DRC's role was to enforce the organization's bolder voice and to protect the value of its various offerings.

It was stated that less than 10% of cases are initiated by clients or employers.

Regarding Claritas, the PCP and DRC would only evaluate, assess or sanction exam conduct. It was confirmed that there would not be an ongoing membership obligation for a Claritas certificate holder.

It was emphasized that the SPC reviewed the codes and standards on a regular basis.

RESEARCH FOUNDATION

Presenter: Mr. Jeff Bailey, Research Foundation Chair

Jeff Bailey introduced himself to the group, giving a synopsis of his current and past accomplishments.

It was stated that the mission of the Research Foundation (RF) was to provide in-depth, high quality investment research to the global investment community – a purpose consistent with CFA Institute's overall mission. This research was oriented to the practical application of investment finance and sought to educate the investment community.

The RF's organizational structure, which included independent and prominent investment professionals as well as ex-officio members of the CFA Institute, was presented. Over the year, the RF would hold two in-person meetings with the goal of reviewing upcoming research projects and dealing with strategic policy issues.

It was stated that the RF's research process began with idea generation from various sources. These ideas were then reviewed by the Research Director, discussed and approved by the RF, moved to author content creation, and ultimately sent to staff for publication.

The RF believed it had a strong pipeline of materials in FY13 to provide to the investment community. In addition, it was reported that the RF's monthly page views and content usage had increased over the years, and that publications were now available in e-book form. However, the RF's biggest challenge still remained raising awareness of its monographs, which led the group to start advertising through Google's AdWords service. The data showed that AdWords had increased the usage of RF content and had tremendous potential going forward.

In addition, the RF has increased its society programs, such as the Author Series, Translation Program, and Society Monograph Program, and also instituted an RF society award. The Board was encouraged to promote awareness of the Research Foundation, to consider better modes of delivery, and to lend ideas on a more global approach.

Questions, Comments and Resulting Discussions:

It was clarified that the RF works with the University Partners Program to disseminate new monographs, and therefore reach its academic constituency.

The RF Financials showed about \$44,000 in charitable contributions and about \$900,000 in expenses from CFA institute. It was commented that the RF had been looking at ways to increase its fundraising activity, but struggled at times due to its connection with CFA Institute, a financially successful organization. The RF expressed its satisfaction with the funding providing by the organization.

The RF agreed that to become a more global entity, it would need more authors and topics outside the North American region to adequately address the local perspective. It was added that the group had been exploring translation opportunities with its monographs.

The possibility of the RF contributing efforts to the Future of Finance (FoF) project was discussed. The response was that the RF could be flexible and entertain topic proposals from the FoF.

The public tax status of the RF was described as relatively straightforward. It was added that if the group reverted to a private foundation status, there would be a different set of tax codes to consider.

CEO REPORT & STRATEGIC WORK PLAN

Presenters: Mr. John Rogers, President and CEO at CFA Institute

*Mr. Tim McLaughlin, Chief Administrative Officer and Chief Financial Officer
at CFA Institute*

Mr. Tom Robinson, Managing Director of Education at CFA Institute

Paul Smith was introduced as the Managing Director of APAC, and it was explained that Ashvin Vibhakar had moved back to the U.S. to head up the FoF and other initiatives.

It was highlighted that the organization had closed ahead of its FY2012 budget and also finalized and began implementation of its FY2013 Work Plan.

The pilot program launch of Claritas was scheduled to take place early in 2013, and CFA Institute was aiming for 1,000 individuals to sit the exam. It was reported that about 200 employer calls had been made to organizations around the world, and that 13 had signed up so far. The curriculum was complete and the group was now determining the actual materials students would receive.

The organization had launched the following projects – Future of Finance, Americas Operating Platform, Global Operating Model, and educational product gap analysis work streams – all of which had two major objectives: to progress the mission and to elevate the potential of high-performing staff. In addition, as part of the bolder voice initiative, CFA Institute would hold the first Society Advocacy Summit, a pilot program including about 16 societies with the interest and resources to take advocacy to the local level.

The next phase of CFA Institute's China office was discussed. It was reported that the Beijing Municipal Finance Bureau, an operationally and legally sound partner, had submitted an application to create an independent CFA Society Beijing.

The Financials for FY12 were presented to the Board and showed that the yearend budget turned out better than what was originally forecasted. While the organization had budgeted a \$10.5M operating margin loss for FY12, the result was around \$7.7M. Similarly, while the organization had anticipated a draw on reserves, the result was a \$14M increase. It was reported that the candidate registration count was 1% below the budgeted figure, with a total of 219,000 as opposed to 222,000 registrations. While there had been a total increase of 10,000 registrations since 2011, there were fewer December exam registrations than initially forecasted for FY12.

The Financials for FY13 included a \$5M operating margin loss, mainly due to investments in the organization's long-term strategic plan. The budget also incorporated an increase in candidate registrations to 229,000.

An education update was presented to the Board. It was noted that the CFA Program previously licensed its curriculum from other vendors; however, it had now increased its ownership over the curriculum to 89%. As a result, CFA Institute had reduced the cost of the curriculum to \$100/candidate and also offered an e-book version as well.

The organization was also striving to improve candidate products, with plans to launch an electronic test bank to allow candidates to create personalized, full mock exams based on their strengths and weaknesses. Other major shifts were also underway to help candidates better prepare for the exam.

It was reported that the Exam Development team had worked closely with the IT Department to create a secure server for the Council of Examiners (COE), which had been fully implemented. In addition, the Exam Development and Exam Administration teams were working closely with IT to digitize and ultimately improve processes.

CFA Institute was ready to deliver the December exam in four weeks, and all candidates would sit for the exam on Saturday only, with the exception of the religious alternative dates.

It was predicted that due to revisions to its curriculum, the CIPM Program would see an increase in its candidate numbers for FY13.

It was announced that the Claritas curriculum had been written and sent to external instructional designers to take the raw curriculum, read the text and then decide how best to convert some of the language into visual elements, such as tables and graphs. In about 30 days, the curriculum would be ready for production, and there would also be a Claritas e-book available in December for the pilot participants. The organization remained confident it would have over 30 firms signed up for the program and over 1,000 candidates enrolled. It was stated that the full public launch of the Claritas program would occur in May and have a tiered pricing structure.

Questions, Comments and Resulting Discussions:

It was clarified that CFA Institute spends significant time generating long-term projections, and that diversifying the organization's revenue, through such initiatives as Claritas, would be an important step to maintaining a sustainable business model.

The organization had two opposing objectives – to manage costs and to launch itself into the global arena with an aggressive mission. It was arguably difficult to accomplish the 3B's without making some ambitious investments, and the organization remained committed to making these investments as efficient and effective as possible.

A facility update informed the group that CFA Institute now owned the new Charlottesville property and construction had started with a scheduled move in date of December 2013. The Board was thanked for their presence at the Groundbreaking Ceremony on 1 November 2012.

INFORMATION TECHNOLOGY

Presenter: Ms. Elaine Cheng, Managing Director, Chief Information Officer at CFA Institute

It was reported that CFA Institute's Information Technology division had made considerable progress over the past 18 months in strengthening the organization's capabilities in security, process, controls, technology architecture, client functionality, and user experience. Furthermore, IT continued to identify ways that new technology trends could help CFA Institute achieve its mission and, most importantly, protect its assets.

It was highlighted that with the explosion of digital information worldwide, there was a huge potential to amplify the organization's bolder voice, broaden its community and subsequently provide more content. In addition, several shifts and trends underway continued to look to the future for a more global representation of the technology.

Questions, Comments and Resulting Discussions:

In terms of IT's biggest challenges, it was noted that technology moves fast and that the big players were yet to be determined, thereby making it difficult for the organization to make good decisions now. Moreover, security risks were always a concern as CFA Institute continually worked to protect its content in a more concentrated manner.

The cloud space was described as fairly nascent, so far being used for noncritical assets and data; however, this would likely change in the future.

There was a question about recruiting technology talent in Charlottesville or elsewhere. It was explained that the unemployment rate in technology is 3.6%, making for a very competitive recruiting market. The organization was open to working with outside partners and outsourcing options, but also resolute on building pertinent skillsets within CFA Institute. It was also reported that an employee in the Hong Kong office had recently joined the IT division.

The IT division was applauded for their efforts to automatize the accounting process. It was stated that about 30-40% of IT projects were internally focused, with the IT group being very involved in all areas of content production and delivery.

The audit report indicated there were no issues of note in the IT Division, which was commended. The importance of IT was emphasized, and CFA Institute remained keen on implementing technology with a purpose.

STANDARDS & FINANCIAL MARKET INTEGRITY

Presenters: Mr. Kurt Schacht, Managing Director, Standards and Financial Market Integrity

at CFA Institute

Ms. Melissa Looney, Director of Market Intelligence at CFA Institute

An overview of the Standards & Financial Market Integrity (SFMI) Semi-Annual report included mention of the Society Advocacy Summit being held in Washington, D.C. from 29-30 November, the Systemic Risk Council's ongoing work, and the metrics tracking SFMI's impact and progress.

The Global Markets Sentiment Survey, a document posing 19 questions to all members, was designed to track global trends and fulfill the organization's mission for a bolder voice while remaining locally and globally relevant. It was reported that over 2,400 responses, containing valuable stories and content, had been received so far. The final results would then be transformed into both a PowerPoint presentation and a white-paper report to be published on CFA Institute's website. The Board was encouraged to use the talking points made available in the survey's final report.

Questions, Comments and Resulting Discussions:

It was explained that this survey, and past surveys, could provide information on employment opportunity trends.

The organization was gauging interest in a European-wide approach as well as a UK-specific approach to the Systematic Risk Council (SRC). It was indicated that the SRC would likely have more success with the UK model, and was currently looking at potential invitees.

Regarding the Global Investment Performance Standards (GIPS), it was noted that a very detailed guidance statement had just been released on the application of GIPS to alternative investment portfolios and products.

The SFMI group understood that their metrics seemed to be tracking input rather than output related activities, and would continue to look for way to assess the actual impact on regulatory bodies.

The Society Advocacy Summit would familiarize participating societies with the bolder voice initiative and motivate them to engage in outreach efforts in their respective regions.

MUMBAI PLANNING

*Presenters: Mr. Alan Meder, Board of Governors Chair
Mr. John Rogers, President and CEO of CFA Institute*

It was explained that the Board would be engaging in offsite meetings and outreach in Mumbai in January 2013, and that the Oversight Committee meetings would be more succinct.

The group was encouraged to send any questions or concerns to Joe Lange's attention.

CLOSING COMMENTS

Presenter: Mr. Alan Meder, Board of Governors Chair

Housekeeping items were highlighted and included a reminder about entry documents required for India as well as the social program planned for the evening.

SATURDAY, 3 NOVEMBER 2012

9:00 A.M. TO 12:30 P.M.

COMMITTEE REPORTS

Presenters: Mr. Giuseppe Ballocchi, Audit and Risk Committee Chair

*Ms. Beth Hamilton-Keen, External Relations and Volunteer Involvement Committee Chair
Mr. Jim Jones, Planning Committee Chair
Mr. Dan Meader, Nominating Committee Chair
Mr. Alan Meder, Executive Committee Chair*

The Audit and Risk Committee Report

The Audit and Risk Committee (ARC) report indicated an objective to look at risk as usual and risk beyond usual for FY13, especially with regards to the strategy's broader mission, bolder voice and bigger community. It was commented that crisis management and risk preparation would be crucial to the organization going forward. It was added that one structural weakness of ARC was its yearly turnover, which led the group to discuss other methods of continuity.

It was emphasized that issues should always be brought to ARC's attention, and that open communication was more important today as there was a potential for bigger risk from unexpected sources. ARC's main purpose was described as assisting the Board of Governors in fulfilling its oversight and control responsibilities in lieu of the increasing globalization of the organization.

To ensure appropriate oversight for the external audit firm's election process, ARC had validated and approved staff's recommendation to retain PricewaterhouseCoopers (PwC) as the CFA Institute's auditors. It was stated that the audit report and draft financial statements were unanimously approved for presentation to the Board.

It was highlighted that the auditors had no control points or management notes for improvement.

The following resolution was approved unanimously.

RESOLVED, that the Board of Governors approve the Audit Report and accompanying audited financial statements for the fiscal year ending 31 August 212 substantially in the form presented.

It was observed that CFA Institute would be able to easily adopt the additional revenue reporting requirements from the Financial Accounting Standards Board (FASB).

It was commented that a framework could be put in place to uniformly track the financials for all member committees, councils and works groups in the future.

ARC's report concluded with a request for an isolated Claritas program expense and revenue framework to monitor the success of the project.

The External Relations and Volunteer Involvement Committee Report

The External Relations and Volunteer Involvement Committee (ERVIC) had two major items on their agenda, the Society Partnership Work Group (SPWG) Update and the Society Member Language Update.

It was announced that while SPWG would be coming to an end, its work would be carried by ERVIC moving forward. The Principles of Partnership document was still receiving feedback from societies and aimed to have all responses in by the deadline, November 15th. The Board asked the PCRs to encourage societies to send their input as this would provide meaningful conclusions to the process. It was determined that ERVIC would manage the results, finalize the Principles of Partnership document, and endeavor to improve communication models between CFA Institute and its societies. The PCRs were thanked for their generous time and attention to the project.

The Society Member Language Memo outlined the major project phases and milestones over FY13. The plan was to improve the CFA Institute website and other member communications in order to reduce any ambiguity that may exist regarding the independent nature of CFA Institute membership and society membership. The ultimate goal would be to clarify the existing policy while also encouraging active participation in local member societies.

Over the next six weeks, CFA Institute would host in-person and virtual visits with selected societies to ensure that all material considerations were captured and incorporated into the improvement process. These visits could also explore potential future membership or funding ideas for societies. Even though the organization was currently asking for society input, the impact of the language change would remain unknown until next year, at which time membership renewals would be compiled and assessed.

It was explained that CFA Institute had engaged a third party to lead at least three member focus groups and ultimately help with mitigation of risk associated with the changed language in each region. The lessons learned from these focus groups would be shared with the Board at the Mumbai Meeting in January. It was commented that there was risk and no perfect foresight to the process, but that the organization was doing the right thing.

The importance of communicating a member language format to society leaders at this time was emphasized, and it was added that the organization would help address the budgeting process for societies between now and the end of the year.

It was clarified that the Board of Governors would need to review and approve both the recommended Society Member Language as well as its accompanying timeline.

The Society Relations update detailed the recent changes to the global society structure at CFA Institute. With Mr. Chip Deale's departure from the organization, the Leadership Team decided to develop a Global Head of Society Relations position to manage the regional heads. It was announced that Ms. Emily Dunbar had accepted this new role and would now report directly to Mr. Raymond DeAngelo. It was noted that the global society structure was the first part of the organization to be redesigned in line with the global operating guidelines and new strategy. As a consequence, Mr. DeAngelo would be able to devote more of his time to fostering relationships with member societies.

Planning Committee Report

In terms of business beyond usual, the Planning Committee would be monitoring the implementation of both Claritas and the Global Operating Model, and engaging in new initiatives, such as the FoF project and the Americas Operating platform.

In terms of business as usual, the Planning Committee would review the work plan, update the strategic dashboard, develop the budget (including the new dues structure) for next year, and monitor the re-launch of CIPM, and evaluate the organization's conferences.

The Planning Committee heard presentations on both the Americas Operating platform and the FoF project during its meeting yesterday, reviewing both teams' structures and processes. Furthermore, the Planning Committee closed out the FY12 work plan and budget, and then approved the FY13 work plan. The group also discussed revising the dashboard, specifically updating the first few pages of metrics to measure the progress of the mission over time. With the new strategic plan in place, the group would need to come up with the principles on how best to develop these metrics. Lastly, the Planning Committee finalized its goals for FY13.

A FoF update was then provided to the group.

The FoF team, led by Ms. Rebecca Fender, was in the initial scoping stage, determining the project's description, topics and processes. FoF was described as a way of simplifying and organizing CFA Institute's strategic themes. The intended outcomes were discussed and included: 1) to define how the financial profession serves and benefits society; 2) to provide thought leadership on a vision for a sustainable financial ecosystem; and, 3) to outline the role of CFA Institute and its members in rebuilding trust, thereby raising the profile of CFA Institute. It was added that the FoF team would create talking points for Board members and the Leadership Team, so the delivery stayed consistent and impactful.

The FoF was receiving valuable input from key stakeholders, such as employers, universities, regulators, industry thought leaders, and CFA Institute staff, members, candidates and volunteers. It was explained that FoF's internal resources consisted of an Impact Team, a Research Team and Conveners.

It was highlighted that the FoF work plan was targeting an early 2013 launch, and strove to have a global scope, independent voice and long-term commitment. The internal team was in the process of collecting topical areas of discussion, all of which would be mapped on a matrix categorized by Quick Wins, Aspirational, Not Applicable, and Difficult next week. The team would also be considering return on mission, as well as how much time and energy to spend on each issue.

It was emphasized that the ongoing interaction and input from the Board would be important to the FoF's success, especially given the Board's need to review and approve the FoF's risk-return proposition. Furthermore, the FoF project would likely involve all of the Oversight Committees in FY13.

It was largely agreed that the FoF's scope needed to be narrowed down to fewer topical areas for discussion.

The impact team would be considering how to measure the FoF's success and impact on society. It would be important for members to know that value was added to their membership and reputation with this initiative. It was stated that the FoF would need to leverage CFA Institute's content in the finance community, linking its efforts with financial and economic thought leaders in the industry, and ultimately garnering more publicity and even offsetting some of the cost.

It was observed that the FoF might want to include more of a demand side and obtain input from client stakeholders.

It was clarified that the FoF would be a series of deliverables in a lot of different formats, such as written research, live conference sessions, and online platforms. Societies also had the potential to be great distribution networks to reach the CFA Institute's bigger community. The FoF needed to become a portal for all content and distribution, and ultimately consolidate and clarify the organization's

identity to certain groups of people. A year from today, the FoF needed to see traction in the project's ability to deliver impact.

By deriving normative standards for CFA Institute to exercise its bolder voice, the FoF would endeavor provide firms with guidance on best practices. It was added that the FoF was a great way to challenge the Board and other constituencies on complicated subjects.

While there was discussion about whether the FoF should take a normative or utopian approach in transforming the industry, many agreed that both views should be part of the project.

Executive Committee Report

It was explained that the Executive Committee meets in between Board meetings as needed, and promotes guidance and governance on matters involving the Board. The group recently reviewed the draft agenda for the Mumbai meetings and the list of initiatives requiring Board attention.

It was announced that the Board created a Board Effectiveness Work Group yesterday in its executive session. Mr. Frederic Lebel would be leading the initiative.

Compensation Committee Update

It was reported that the Compensation Committee met and examined the processes and systems of CFA Institute's Human Resources division, and also asked a couple governors to review the committee's terms of reference. It was stated that all oversight committees' terms of reference would undergo review for FY14.

Lastly, the Compensation Committee made known it was promoting transparency of process on the Board Portal, making its materials available to the entire Board of Governors.

Nominating Committee Report

Since the last Board meeting, the NC had convened two in-person meetings and three conference calls. Members of the committee were identified as follows:

Bala Balachander, CFA
Kay Booth

Tom Joski, CFA
Janine Guenther, CFA

Dan Meader, CFA
Alan Meder, CFA

Roger Urwin

The NC continues to look for ways to improve the nominations process, reporting it had engaged Spencer Stuart, an outside consultant, to assist with candidate recruitment and communication.

Rather than primarily relying on reviewing nominees' resumes and profile information, the Chair initiated a new process, in which committee members interviewed potential candidates and submitted written feedback for the group to vet. The NC had narrowed down the candidate list and contacted approximately 20 individuals, of which 6-7 would be selected for the recommended slate to be brought before the Board in Mumbai.

It was explained that there were typically two main reasons for an individual to decline the nomination to serve on the Board of Governors: 1) the substantial time commitment; or, 2) their employer's governing body does not support volunteer service.

PRESIDENTS COUNCIL REPRESENTATIVES REPORT

Presenter: Ms. Marla Harkness, Presidents Council Chair

Based on the feedback from the Society Leadership Conference and the Presidents Council meeting in Hong Kong, the PCRs were organizing internal work groups to address the issue of unemployment and underemployment of charterholders, and training Presidents Council members on governance principles and on their role at CFA Institute.

The PCR goals were highlighted to include: 1) increasing society collaboration, such as that seen with the CFA Societies of Texas or CFA Societies California; 2) moving advocacy efforts forward at the society level; and, 3) working toward the regional meetings in March.

CONSENT ITEMS

Presenters: Mr. Alan Meder, Board of Governors Chair

Consent items consist of reoccurring and procedural matters that come before the Board.

The following resolutions were approved unanimously:

Research Foundation Alternate Ex Officio Appointment

RESOLVED, that the Board of Governors appoint Daniel S. Meader, CFA, to serve in place of the Chair of CFA Institute as an Ex Officio Trustee on the Research Foundation assuming all responsibilities and duties of that position through fiscal year 2013.

Capital Markets Policy Council Chair Appointment

RESOLVED, that the Board of Governors appoint Christopher Addy, CFA, as Chair of the Capital Markets Policy Council for a one-year term ending 31 August 2013, or until his successor is chosen and qualified.

Corporate Disclosure Policy Council Chair Appointment

RESOLVED, that the Board of Governors appoint Ashwinpaul (Tony) Sondhi as Chair of the Corporate Disclosure Policy Council for a one-year term ending 31 August 2013, or until his successor is chosen and qualified.

Claritas Advisory Committee Terms of Reference and Member Appointment

RESOLVED, that the Board of Governors appoint Alistair Byrne, CFA, as a member of the Claritas Investment Certificate Advisory Committee for a one-year term ending 31 August 2013, or until his successor is chosen and qualified; and

FURTHER RESOLVED, that the updated Claritas Investment Certificate Advisory Committee Terms of Reference is accepted and approved substantially in the form presented.

Bank and Investment Account Authorizations

- Additional Signatory at Current Hong Kong Operating Bank Account with JPMorgan Chase

RESOLVED that any one officer listed below is hereby authorized to (i) request for any Service(s) which they consider necessary or desirable for the Company for the purpose of its business, and execute documentation related thereto on behalf of the Company, (ii) to authorize the operation of the such Account by manual and electronic means including the use of the Services and (iii) to delegate authority to such persons as they consider appropriate to operate and act in relation to the Account/Services jointly or severally; and

FURTHER RESOLVED that any one of the officers listed below is hereby authorized on behalf of the Company to sign and deliver any document [using the Company Seal the specimen of which has been/will be provided on the Signature Card] necessary or desirable to be executed in connection with such Account and Services.

John D. Rogers, President and CEO

Paul H. Smith, Managing Director, Asia Pacific Operations

Timothy G. McLaughlin, Chief Financial Officer

Guy P. Williams, Head, Finance and Risk Management

Kimball E. Maynard, Treasurer

Tang Kit Mui, Director, Asia Pacific Operations

- Additional Signatory at Current Malaysia Operating Bank Account with JPMorgan Chase

RESOLVED that any one officer listed below is hereby authorized to (i) request for any Service(s) which they consider necessary or desirable for the Company for the purpose of its business, and execute documentation related thereto on behalf of the Company, (ii) to authorize the operation of the such Account by manual and electronic means including the use of the Services and (iii) to delegate authority to such persons as they consider appropriate to operate and act in relation to the Account/Services jointly or severally; and

FURTHER RESOLVED that any one of the officers listed below is hereby authorized on behalf of the Company to sign and deliver any document [using the Company Seal the specimen of which has been/will be provided on the Signature Card] necessary or desirable to be executed in connection with such Account and Services.

John D. Rogers, President and CEO

Paul H. Smith, Managing Director, Asia Pacific Operations

Timothy G. McLaughlin, Chief Financial Officer

Guy P. Williams, Head, Finance and Risk Management

*Kimball E. Maynard, Treasurer
Lee Kha Loon, Head, SFMI, Asia Pacific Operations
Tang Kit Mui, Director, Asia Pacific Operations*

- New Overnight Sweep Account with Federated Investors, Inc.

RESOLVED that any one officer listed below is hereby authorized to (i) to open an Account and request for any Service(s) which they consider necessary or desirable for the Company for the purpose of its business, and execute documentation related thereto on behalf of the Company, (ii) to authorize the operation of the such Account by manual and electronic means including the use of the Services and (iii) to delegate authority to such persons as they consider appropriate to operate and act in relation to the Account/Services jointly or severally; and

FURTHER RESOLVED that any one of the officers listed below is hereby authorized on behalf of the Company to sign and deliver any document necessary or desirable to be executed in connection with such Account and Services.

*John D. Rogers, President and CEO
Timothy G. McLaughlin, Chief Financial Officer
Guy P. Williams, Head, Finance and Risk Management
Kimball E. Maynard, Treasurer*

- New Collective Trust Account with BlackRock Institutional Trust Company

RESOLVED that any one officer listed below is hereby authorized to (i) to open an Account and request for any Service(s) which they consider necessary or desirable for the Company for the purpose of its business, and execute documentation related thereto on behalf of the Company, (ii) to authorize the operation of the such Account by manual and electronic means including the use of the Services and (iii) to delegate authority to such persons as they consider appropriate to operate and act in relation to the Account/Services jointly or severally; and

FURTHER RESOLVED that any one of the officers listed below is hereby authorized on behalf of the Company to sign and deliver any document necessary or desirable to be executed in connection with such Account and Services.

*John D. Rogers, President and CEO
Timothy G. McLaughlin, Chief Financial Officer
Guy P. Williams, Head, Finance and Risk Management
Kimball E. Maynard, Treasurer*

The Board went into a scheduled Executive Session with and without the CEO.

Meeting adjourned