

Board of Governors Meeting

Open Session Minutes

12-13 November 2013
London

Board of Governors Present:

Giuseppe Balocchi, CFA
Heather Brilliant, CFA
Beth Hamilton-Keen, CFA
James G. Jones, CFA
Attila Koksai, CFA
Robert Jenkins, FSIP

Mark J. Lazberger, CFA
Frederic P. Lebel, CFA
Aaron Low, CFA
Colin W. McLean, FSIP
Alan M. Meder, CFA
John D. Rogers, CFA

Matthew H. Scanlan, CFA
Jane Shao, CFA
Sunil Singhanian, CFA
Roger Urwin
Charles J. Yang, CFA (Meeting Chair)

Board of Governors Absent:

Saeed Al-Hajeri, CFA

PCR Representatives Present:

Leah Bennett, CFA
Aaron Brown, CFA
Sharon Craggs, CFA
Daniel J. Fasciano, CFA

Christian Heuer, CFA
Leyla G. Kassem, CFA
Anne-Katrin Scherer, CFA

Kathy O'Connor, CFA
Arthur Thompson, CFA
Ken Yee, CFA

PCR Representatives Absent:

Marla Harkness, CFA

Leadership Team Members Present:

Jeannie Anderson
John Bowman, CFA
Elaine Cheng
Raymond J. DeAngelo

Stephen Horan, CFA
Donna Marshall
Timothy G. McLaughlin, CFA
Nitin Mehta, CFA

Thomas R. Robinson, CFA
Kurt Schacht, CFA
Paul Smith, CFA
Jan Squires, CFA

Others Present:

Joe Clift
Nancy Dudley
Emily Dunbar
Rebecca Fender, CFA

Rahul Keshap
Christine Krecek
Joseph P. Lange (Meeting Secretary)

Craig Lindqvist
Ashvin Vibhakar, CFA
Guy Williams

Materials Provided:

Primary Meeting Pack

Reference Meeting Pack

TUESDAY, 12 NOVEMBER 2013
1:00 P.M. TO 5:00 P.M.

WELCOME

Presenter: Mr. Charles Yang, Board of Governors Chair

Welcome and opening remarks to the meeting in London.

CEO REPORT AND FY2014

*Presenters: Mr. John Rogers, President and CEO at CFA Institute
Mr. Robert Jenkins, Member of the Board of Governors
Ms. Elaine Cheng, Chief Information Technology Officer at CFA Institute
Ms. Jeannie Anderson, General Counsel at CFA Institute*

Exam Registrations

It was highlighted that two months into FY2014, the organization had closed registrations and was preparing for the December exam. In addition, the first deadline for the June exam had closed with a higher number of registrations than reported at the same time last year. It was explained that due to the modified pricing model, candidates had been encouraged to register early, and the organization would not have a complete picture of total registrations until the conclusion of the second deadline in February 2014.

Membership Renewal

The membership renewal process had been completed, and renewals looked essentially the same as last year, with only a slight drop off at the CFA Institute and aggregate society levels. Reminder notices had been sent out to pending members, many of whom would likely renew in the next couple of months.

Society Leadership Conference

It was reported that the Society Leadership Conference, which had been held in Washington, D.C. in September, had been a success. With CFA Institute supporting the event, society leaders met and held a productive and very partner-oriented conference.

Claritas Investment Certificate

The Claritas Investment Certificate had all the essential elements of a successful, viable product. While it was noted that the sales and closing cycle had taken a bit longer than anticipated, there were no major concerns about the market opportunity, people involved, or user experience. Employer visits, informational sessions, and other outreach to increase registrations were ongoing.

Future of Finance

The Future of Finance Advisory Council was composed of many distinguished members, including:

*Mr. John Kay
Mr. Paul Chow
Mr. Keith Ambachtsheer
Ms. Elizabeth Corley
Mr. Tom Keene, CFA*

*Mr. Andrew Lo
Mr. Ira Millstein
Mr. Ng Kok Song
Ms. Barbara Novick
Mr. Saker Nusseibeh*

*Mr. Robert Pozen
Ms. Mary Schapiro
Mr. Andrew Sheng
Mr. Robert Shiller
Mr. John Taft*

The Advisory Council met for the first time in New York in September and discussed the themes of transparency and trust, retirement security, and safeguarding the system. It was also noted that Sheila Bair, ex-Chair of the Federal Deposit Insurance Corporation and current Chair of the Systemic Risk Council, presented an update on her assessment of where the U.S. stood in terms of financial reform, which resulted in a productive and lively discussion.

A few Future of Finance video clips, which included statements from Mr. Robert Schiller and Mr. Ng Kok Song, were then played for the group.

The next steps for the Future of Finance project would be led by Mr. Raymond DeAngelo and more information on this item would be forthcoming.

Global Operating Model

The implementation plan for the Global Operating Model had been approved by the Leadership Team, who would be responsible for driving specific elements into every part of the organization. Furthermore, a leadership team level individual would be appointed to lead this particular function and ensure consistency throughout the process.

Business-to-Business Focus

Historically a business-to-client service provider, CFA Institute was now keen on strengthening and enhancing its business-to-business outreach capabilities in order to achieve on its expanded mission and product offerings. Efforts would focus on identifying the skills, systems, and technology needed to deliver good service at the institutional level. For FY2014, the project team aimed to recommend the future capabilities needed to identify the gaps and create a high level implementation plan for filling in those gaps. The group had met several times in the last couple of months and made substantive progress on the first milestone. It was estimated that the initial recommendations would be ready by March 2014, and the gap analysis by yearend.

China and India Project

The China and India project, driven by a cross-functional and global team, endeavored to deepen CFA Institute's capabilities in these two key markets to effectively carry out the mission. The group was working to set the stage for opening offices in China and India, and deliver three-year work plans for both countries. In addition, the team wanted to clarify the messaging around the CFA Institute brand, emphasizing that it was not only an exam but also the educational leader of the investment profession. Themes of strengthening partnerships with local stakeholders, creating higher and more relevant member value, delivering on content, and building strong societies with the capacity to handle the organization's initiatives were highlighted as well. More information on the China and India project would be provided at the Beijing meeting.

Executive Function

There was a project underway to review the executive function and determine if the current leadership team structure made sense in terms of the organization's overall strategic objectives. How best to organize the roles, responsibilities, knowledge, skills sets and abilities needed to effectively implement the mission would be considered. The internal and external drivers of the organization would be catalogued and prioritized as well. It was further noted that a separate shift chart would be created for the executive function, one that could be compared and contrasted to existing organizational models. The project aimed to provide directional guidance to the Board as well as the entire organization about the development of the executive function over time, and a complete update would be presented at the Beijing meeting.

It was highlighted that the Standards and Financial Market Integrity group's presentation to ERVIC included an update on the Edelman Trust Survey, a great springboard for the bolder voice initiative, and the soon to be

released Global Market Sentiment Survey, a market-oriented delivery platform for the organization's messaging.

Organization Update

It was announced that Mr. Raymond J. DeAngelo, Managing Director of Stakeholder Services, Marketing and Communications, would retire from CFA Institute at the end of FY2015. A broader communication would be circulated to staff and society leaders shortly after the London meeting.

Questions, Comments and Resulting Discussions from the Board:

With respect to the executive function, the idea of disruptive thinking as an external driver was clarified. It would be important for the organization to consider both its operations and traditions, and ask whether or not adhering to the current model had a negative impact going forward. Other entities that did not share CFA Institute's traditions and wanted to operate in the same space, for example, could pose a competitive threat.

An update on the work experience requirement for the charter pending candidates was provided. The organization would be conducting research for new job titles and backgrounds that would qualify candidates for the charter. It was noted that starting with the class of 2005, CFA Institute required four years of relevant work experience.

CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

Presenter: Mr. Kurt Schacht, Managing Director of Standards of Financial Market Integrity at CFA Institute

The group was reminded that the Code and Standards of Professional Conduct was a foundational document reviewed internally and opened up to public comment externally every three years. The final review process resulted in four minor changes that would go into effect 1 July 2014. These included updating the code of ethics to align with the organization's mission to benefit society, revising the standards of practice language with regards to more proactive supervision, adding a requirement to the communication with clients and proposed clients on the explicit disclosure of the significant limitations of their investment strategy, and modifying the conduct of participants in all CFA Institute programs.

The following resolution was approved unanimously:

RESOLVED, that the Board of Governors accept and approve the revised version of the CFA Institute Code of Ethics and Standards of Professional Conduct substantially in the form presented.

COMPETITIVE INTELLIGENCE

Presenters: Mr. Nitin Mehta, Managing Director of Asia Pacific Operations at CFA Institute

Mr. Rahul Keshap, Head of Program Management at CFA Institute

Although the Board had moved away from regional updates, it remained interested in knowing more about CFA Institute's top competitors around the world.

The competitive review approach showed a matrix broken out by education, ethics and engagement in the Americas, Asia Pacific and EMEA regions. In terms of education, examples included competing designations, certificates, journals, conferences and degree programs. In terms of ethics, examples included competing think tanks, industry bodies and agencies. And, in terms of engagement, examples included competing associations, virtual communities and social media. In almost every area and region, the organization faced strong competition that would be examined and reported upon in the coming year.

In 2010, the Board approved the new guiding principles for certificates and designations, which started the formalization of new opportunities and products, such as the Claritas Investment Certificate and the Market Opportunities for Educational Products (MOEP) project.

Led by the Program Management Team, the MOEP project was an ongoing strategic initiative on education that refined the review of competitive opportunities and formal education programs. The MOEP group was a cross-functional team with participants from all offices focused on developing a classification framework for financial services educational offerings and programs, identifying trends in financial services education, building out a competitive intelligence platform for monitoring “supply” (competition) and “demand” (opportunities), and developing a framework for analyzing new opportunities.

It was explained that the MOEP Classification Framework, which was organized around competitor and product attributes, had been implemented before conducting a review of the financial services education trends at the macro level. Some trends identified were increasing governmental regulation, corporate demand for control of training, content management, the intersection of IT and finance and massive open online courses. It would be important for CFA Institute to consider these trends in order to make its products to fit within the classification framework.

The objective of the MOEP project was to formalize CFA Institute’s competitive intelligence monitoring and analysis through three main methods. First, the group sought to develop a licensed technology platform that allowed all staff to gather and provide competitive intelligence, organize, store and present competitive information and activity, and centralize information and broaden access. Second, a Market Intelligence team would be created to manage organizational inputs to identify and track competitors and financial industry trends. And, finally, a Program Management team would be established to identify new opportunities for review by the Program Strategy and Leadership Team.

As the organization had continued to evolve since 2010, the MOEP team felt revisions to the guiding principles were needed. There had been many organizational changes since 2010, including the 2015/2022 strategy, introduction of Claritas, re-launch of CIPM, Future of Finance project, and Education division’s reorganization and new portfolio approach. Subsequently, new initiatives in designations and certifications should fit within CFA Institute’s mission and deliver on member value, meet a critical need, leverage the organization’s skills, resources and experiences, be distinct from the CFA Program, base any ethics related training on CFA Institute Code and Standards, and develop into a self-supporting business model. It was recommended that staff members review the guiding principles over time and present their proposed revisions to the Board for final review and approval.

The MOEP Opportunity Framework was meant to establish sensible guidelines and add numeric factors to sift through sensible opportunities. The framework would maintain agility and responsiveness, and use the framework to analyze hypothetical opportunities, such as Claritas MOOC, competitor acquisition and the ESG certificate.

While initially focused on the education side, ethics and engagement would be important to the MOEP discussion as well.

Through the process of evaluating and building up the quality of the competitive intelligence database, the MOEP team had developed an initial list of competitors to the CFA, CIPM and Claritas programs. The Board was presented with the preliminary findings and encouraged to share its expectations on the level of competitive analysis it would like to receive in the future, thereby allowing the organization to allocate resources and modify the work plan accordingly.

Questions, Comments and Resulting Discussions from the Board:

The increasing trend towards investor education was highlighted and added to the list for the MOEP team's consideration.

To save valuable time and energy, it would be important to find a way to quickly identify whether a competitor fit into the organization's overall competitive strategy. In addition, developing a coherent and consistent story around CFA Institute's portfolio of products and managing the competitive pressure on that portfolio of products would also benefit the MOEP project.

Within the context of investor education and the Future of Finance, it was stated that investors should be judged on the process and not just the outcome of their efforts. Many investment decisions continued to be taken with less than a reasonable or adequate basis, and it would be CFA Institute's role to push and expand the competitive market in terms of investor education.

On the ESG side, the MOEP team had developed a Strawman body of knowledge and discussed potentials for partnering with some existing ESG certificates. It was clarified that while ESG seemed to be a neglected subject in the U.S., it was being addressed. In addition, the organization had been working with limited resources due to various initiatives, particular the launch of Claritas.

It was suggested that the organization track the dynamics of the competition over time. It was agreed that trend data would be an important piece of the MOEP project.

In competition with for-profit and nonprofit organizations, CFA Institute would need to make a strong argument for the need for its educational portfolio of products in order to be correctly interpreted by both markets. Creating successful, self-sustaining programs would benefit the public and allow the organization to continue its development of educational offerings for the future. It was also stated that CFA Institute could learn from for-profit organizations, such as large universities or academies, while still keeping its mission at the forefront.

Work on the competitive matrix would likely span across all three oversight committees. There was a recommendation that the organization drill down even further on the types of competitive designations to better understand where the CFA stood overall. There was also a request for additional information on the competition in China and India given the significance of these two markets in FY2014.

CFA INSTITUTE AS A GLOBAL ORGANIZATION

Presenters: Mr. Aaron Low, Vice Chair of the Board of Governors

Mr. Roger Urwin, Member of the Board of Governors

Ms. Heather Brilliant, Member of the Board of Governors

Mr. Matthew Scanlan, Member of the Board of Governors

Mr. Attila Koksai, Member of the Board of Governors

Since the Board last discussed the subject of CFA Institute as a global organization in February 2009, a brief synopsis, including its historical meaning and progress over time, was provided to the group.

Differing opinions at the first retreat revealed the need to define the term, "global." In addition, the Board had acknowledged that "being global" was something that had happened to the organization rather than something it initially sought after. It would now be the job of the current Board to set the speed of change to reactive, incremental, developmental or transformational based on its strategic commitments.

It was noted that since the first retreat, CFA Institute had significantly increased the size of its non-US platforms, more than doubling the number of professional staff in the both London and Hong Kong offices. CFA Institute's global talent staffing model had been effective, and the Board was encouraged to reference the strategy and global operating principles during its breakout sessions. While the organization could not be local in every market from an operational standpoint, it could acknowledge and address significant gaps with regards to global relevance, such as the work being done with regards to the China and India project.

It was stated that the breakout sessions would cover three main questions:

1. *What does it mean to be "global" for CFA Institute?*
2. *How do societies factor into our global strategy?*
3. *What does success look like for becoming a truly global organization?*

The Board was broken into four teams then asked to discuss these questions and present a summary of their most significant points to the full group. It was explained that the results of the breakout sessions would be given to the Planning Committee for future thought and development.

Breakout Group #1

- Looked at the brand and decided that the CFA program was a substantial global proposition, but did not have as much value or relevance associated with its post-charter experience.
- Reviewed the delivery model and decided that the organization should consider translating some content into different languages.
- Discussed the enablers and decided that the organization's global operating model, talent model, principles, and cultural leadership were all moving in the right direction.
- Acknowledged the opportunity of using societies as part of the global strategy, but also noted the highly decentralized delivery of governance and partnership across its society network.
- Agreed that the volunteer model was limiting due to resource constraints.
- Shared views on success factors and measures, such as highlighting cultural elements, joining a global community, ensuring the reliability of information and knowledge, being in demand, and emphasizing economic diversification and resiliency.
- Star Alliance and HSBC were presented as two examples of well-noted global organizations.

Breakout Group #2

- Being recognized as a global brand with globally relevant materials was considered more important than CFA Institute's actual physical presence around the world.
- Emphasized the importance of local operational relevance and adding diversity to the organization.
- Progress had included the development of a globally relevant mission and directive in various markets.
- Promoted a model that alleviated administrative burdens and used better technologies at the society level.
- Noted that the organization could lose global relevance by becoming overly localized.
- Recognized it would be hard for societies to create communities that people wanted to belong to at the local level.
- Success involved segmenting the markets by stage of development, region, culture, and size then focusing on those that fit with CFA Institute's overall strategy.
- Success was being the leading financial services designation in the most important markets to CFA Institute.
- Agreed the organization was on the right track and discussed allocating more resources to the emerging markets with a growing candidate base.

Breakout Group #3

- Determined the organization was primarily an education entity, akin to a major university program, that should leverage local talent and intelligence to create its global strategy and products.
- Recommended leveraging technology, establishing good local partnerships and alternative models for helping CFA Institute develop its message.
- Believed it was more important to have and attract diverse people no matter the location (i.e. London Business School).
- Global organizations should live in the knowledge space, creating and disseminating content and standards.
- Acknowledged that CFA Institute's 140 societies could play a huge role in its future growth and success in terms of global relevance.
- Needed to find ways to leverage societies at the local level with the least impact on their time and resources.
- Success meant that all CFA Institute products were locally relevant to its constituents.
- Proposed metrics that looked at demand, media growth, financial penetration, and internal global success.
- Emphasized the importance of recognizing CFA Institute for its products, services and mission first rather than as a U.S. based organization.

Breakout Group #4

- Defined global as having a globally minded staff, Board, member base, and portfolio of products.
- Agreed that being global did not lie in the physical location
- A more globally minded CFA Institute represented a great opportunity to engage societies, motivate society leaders, and give them the resources, incentive and infrastructure to deliver on the organization's products locally.
- Discussed the premise that societies were uniquely positioned to address local segmentation.
- Success meant continued and shared global growth, new metrics, and global recognition of CFA Institute's standards and brand.

Questions, Comments and Resulting Discussions from the Board:

With such a diverse membership base, it was questioned how many non-North American societies would consider CFA Institute a global organization.

The organization felt it was important to continuously strive to be more global and culturally sensitive so as not to become complacent with its position in the world.

While the Dubai planning retreat in 2009 had focused more on time zone and language sensitivity, office size in APAC and EMEA, the perceived lack of cultural diversity and global mindset, the conversation had now evolved to changing perceptions in key areas. CFA Institute needed to find ways to reinforce the message that its reach extended far beyond Charlottesville.

WEDNESDAY, 13 NOVEMBER 2013
9:00 A.M. TO 10:30 A.M.

CFA INSTITUTE AS A GLOBAL ORGANIZATION

Presenter: Mr. Aaron Low, Vice Chair of the Board of Governors

A summary of the breakout sessions was provided.

There were four elements that defined the term, “global”: Organization, Adaptation, Perception and Recognition, and Connection. With regards to organization, CFA Institute needed a diverse talent pool with a global mindset and culture. The centralization of the organization’s structure and control was also emphasized. Adaptation indicated that CFA Institute needed to adjust to local relevance and language, and also leverage the local talent, intelligence, technology and partnerships. In terms of perception and recognition, CFA Institute needed to broaden its messaging to be known as a global brand with global products. Lastly, connection suggested that CFA Institute needed to engage the global membership base and create a valuable, global member experience overall.

Societies were considered important and critical to the mission. They not only leveraged connectivity to a broader community, but also provided better positioning for adaptation to local market needs. It was determined that societies were the accelerators for adopting CFA Institute’s products and services via a decentralized local delivery mechanism. Furthermore, the organization aimed to move societies to be more strategic and align with the mission. CFA Institute could address society constraints by leveraging technology, supporting infrastructure and resources, providing incentive structures to volunteers, and enhancing engagement.

In looking at society engagement, the organization would have to segment its membership and customize its approach. For example, senior members were likely drawn to the idea of thought leadership (i.e. Future of Finance and advocacy), junior members to the advancement of their careers (i.e. Jobline, community), and candidates to educational opportunities (i.e. CFA exam, Claritas Investment Certificate). It would be important for CFA Institute to recognize the many different needs and aspirations of its societies.

CFA Institute’s success would be defined by becoming the leading designation for financial services, having a strong global brand, engaging with a global community of practitioners, impacting terms of growth in market share across regions, recognition for its mission rather than location, and adoption of its standards and values across geography, industry and job segments.

In bridging a significant gap over the last five years, CFA Institute now had a clear objective to move from global operations to global relevance by identifying key drivers and leverage points to improve perceptions and deliver value. It was concluded that the results from the breakout sessions would be considered by Planning Committee for the assessment and development of the organization’s strategy moving forward

Questions, Comments and Resulting Discussions from the Board:

The summary was a good reflection of the breakout discussions and showed how much the organization had changed in the last four to five years. It was stated that mission clarity, articulating and socializing CFA Institute’s values and standards beyond the Board and Leadership Team level, would be crucial for success.

The global operating model continued to move the organization toward a matrix management system, which was essential for CFA Institute to function in a global context. It was stated that talented people on cross functional teams working on various projects, such as the MOEP, acted as flexible structures beside the traditional hierarchical configuration and tackled complex situations more effectively.

While the incentives to change behavior had to be implemented, it was also believed that cultural values played an important role in driving CFA Institute’s mission forward. The organization needed to be less inwardly focused, have a servant leadership mindset, and be in a position to respond to its constituents better on a global scale.

In terms of next steps, CFA Institute had the resources and skill sets to become more globally relevant, and its success would stand on its own merits. The ongoing work on this topic would be remanded to the Planning Committee.

COMMITTEE REPORTS

*Presenters: Mr. Giuseppe Balocchi, Audit and Risk Committee Chair
Mr. Colin McLean, External Relations and Volunteer Involvement Committee Chair
Mr. Fred Lebel, Planning Committee Chair
Mr. Charles Yang, Executive Committee Chair
Mr. Aaron Low, Awards Committee Chair*

The Audit and Risk Committee Report

It was reported that Ms. Ellen Odoner, experienced outside counsel from Weil, Gotshal & Manges LLP, gave a detailed presentation to ARC that included many pragmatic, direct suggestions. The difference between overseeing risk and managing risk, impact of organizational culture on empowering good risk management, topic of independent counsel, changes in auditing best practices, and legal risks arising from globalization were discussed.

In looking at risk management approaches and tools, ARC offered the idea of examining disruptive thinking and competitive intelligence through the method of reverse stress testing, which involved starting with a negative outcome and then proposing adverse situations that would create that outcome.

A report on the audited financial statements was provided by Ms. Suzanne Hubbard, an external auditor from PricewaterhouseCoopers, who confirmed the audit was very favorable with no issues being reported. It was stated that ARC had unanimously approved the draft financial statements.

Further background information on CFA Institute's financial position for FY2013 was reviewed for the group. The organization had undergone a perfect audit, meaning there were no disagreements with management, no adjustable numbers, and no control points cited. The Board was reminded of the ownership and acquisition of the new property in Charlottesville, which included a thorough explanation of the historical tax credit process in the U.S. Overall, it would cost the organization \$25M to own the building. The permanent certificate of occupancy would be received on December 6th, and the move was scheduled to take place on December 13th.

It was also noted that an in-depth IT audit had been conducted with no findings.

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 2013.

Management was congratulated on achieving a perfect audit.

The External Relations and Volunteer Involvement Committee Report

It was reported that ERVIC was focused on six key objectives to fully engage the societies. These included monitoring society relations and honoring the Principles of Partnership, encouraging and supporting volunteers, monitoring work in social media, reviewing the candidate experience and potential to enhance it, monitoring the effectiveness of external engagement, and monitoring membership, society membership renewals and charter pending patterns

ERVIC had also received a full report on the Society Leadership Conference, which was deemed a success by the group, and approved the admission of CFA Society Norway as the organization's 140th society. The efforts of the society relations team were acknowledged.

In terms of member engagement, ERVIC would once again review the charter pending and affiliation issue in FY2014. It was added that the membership renewal figures had been much more encouraging than originally anticipated. While data on the final payments was still pending, it seemed that the member transparency language issue had been favorably resolved. Moreover, a report on social media efforts over the past three years had showed the organization's progression to an incredible level of engagement, especially with regards to the Research Foundation and Future of Finance.

ERVIC was also interested in learning and sharing more on CFA Institute's competitive landscape.

As the organization endeavored to be increasingly global, ERVIC recognized that managing and engaging volunteers would become more important going forward, and the group felt that reviewing the Principles of Partnership document on a yearly basis would complement that effort.

Planning Committee Report

The Planning Committee discussed four main topics, which included metrics, Claritas, Future of Finance, and the MOEP project.

Focused on measuring and monitoring CFA Institute's progress on achieving its long term goals, the group discussed approximately thirty different metrics around education, engagement, ethics and enablers. It was agreed that the methodology underlying every metric required further consideration and additional, granular data would need to be collected. The committee also wanted to encourage evaluation from outside sources as much as possible to help track the organization's performance. While not subject to regular changes, the metrics had room for amendments going forward.

The group received a thorough update on Claritas and talked about the type of action and support that would be welcome from the Board. While keeping the goal of 10,000 registrations in mind, the organization was paying close attention to the long term sustainability of the initiative. A few unanticipated obstacles requiring longer lead times were also reviewed. There were several interesting perspective employers, such as Blackrock, New York Life and Morgan Stanley, in the pipeline, and the Board was encouraged to make introductions at the senior level in global leading firms in their respective regions.

The committee agreed that the Future of Finance was helpful for partnering with the societies and prioritized its six themes, starting with investors first and safeguarding the system. The other four themes would be reviewed for their relevance at a later date. It was also observed that the Future of Finance videos were a great way to communicate with the organization's external stakeholders.

Lastly, the final report of the Market Opportunity for Educational Products project gave a comprehensive outline of the program management and program strategy teams.

Nominating Committee Report

The Nominating Committee was creating a more democratic, iterative nominations process. With about 100 names in their database, the group was trying to interview, collect feedback, focus on diversity, and ensure that the needs set forth by the Executive Committee were ultimately met. There was a strong representation of leadership from societies, key education committees and advocacy groups. In addition, candidate backgrounds involving technology, advocacy, CIPM, open curriculum, and academia were under consideration.

The Board was encouraged to submit their nominations and ideas. A slate of candidates would be finalized by the end of January.

It was reported that the guidance for finding applicable skill sets historically provided by the Executive Committee would be generated by the Compensation and Governance Committee in FY2014. Going forward, the Nominating Committee was also interested in characterizing potential board nominees by the level of diversity a particular candidate was expected to bring in their potential service to the board.

Executive Committee Report

The Executive Committee emphasized that its main objective was to act on behalf of the full Board in between the three in-person meetings as well as provide oversight and guidance to the other committees. The group had held a conference call in October that included a CEO update and discussion on the organization's budget and programming, and received information on the professional conduct program during its meeting in London.

PRESIDENTS COUNCIL REPRESENTATIVES REPORT

Presenter: Mr. Arthur Thompson, Presidents Council Representative

The PCRs had recently welcomed three new members: Ms. Anne-Katrin Scherer, Mr. Christian Heuer, and Mr. Ken Yee.

The Society Leadership Conference held in Washington, D.C. was successful and included the second Presidents Council meeting. Although there were some logistical challenges, the discussion went much more smoothly than it had at previous meetings, and CFA Institute's organization and support was welcomed. From the Presidents Council meeting, the PCRs were tasked with working on their goals as well as the Executive Committee formation and terms of reference.

The PCRs discussed the member language transparency issue and encouraged the organization to remain vigilant and appreciate the differences in societies across regions. In addition, the investors first month and PCR working groups, one of which was exploring the PCR Chair election process, were highlighted for the group.

The PCRs had found the information shared at the London meeting valuable and thanked the Board for the opportunity to participate and contribute.

CONSENT / REFERENCE ITEMS

Presenter: Mr. Charles Yang, Board of Governors Chair

Consent items consist of recurring and procedural matters that come before the Board. These matters require Board action. A single request for approving all the consent items was provided to the Board for ease of handling.

The following resolutions were approved unanimously:

Research Foundation – Name Change (CFA Institute Research Foundation)

RESOLVED, that Charles J. Yang, CFA, is authorized to vote on the behalf of CFA Institute as the sole Voting Member of the Research Foundation at a special meeting of members;

FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote for the approval of the Amended and Restated Articles of Incorporation and Bylaws of the Research Foundation; and

FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote on such other matters that may be presented at the above noted meeting, and to waive any notice of meeting requirements.

Standards and Financial Market Integrity Advisory Council Chair

Bio:

Stuart H. Leckie is Chairman of Stirling Finance Ltd., and is a qualified actuary and an independent adviser on pensions and investments in Hong Kong and China. He is the founding Chairman of the Hong Kong Retirement Schemes Association and acts as a trustee for a number of retirement schemes. He has been involved in pensions and investments since moving to Hong Kong in 1979, when he began work with actuarial and benefits consultancy Watson Wyatt. He rose to become Managing Director and then Asia- Pacific Chairman before taking up the post as Chairman of Fidelity Investments Asia- Pacific, where he was responsible for US\$15 billion of assets in various Asian markets. Mr. Leckie has served as President of the Actuarial Society of Hong Kong and Chairman of the International Actuarial Association's China Committee. He advised the Hong Kong Government on the establishment of the Mandatory Provident Fund and has served on various committees in Hong Kong's Securities and Futures Commission. He is the author of two books: Pension Funds in China and Investment Funds in China.

RESOLVED, that the Board of Governors accept and approve the appointment of Stuart H. Leckie to serve as chair of the Standards and Financial Market Integrity Advisory Council for a one year term commencing on 13 November 2013 and until his successor is chosen and qualified.

INFORMATION ITEMS

Presenter: Mr. Charles Yang, Board of Governors Chair

The Board was encouraged to review the educational programs recommended by the organization.

Information on obtaining a Chinese business visa was included in the London materials. It was noted that most meeting attendees would be required to apply for a business visa to travel to Beijing, and the group was asked to plan ahead accordingly.

Board and PCR representation at the APAC Society Regional Meeting in Shanghai would be important. However, a balance of attendance, so as not to overwhelm the region, was emphasized. Each group was subsequently asked to consult with their respective chairs for confirmation.

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