

## Board of Governors Meeting Open Session Minutes 2-3 March 2015 New York

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### **Board of Governors Present:**

Giuseppe Ballocchi, CFA	Mark Lazberger, CFA	Paul Smith, CFA
Heather Brilliant, CFA	Frederic Lebel, CFA	Lynn Stout
Beth Hamilton-Keen, CFA	Aaron Low, CFA (Meeting Chair)	Michael Trotsky, CFA
James Jones, CFA	Colin McLean, FSIP	Charles Yang, CFA
Attila Koksai, CFA	Scott Proctor, CFA	Hua Yu, CFA
Robert Jenkins, FSIP	Sunil Singhania, CFA ☎	

### **Presidents Council Representatives Present:**

Lamees Al-Baharna, CFA	Daniel Fasciano, CFA	Kathy O'Connor, CFA
Leah Bennett, CFA	Christian Heuer, CFA	Ken Yee, CFA
Aaron Brown, CFA	Leyla Kassem, CFA	
Sharon Craggs, CFA	Anne-Katrin Scherer, CFA ☎	

### **Leadership Team Members Present:**

John Bowman, CFA	Donna Marshall	Paul Smith, CFA
Elaine Cheng	Timothy McLaughlin, CFA	Jan Squires, CFA
Raymond DeAngelo	Nitin Mehta, CFA	
Stephen Horan, CFA	Kurt Schacht, CFA	

### **Others Present:**

Joe Clift	Rebecca Fender, CFA	Guy Williams
Nancy Dudley	Joseph Lange (Meeting Secretary)	
Stephanie Ennaco	Craig Lindqvist	

### **Materials Provided**

Primary Meeting Pack	Reference Meeting Pack
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**MONDAY, 2 MARCH**  
**1:25 P.M. TO 5:00 P.M.**

### **OPENING REMARKS**

*Presenter: Aaron Low, Board of Governors Chair*

Everyone was welcomed to the meeting in New York, with a special recognition of Mr. Paul Smith, CFA, the newly appointed President and Chief Executive Officer of CFA Institute.

An overview of the open session agenda was provided. The Board would be asked to focus on the second phase of the strategy review process, the CEO report and work plan, the society partnership model, and employer relationships (B2B). In addition, the topic of governance would be discussed during the executive session.

Lastly, it was highlighted that the Board would hear presentations, all of which aligned well with the organization's mission and vision, from three external speakers: Mr. John Kay, Dr. Jan-Martin Lowendahl, and Mr. Brad Katsuyama.

#### **STRATEGIC REVIEW AND BREAKOUT SESSIONS**

*Presenters: Robert Jenkins, Planning Committee Chair*

*Elaine Cheng, Managing Director, Chief Information Officer at CFA Institute*

*John Bowman, Managing Director and Co-Lead of Education at CFA Institute*

*Jan Squires, Managing Director of Strategic Products and Technology at CFA Institute*

*Kurt Schacht, Managing Director of Standards and Financial Market Integrity at CFA Institute*

The strategic review process was initiated during the leadership transition period with the purpose of conducting a basic evaluation of CFA Institute's mission and strategy. It was recognized that the ultimate outcomes could reaffirm or challenge the existing structure established by the organization's predecessors.

The group was reminded of the various steps in a conventional strategic review process, which started with an assessment of the key environmental trends followed by a competitor scan, a SWOT (strengths, weaknesses, opportunities and threats) analysis, and concluded with a reflection on the organization's core values. The Board would need to consider how the results impacted the strategy and to what extent the mission, as it was currently designed, was feasible or desirable.

In New York, the Board would engage in phase two of the project and discuss the competitive pressures facing the organization. To facilitate the conversation, the leadership team would provide a briefing on the competitive landscape and technological disruption impacting CFA Institute's major areas of activity. Participants would then be divided into four breakout groups and asked to articulate their thoughts on the most significant competitors and competitive threats. The purpose was not to define a solution or response at this stage, but rather to obtain a consensus on the competitors occupying the same space as CFA Institute and the nature of that competition.

#### **Technology Accelerated Disruption**

The leadership team began by opening up the discussion and encouraging dialogue on the most important trends for CFA Institute, an organization focused on leading a profession. Based on Dr. Lowendahl's presentation and the technology disruption white paper provided in the meeting materials, the group was asked to consider what technologies and disruptive technologies would help the organization thrive and achieve its mission in the investment industry.

The topic of technology was being introduced to establish if it was a facilitator, threat, opportunity or source of new competition. Though education was not the organization's primary purpose, there was a focus on its role with regard to CFA Institute's larger vision of being the leading professional body. The demand for specialized educational resources within the investment industry could potentially increase over time, and it was important for CFA Institute to consider this element and whether it should react and change its business model or continue down its current path.

From a longer term perspective, the organization would need to determine how best to integrate some of the technologies into its programs, such as computer-based grading of essay questions or assessing of soft skill sets. For example, if communication skills were deemed to be a defining factor of an investment professional, then CFA Institute should think about how to evaluate that competency going forward. From an even broader perspective, the organization needed to define itself in the education space, specifically if it wanted to be an education delivery system or remain a credentialing body.

Assessing soft skill sets, in particular, could be a very interesting area for the organization, and there were clear ways for technology to assist in that regard. There was discussion on massive open online courses (MOOCs), which evaluated participants through peer reviews, and gamification, which evaluated participants through games for learning purposes. These were two different types of technologies that could be used, for instance, to test a person's ethical behavior in practicable situations.

There was a comment that a computer-based test, especially one that was dynamic based on the answers provided, could help the organization more accurately hone in on an individual's level of understanding on a variety of topics. The potential of this adaptive learning model was acknowledged by the leadership team.

The group considered how long credentialing would be used to validate someone as competent in the investment industry. There was also discussion on how to create trust through the use of technology while recognizing that trust had already been somewhat redefined by technology – individuals might trust the recommendations of strangers, for instance, to help them make a variety of decisions (i.e. what car to buy, what book to read, etc.).

The presentation given by Dr. Jan-Martin Lowendahl showed that technology could provide many new opportunities for CFA Institute, such as improving the competency element of education or pairing practitioners with individuals who were still learning and developing as professionals. The presenter also asked a very important question: for which employers did CFA Institute educate? While some believed that the organization was not educating for employers, but rather for the members and professionals seeking to enter the industry, there was general agreement that longer term thinking was needed with regards to this question.

At a more macro level, the organization could stretch its imagination and think in new ways with the support of technology. The possibilities were infinite, and the Board was excited to explore the boundaries of using technology, with the recognition that incremental change might still be the best option at times.

The group was reminded that technology had modified people's expectations on how to learn and receive information. Consequently, the demand side of the education business was constantly changing.

It was noted that in the technology industry, an individual was more likely to obtain a job by showcasing his or her work portfolio rather than earning a knowledge-based credential. Similarly, tying the CFA designation to real world experiences, accomplishments, and outcomes, could increase its value for investment professionals.

While technology could open up incredible opportunities, the organization first had to determine its business purpose. It was easy to become side tracked, and the Board was encouraged to focus on developing the business structure before taking on any new initiatives.

Technology was not only having an impact on education, but also on the finance industry, and it was suggested that a significant transformation was imminent. In ten years' time, the role and expectations of an investment professional could be very different from today's standards.

The potential for CFA Institute to become obsolete was a real technology disruptor. In the peer-to-peer lending model, for instance, banking activities were continuing without the need for banks. Similarly, future investment professionals could be finding alternate ways to learn and obtain information without enrolling in any of the organization's educational offerings.

It was noted that the standards of practice might have to change to match the evolution of technology.

The group was polled to ascertain the most impactful disruptive trends, which were identified as: 1) mobile, social; 2) cloud; 3) big data analytics; and, 4) customer driven experience.

There was a concern that technological changes could feed into a negative demand for instant gratification in the investment profession. Generally, great investors had a longer term focus, which was an important driver of returns and managing risk. The organization needed to be careful and remain true to its mission rather than pursuing the next best thing and becoming distracted by the hype associated with many new technologies. CFA Institute should use technology with a purpose, particularly one that informed and enabled the execution of its overall strategy. Moreover, if enough competitors went in the opposite direction, there could be an advantage to being in the minority of maintaining a macro credential.

The biggest risk to the organization was harming the CFA Institute brand. The Board would need to ensure that technology was being used above all else to defend and protect the value of the gold standard. Even if CFA Institute could not predict its future over the next 10 to 20 years, it should have an understanding of the elements contributing to its evolution, whether that meant digitizing or forming the right partnerships with other organizations. It was important to be aware of the changes happening in the industry and where other entities fell on the technology disruption spectrum.

The diversity of opinion was appreciated, and the Board looked forward to furthering the discussion.

### **Competitor Review**

The strategic review process was primarily an educational exercise to encourage the Board to consider the direction of the investment industry and potential changes to the strategy going forward. The objective in New York was to address the competitive analysis piece with particular reference to technology as one of the enablers of current and future competitors.

Instead of presenting a list of competitor profiles and ranking them accordingly, the leadership team had taken a more cohesive approach to the competitive analysis by providing narratives around two of CFA Institute's major areas of activity – credentialing and member value – to catalyze the discussion with the Board.

These narratives detailed the differences across the regions and sub-regions, and brought perspective to the existing dynamic of competition worldwide. The Board was asked to think about the synergies between the environmental trends discussed in Istanbul, and the technology disruptors and competitors discussed in New York.

### Credentialing

CFA Institute's credentialing activity was summarized by three major trends.

First, the idea of specialization or discrete delivery of education was a significant factor when talking about the competition. Consumers were becoming more selective about how, when, and through what devices and mediums they consumed education, which had moved some organizations, such as the Financial Industry Regulatory Authority (FINRA), to a more modular approach. In this case, FINRA extended a core entry point to all individuals and then split into multiple credentialing paths based on their specialization on the brokerage side. It was noted that FINRA's model would fundamentally change the brokerage regulatory environment in the United States. The Certified International Investment Analyst (CIIA) was also combining a local and regional module across Europe, building strong local partnerships and regulatory relationships, and offering an exam in 11 languages. Compared to CFA Institute, it was clear that both FINRA and CIIA were pursuing very different business models.

Another factor involved increasing regulatory standards, a lasting byproduct of the financial crisis. Regulators had received a great deal of pressure from the public and the industry to raise standards, mainly by establishing competency requirements to practice. The Chartered Institute for Securities and Investments (CISI) based in the United Kingdom, for instance, had partnered with jurisdictional regulators to offer a fiduciary entry point or license to practice with mixed success in Europe and the Middle East. Though not a scalable model, CISI would certainly benefit from its regulatory relationships in those regions if competency requirements became a more popular trend. Similarly, the Wealth Management Institute (WMI) in Singapore had a longstanding relationship with the Institute of Banking and Finance (IBF), and WMI's programs were therefore highlighted on IBF's competency requirements to practice as a financial advisor, private banker, or relationship manager. It was noted that CISI and WMI were just two examples of the growing importance of regulator relationships in the credentialing space.

The third and final factor concerned the acceleration of different credentialing models through the use of technology. The Certified Financial Planner (CFP) process, for instance, had moved to computer based testing, which allowed for much flexibility in delivering examinations. Furthermore, the Chartered Alternative Investment Analyst (CAIA), perhaps one of the organization's closest traditional competitors, had recently offered an online certificate regarding the alternative investment fundamentals. The product was an online, self-directed course that provided a certificate, but no assessment. This micro credentialing movement, whereby consumers had the ability to pick and choose, even at the individual competency level, which skillsets to improve, was very different from the generalist credentialing approach subscribed to by CFA Institute and many of its conventional competitors.

#### Member Value

CFA Institute's member value activity was exemplified by four specific competition categories – community, content, conferences, and advocacy work.

It was noted that many of the macro trends driving the member value market were inextricably entwined with the technology trends. The organization's future candidates and members would have new ways of communicating and receiving information, and CFA Institute would have to choose how best to respond.

#### *Community, Content, and Conferences*

The concept of community, which was traditionally referred to as networking, was being redefined as a social, virtual, peer-organized, and purpose-driven place. These changes would ultimately impact an individual's decision to affiliate with or participate in a particular community.

The non-program related content produced and delivered by CFA Institute was becoming increasingly curated. Since a single-purposed piece of content was inefficient and did not have the same leveraging potential, the

organization was moving toward a multi-sourced and multi-purposed design from the start, especially with regards to the social media aspect. The standards and financial market integrity (SFMI) division, for example, had amplified its messaging and content through the use of social channels over the past three to four years. There was a growing expectation for content to have embedded threads (i.e. links, videos, etc.) and to be self-assembled. The new theme was all about modularization – instead of a 600-page document, content was now a set of modules that could be rearranged and repurposed to meet a particular need.

In addition to exhibiting the aforementioned community and content aspects, conferences, while still physical events that provided short-term networking or community opportunities, were progressively being used as content engines by the event organizers. A conference generating 150 to 200 onsite attendees was also being amplified through video, podcast, Twitter, and other social media activities.

Overall, the trends in community, content, and conferences had led CFA Institute to rethink its notion of the customer experience and methods of communication. The informal mantra had become “any time, any place, any source, and any device,” a concept that made it very difficult for any organization to control its own message. The Board had to acknowledge these growing trends and decide how to react or not react to the changes occurring in the industry.

#### *Advocacy Work*

CFA Institute was involved in a wide range of advocacy efforts, including those related to SFMI, the Future of Finance (FoF), research, policy outreach, regulatory consults, volunteer committees, and much more. In terms of competition, there were countless thought leaders in the industry vying for voice, influence, and recognition, and social media was very disruptive in that regard. However, while many could call themselves thought leaders, CFA Institute had actually earned and achieved this level of recognition.

With respect to scope and mechanisms, the key advocacy tools were regulatory consults, participation on committees (both stakeholder and regulatory bodies), and generating thought leadership papers. The organization had engaged in some of these initiatives rather successfully, but could do more in terms of communication and recognition.

With respect to competitive dynamics, CFA Institute had a significant advantage due to its global brand, sizeable database of practitioners, and resource capacity to conduct the necessary advocacy work. In addition to the CFA credential, the organization was growing its reputation around policy expertise and ability to comment on a variety of topics. CFA Institute was uniquely recognized in the industry as a non-commercial investor protection advocate – a welcomed and typically underrepresented voice in many debates.

The competitive landscape in each region was also highlighted. There were dozens of other organizations, such as think tanks, trade associations, academic centers, consumer and business advocates, with which CFA Institute was certainly competing.

There were metrics to show that CFA Institute’s voice was being heard and listened to by the industry. In terms of challenges, it was difficult, expensive, and rather frustrating for the organization to participate in the legislative policy-making arena. The idea of working in a political process while trying to remain nonpartisan was no simple feat. Furthermore, there were a myriad of opinions on whether CFA Institute was too weak or too bold, too narrow or too broad on the topics being covered and tactics being implemented. Subsequently, a constant reexamination of the organization’s processes and procedures seemed appropriate.

### Concluding Remarks

The leadership team posed four questions to initiate the discussion:

- 1) What was most worrying to the Board in terms of the competitive landscape?
- 2) What areas of particular interest should be monitored?
- 3) Was anything missing or misinterpreted from the conversation?
- 4) Who seemed to have the greatest advantage of technological trends for their business model?

### **Questions, Comments and Resulting Discussions from the Board:**

In many countries in which CFA Institute operated, local self-regulatory organizations had started establishing their own licensing and training companies, ones strongly backed by regulators in the region. These regulators were interested in controlling these activities and did not see a conflict of interest with their involvement. While CFA Institute was a global organization, it had to consider these types of competitive threats on a country-by-country basis, and then determine whether or not it would impact the demand for a global qualification in the future. Based on past experience, emergent and/or mid-sized countries were eager for a CFA solution whereas larger and/or more developed countries preferred to develop their own strategy.

If the scope of local regulators was limited to offering entry level qualifications, then the organization's gold standard would be maintained and protected.

Looking ahead, regulators were likely to argue that the level of education for financial advisors and planners was inadequate, and that there had not been a clear standard of putting the client first. If new standards were introduced, CFA Institute might have the opportunity to contribute to a quite uniformed debate and ensure the changes enacted were ones that recognized an agent or provider's responsibilities to the clients. Moreover, societies could be used differently for advocacy purposes at the local level.

It was concerning that local authorities tended to learn from CFA Institute and then convert these ideas into a local standard. There was agreement that the organization needed to develop a strategy to protect itself and deal with these challenges in the local markets.

It was argued that no other organization was executing the three trends of community, content, and conferences as well as CFA Institute. The interface between conferences and content was a prime example of leveraging events and content platforms with great success.

It was reported that society leaders had been asked approximately 11 questions for information regarding competitive pressures. The survey results revealed that the non-American society leaders felt the greatest amount of pressure against other credentialing programs as opposed to the American society leaders, who seemed to be rather neutral on the subject. The clearest source of global competitive pressure felt by all pertained to the category of other affiliation and networking opportunities, which made sense as societies spent much of their time trying to find ways to engage members. Lastly, it was highlighted that society leaders perceived technology as somewhat natural and believed that university activities were actually complementary to their own.

### **Breakout Groups / Competitive Pressure Impact Synthesis**

The meeting attendees were divided into four breakout groups to further discuss the subject of competitive pressures. Participants were once again asked to resist the temptation to propose a strategic response. They were encouraged to identify and determine the nature of the competitive pressures, as well as to what extent technology played a role.

A summary of these conversations would be collected and presented by the team leaders at the next session.

**TUESDAY, 3 MARCH**  
**10:30 A.M. TO 4:30 P.M.**

**STRATEGIC REVIEW AND BREAKOUT SESSIONS**

*Presenters: Robert Jenkins, Planning Committee Chair*

*John Bowman, Managing Director and Co-Lead of Education at CFA Institute*

*Craig Lindqvist, Head of Global Planning and Reporting at CFA Institute*

*Beth Hamilton-Keen, Board of Governors Vice Chair*

*Giuseppe Ballocchi, Member of the Board of Governors*

*Heather Brilliant, Member of the Board of Governors*

*Fred Lebel, Member of the Board of Governors*

The team leaders were invited to summarize the results of their respective breakout session. The full group would then be asked to identify the most relevant competitive pressures facing the organization using the voting technology provided onsite. The purpose was to inform the SWOT analysis session to take place in May in Frankfurt.

**Credentialing – Group #1**

With regards to credentialing, the relevant competitive pressures identified by the first group were:

1. The regulators; regionally implicated. There was discussion around the potential market lock-out from regulators outsourcing to competitors or developing custom licenses and credentials, such as MIFID requirements in the European Union or FINRA credentials in the United States. Every region had a unique set of circumstances, but the main concern was that local regulators would no longer recognize CFA Institute's credential, programming, and services as the baseline. It was suggested that the organization consider how best to prioritize the different markets and measure the varying impacts.
2. The declining marginal benefit of the charter. There could be a threat to the perceived value of the charter by candidates and employers, both of whom might no longer be viewing the CFA designation as a differentiator or sorting mechanism. With the rise of micro credentialing, it was possible that there were easier ways for candidates to obtain and employers to find the right skillsets and competencies without the charter.
3. The ability to stay relevant to the "right group." There was the danger of becoming complacent, responding to short-term pressures and demands, and/or ultimately evolving content and delivery away from the organization's core constituents in the investment management industry. It would be important for CFA Institute to keep up with the most current competency developments and technology trends to remain relevant to the right people.

**Member Value – Group #1**

Though not tasked with doing so, the first group also considered member value. The relevant competitive pressures identified were:



1. Affinity groups. CFA Institute was in competition with affinity groups (i.e. alumni organizations or other professional bodies) for the attention of potential members, specifically in terms of dollars, time, and community identity. These affinity groups did not charge a membership fee and tended to be regionally located. It was suggested that technology could help the organization improve member value by identifying these custom relationships and perhaps even the preferences for each individual member.
2. The proliferation of Certified Financial Planners (CFPs). Although CFPs did not represent a competitive threat from the educational content perspective, CFA Institute members might feel they were losing their identity or recognition due to the sheer volume of CFPs in the same industry space.
3. The member lifecycle. Younger candidates and members associated with CFA Institute, because they valued its career, networking, and mentor support. By contrast, older, mid-career members tended to break ties, because they no longer saw value from their annual member dues. There was a risk that other organizations could provide these individuals with a custom peer or network support at little to no cost, possibly with the help of technology.

#### Credentialing – Group #2

With regards to credentialing, the relevant competitive pressures identified by the second group were:

##### *Competitive Pressure from the Supply Side*

1. The growing number of easier credentials (“alphabet soup”) and Gresham’s Law (*bad money drives out good money if exchanged at one price*). With so many credentials in the market place, it was becoming increasingly difficult, particularly for non-investment consultants, to differentiate between the simpler ones and the gold standard. Consequently, if all credentials were exchanged at one price, Gresham’s Law would apply, and the organization could be at risk of losing candidates and relevance, and more susceptible to short-term solutions (making the CFA credential easier and cheaper to obtain).

##### *Competitive Pressure from the Demand Side*

2. Regulators stealing CFA Institute’s thunder. There was discussion on the changing ways to assess an individual’s knowledge, skills, and abilities (KSAs), the regulatory requirements or designations, the subject of regulator hyperactivity, and the risk of Level I becoming a global equalizer. The group felt that all of these factors presented a risk to the organization.

##### *Competitive Pressure from Demand Side*

3. The fragmentation of the client pool and client wants. The rise of private wealth and other professions was changing client preferences as well as the investor profiles of the people being served by CFA Institute members. This could impact the organization’s competitive advantage on a global scale if stakeholders moved toward a more modular approach.

#### Member Value – Group #3

With regards to member value, the relevant competitive pressures identified by the third group were:

1. The local market relevance of the charter. There was a risk that the generalist English-language CFA charter could lose value over time. It was challenging to stay relevant worldwide, especially when

advocacy issues tended to be local, and competitors, such as CIIA and FRM (Financial Risk Manager), were pursuing more regionally-focused business models.

2. The cost vs. perceived value of membership. The group recognized that member value varied across populations and geographies just as an employer's perceived value varied across markets. The significance of the CFA program vs. membership value to employers was emphasized.
3. The modularization and customization of content. Since member value depended on relevance, the group felt there was a competitive pressure on the organization to specialize its content.

#### Member Value – Group #4

With regards to member value, the relevant competitive pressures identified by the fourth group were:

1. Time to market. Competitors had accelerated their speed to the market place, and it seemed apparent that a journalistic or non-academic tone was preferred by consumers. This could be a threat to CFA Institute, an organization that prided itself on being excellent rather than "good enough" for its constituents.
2. The shifting need for brand recognition. The group felt that a passive approach pushed members into competition with advisors, such as CFPs, and toward private wealth, an area where the CFA brand was not as well known. It was suggested that the organization increase its focus on promoting the brand to the client population.
3. Program curriculum relevance. The traditional CFA curriculum tended to evolve rather slowly, which limited its adaptation to market innovations, which happened very quickly. There was a sense that the industry was moving in different directions and that there were skillsets emerging outside of the core finance theory, such as coding. The body of knowledge was at risk of lagging behind the industry changes, and the group wondered if it was better to keep the same pace or try to move ahead.

#### Concluding Remarks

Based on the summaries provided, it was stressed that none of the breakout groups identified a singular global competitor to CFA Institute. In addition, universities were not indicated as a competitor, and there was no mention of a particular competitor in the areas of ethics or advocacy.

There was a long list of potential threats and weaknesses to consider, particularly with regard to the continued relevancy of the CFA credential. In terms of the competitive pressures discussed, it seemed apparent that these were threats to the organization's core (i.e. curriculum, the charter) rather than ability to successfully expand in new markets. The quality of the CFA brand as a differentiator or disadvantage was highlighted for future comment.

The meeting participants were invited to reflect upon the results of the breakout summaries.

#### **Questions, Comments and Resulting Discussions from the Board:**

When looking at CFA Institute as a conglomerate, it was argued that no other entity had the same conglomeration of activities. While there were many competitors in these subcategories, none could possibly assume the entirety of the organization's mission.

Driving the brand and increasing its marketing prowess to prevent the loss of market share and mind share was emphasized. The competitive position in the United States was not ideal, especially when considering the growth rate was only 3%.

One group felt strongly that they were addressing threats to the organization's core. The success of the CFA designation relied on its exclusivity, desirability, and relevance of content, all of which underscored the member value discussion.

While threats to growth could impact its bottom line, the organization was fundamentally about building a global profession and staying true to its mission. The risk of regulator lock-out in key countries, for instance, could be very damaging to that purpose, even without any loss in revenue.

Alternative designations were proliferating and did pose a threat to the charter. It was suggested that CFA Institute consider its ethos from an internal and external branding standpoint now and talk about disruptive technologies to enable the execution of the strategy later on in the process.

There seemed to be a difference between the organization's focus on the designation and maintaining its value vs. the society's focus on members and member value. The members still recognized the exam content and curriculum as the higher standard, but felt much more competitive pressures in terms of member value. In terms of similarities, the majority of societies shared the organization's core mission and branding initiative. As they sought to localize and ultimately strengthen this global message, CFA Institute needed to support and reinforce their efforts.

The organization was searching for a balance between reacting to potentially beneficial short-term pressures and maintaining the advantages of its long-term mission. Technological advances could give candidates the opportunity to write an exam at any time of their choosing, for example, but this modular approach might not be the right candidate experience for the CFA program. Giving in to this competitive pressure could impact the value of the credential, especially if it diminished the rigor, time, and effort associated with its achievement. However, there were also clear advantages to using technology, such as ability to deliver to scale, which made finding the appropriate balance a priority going forward.

If CFA Institute wanted to be a global credentialing body that stood for the profession and for ethics, there were weaknesses associated with that stance. Aspiring to be global prevented the organization from completing in the local markets; and, if the world was localizing with the aid of technology, it was unclear how best to react. CFA Institute did not offer the kind of modularization that was trending at the local level, but perhaps that was the preferable path. It was predicted that in the next 20 to 30 years, the industry would concentrate more and more on the candidate experience, and the organization would need to revisit this subject every two to three years to refresh its perspective.

When addressing competitive pressures in the future, instead of leading with a mindset question, it was suggested that the participants be asked to forecast an attack on CFA Institute's business model. Using this method, the breakout groups could think completely differently when contemplating real, concrete threats and defensive strategies.

In addition to its internal expertise, the organization had recently engaged a new communications agency partner, Lowe Profero, which had a global team and was based out of New York. The firm was currently addressing the evolution and leveraging potential of the CFA brand, specifically how best to modulate its message on a regional basis. Management felt confident that the marketing and brand strategy had the right

people involved to bolster the organization's future position. It was emphasized that the top communication agencies in the world were only as good as the statement of direction set by the brand owner. Once the strategy was confirmed, Lowe Profero could certainly help bring the organization's fundamental business proposition to life and implement whatever degree of modulation was approved by the Board.

Based on the breakout group summaries, it seemed as though there was no natural, global competitor for CFA Institute. However, given the context of the discussion on disruptive technologies, Bloomberg was one organization that had the combination of resourcing, technology, platform, time horizon, and brand. While CFA Institute could combat Bloomberg as a competitor, it seemed better for both companies to seek out some sort of partnership.

The group was then asked to vote on the key findings. The top three competitive pressures associated with credentialing were identified as the declining marginal benefit of the charter, growing number of easier credentials ("alphabet soup") and Gresham's Law, and fragmentation of the client pool and client wants. The top three competitive pressures associated with member value were identified as the local market relevance of the charter, the cost vs. value of membership, and shifting need for brand recognition.

The next step in the strategic planning process would be to conduct a SWOT analysis in Frankfurt. To facilitate the discussion, a conventional SWOT grid would be circulated to the participants for completion in advance of the meeting. It was noted that the voting results from New York would be distributed to the full group.

#### **CEO REPORT AND WORK PLAN**

*Presenter: Paul Smith, President and CEO at CFA Institute*

The CEO report and work plan detailed a new interpretation of the organization's leadership and mission to build the profession. There would be three pillars of activity: credentialing (i.e. CFA, CIPM, and Claritas), current member value (i.e. content production, career services, conferences, etc.), and future member value (i.e. SFMI, FoF, and thought leadership). While it was fairly easy to assign existing activities to one of these pillars, it was harder to determine which ones might be inadequate or missing from the overall picture. The leadership team would therefore look to the Board for expertise and guidance on the matter.

In the end, the leadership team wanted to establish a narrative that flowed from the overall mission statement down into and across each pillar. In addition, an organogram of the leadership and the rest of the organization would be developed to show how everyone would work together to deliver the CFA Institute mission.

It was noted that the presentation format of the CEO report and work plan had changed. Instead of providing a summary of the organization's current activities, which were included in the meeting materials, the CEO wanted the session to become more forward thinking, a time to address any issues, challenges, or future projects and to solicit the Board's support and advice.

The Board was encouraged to talk about the organization's strengths and weakness, and how to improve operations, specifically the delivery of the activities proposed within the three pillars to target audiences. The desire to receive input from the Board both formally and informally was emphasized. Management had to complete this new model by June to be in line with the budgeting cycle, and planned to present everything to the Board at the July meeting in Calgary.

**Questions, Comments and Resulting Discussions from the Board:**

The leadership team wanted to establish the organization as the professional body for the investment industry, but recognized there was much to be done in that regard. First and foremost, however, management wanted to know if this aspirational goal was endorsed by the Board.

With respect to the strategy and budget, it was clarified that the Board would see more of an action plan at the July meeting. Although the strategic planning process would not conclude in time for the FY2016 budgeting cycle, the organization's overall mission would lead the focus on delivering greater member value, increasing regionalization efforts, and implementing more of a top-down resource allocation approach for greater community impact. The goal was to set reasonable expectations and gradually transition to the three pillars model in the next two to three budgeting cycles.

The close of the strategic planning process would depend on how quickly people either reaffirmed the mission or emphasized a different direction. The challenges ahead were uncertain, but it seemed unlikely that a consensus would be reached before July. The group was reminded that everything being discussed at the Planning Committee level was being brought to the full Board.

In terms of culture, CFA Institute needed to be less fearful of experimentation and failure. The risk appetite statement approved by the Board in FY2014 could help empower the organization in certain areas and contribute to this transforming mindset. There were risks associated with every new idea, and how the CEO, leadership team, and Board reacted to success or failure would change the culture over time.

If CFA Institute endeavored to provide a service to the members, then the members would, in turn, endeavor to provide a service to the investors. Consequently, part of the organization's planning process should consider what the investors, the ultimate customers, wanted and needed. It would be important for CFA Institute to keep the lines of communication open with investors, to gather data on the interests of the new generation of investors, and to emphasize what charterholders could do for them in the industry. Like bar associations, the organization offered a way of setting and enforcing ethical standards, and it was essential for investors to understand and recognize that distinction when working with charterholders. CFA Institute sought not only to learn what investors wanted, but also to inform investors of what the organization had to offer.

Largely due to an internal communications issue, many investors and even members did not know about the professional conduct program (PCP) and how much of its value was attached to the charter. While the amount spent on member services exceeded the revenue received from the member dues, this message was not being articulated well to the membership. Externally, CFA Institute needed to engage with regulators, the market, and investors in particular to emphasize the worth of the designation and to clarify what the organization was trying to accomplish on their behalf. It would also be important to note that the key elements of the investor protection function ultimately benefited the charterholders, because it attracted clients to them. There was a recommendation to include additional language in the third pillar about helping investors achieve the outcomes they wanted, and thereby prove to them that CFA Institute was a meaningful part of society.

The idea of building the investment profession was appreciated. However, it was argued that there should be a clearer explanation of the mission statement along with a series of action steps to follow. The meaning, if interpreted literally, seemed to suggest that if you endeavor to build the investment profession, then everyone who handles client money should be a charterholder. In this context, it could be proposed that the CFA examination was too hard to accomplish its primary objective. As such, the organization planned to further define the meaning of the mission statement and establish an action plan in the next year or so, a process which could lead to some very far-reaching conclusions.

CFA Institute needed to reengage its membership base, of which approximately 80% was not involved, through clients rather than through the organization itself. It could be very beneficial to have members discuss the value of the charter with their clients. Moreover, the pillar on member value should regularly measure the percentage of member or volunteer engagement, which could be at a much higher level. There seemed to be a similar pool of roughly 2,000 out of 127,000 members connecting with the organization from one year to the next.

The leadership team believed the organization had the internal resources to develop a narrative for each pillar on paper, but would revisit the subject before entering the implementation phase of the process. While financial resources were not a concern, it was recognized that outside expertise in technology and other skillsets might be needed to address potential gaps and execute the strategy in a robust way. There were some relatively easy items that could be accomplished first in order to move the organization in the right direction and gain momentum before creating a whole series of expectations. Once the implementation phase was underway, management would be better able to assess resources and identify whether or not external assistance was required.

There was agreement that the first and second pillars were more clearly defined than the third, which was admittedly more abstract in nature. Based on discussions with the Board, the leadership team hoped to narrow the industry focus and establish the core constituency CFA Institute wanted to affect and benefit. Management would then be able to define the measurement of impact and select the right projects for the third pillar to deliver the maximum amount of impact to this targeted audience.

As the leadership team continued to transition to a more forward-thinking mindset and work through the narratives for each pillar, the Board would be updated and informed throughout the process.

#### **SOCIETY RELATIONS UPDATE**

*Presenters: Nitin Mehta, Managing Director of the EMEA Region at CFA Institute  
Daniel Fasciano, Presidents Council Chair*

The society relations update focused on the state of the relationship between CFA Institute and its member societies as well as a progress report on five projects currently underway.

The group was reminded that the PCRs wished to serve as the trusted advisors to governors, society leaders, and staff members, a goal that was turning into reality as PCRs and staff members were actively engaging and partnering up more assertively and visibly. There was an evident mutual interest in realizing the purpose of the Principles of Partnership document.

The relationship between the organization and its member societies was very good at the moment, as indicated by the success of the most recent society regional meeting in New Orleans. The governors were thanked for their attendance at all three regional meetings in FY2015, and it was noted that the society leaders appreciated the opportunity to interact with them. The membership issues that had challenged the relationship a few years ago had dissipated; and, under the leadership of Mr. Daniel Fasciano, CFA, a mutual trust and respect had continued to grow. In addition, the organization now had a fully staffed society relations team in the Americas, EMEA, and APAC regions, which had improved operations and communications.

The volunteer model for many societies was very limited as these individuals had full-time jobs and were already working the maximum number of hours for the mission. Furthermore, the societies were often

constrained by financial resources and time to engage in the proposed range of activities. If more was expected from them, the organization would need to offer additional support. The Principles of Partnership document essentially exemplified the recognition of the interdependence between CFA Institute and its societies, and the challenge was converting these values – code of ethics, trustworthy brands, good governance, frequent communication, and mutual respect – into actions that would actually support effective relationships. As a result, the PCRs and society relations team created five vision elements for these values – common purpose, aligned strategy, joint decision making, pooled resources, and integrated operations – which were made actionable by five projects to guide the appropriate behavior.

The first project was meant to review the society funding model, which was currently based on a per member formula, and to better align the economic model of CFA Institute with its societies. The organization's economics were driven by the number of candidates; and, as a result, there was no link between candidate growth and funding for the societies. As part of the process, data had been collected by the society member service standards (SMSS), a self-reporting system, and displayed to show the various sources and uses of funds for the societies. Of the \$36M in total society funding for FY2014, roughly 33% came from member dues, 20% from education programs, and 17% from direct CFA Institute funding. Furthermore, of the 9,000+ society activities reported through the SMSS, approximately 40% was spent on communications with members, 30% on outreach, and 30% on events. Through this review process, the organization ultimately hoped to increase the value of its support to the societies.

The second project addressed the growing need for technology to make society administration more efficient. As many societies could not afford the large investment required to implement technological solutions, the organization's chief information officer, with participation from the PCRs, had started the Society Technology Council to complete a new initiative called the integrated society management solution (ISMS). The group was close to choosing a vendor to support this work and had a budget in place to make these systems available to the societies. It was noted that the council's efforts represented the beginning of a long term infrastructure building process through technology.

The third project was focused on training. While there were over a thousand enthusiastic volunteers supporting the organization, these individuals were not well-trained to fulfill their duties. The society portal and society leader meetings did not provide sufficient instruction, and a much more formidable onboarding approach was needed going forward. Consequently, a small training program had been introduced to create a better framework to enhance training on governance and other orientation matters by the end of the fiscal year.

The fourth project considered society structure, specifically the one society per country model that was prevalent everywhere with the exception of Canada and the United States. For the bigger and/or federated societies, this standard was not sustainable and needed to be reassessed, especially given the organization's growth in China and India. There was a Strawman, which had been presented to a number of societies, and eventually there would be a recommendation on how best to accommodate the need for more than one society in the very large countries. Furthermore, there would be two new PCRs to lead two new regions starting in FY2016, the Atlantic Islands and Latin America, and APAC North and Oceania, with PCR elections to determine the candidates. Lastly, the Allocation Work Group activity was underway and proceeding well as some U.S. states had already been realigned to prepare for the additional regions.

The fifth project concerned membership, the nearly 50 and growing subcategories of affiliates among the societies. The intent was to establish a common language to classify the organization's stakeholders, both internal and external, and at the CFA Institute and local level, into more meaningful groupings. Of the society

leaders surveyed on this subject, approximately 60% stated they were in favor of a common vernacular around the membership categories, beyond identifying as merely a charterholder or regular member. Four really core non-regular/non-charterholder membership categories had been identified and discussed. However, the main challenge would be preventing the societies from generating more. In addition, these changes would require amendments to the current bylaws. The project leaders had continued to socialize this idea to the executive directors and society leaders, and had received positive feedback. The importance of thinking about who CFA Institute wanted to impact and target and why was emphasized.

The PCR report, which provided a status update on the activities within each region, was included in the Board materials.

**Questions, Comments and Resulting Discussions from the Board:**

According to the SMSS, it was estimated that the societies had roughly \$50M in aggregate reserves, which was very favorable considering the societies' current level of revenue. Part of the mind shift in implementing a more expansive funding model was recognizing that both CFA Institute and the societies were serving the same members. The two should be viewed as one system, and where resources were applied should matter less than where they were most efficiently used.

There was conversation on a top-down vs. bottoms-up approach to the society funding model. After three or four years of collecting data input from every single society, the SMSS tool now had some metrics to share on the subject, which made for a more rigorous and informed discussion. The data was growing and would eventually help answer numerous questions, such as the level of reserves relative to the operating budget. It was stated that management would make a recommendation on the best approach based on the Board's feedback.

The PCRs and society relations team were thanked for their great organization of the regional meetings, which were becoming very impressive events appreciated by the society leaders. It was also noted that Board attendance had been excellent and allowed for direct panel discussions with the society leaders. During a recent session, some societies had stated they were spreading themselves too thinly. The Board and leadership team were therefore encouraged to share these five projects with the societies to show that the organization valued their efforts and was seeking to provide additional support. The External Relations and Volunteer Involvement Committee (ERVIC) would be spending the majority of its time discussing these projects at future meetings.

The organization wanted to reduce the duplication of work among the societies and maximize the efficiency of monetary distribution and utilization. With regards to technology, for instance, CFA Institute had the right vantage point to observe and modify certain behaviors at the society level to prevent overspending on various systems. In addition to sharing best practices and communicating them as widely as possible through various forums, the SMSS was another method to help streamline society operations. As part of this effort, CFA Institute endeavored to alter its approach, to be more of a coordinator, mentor, and encourager at times for the societies rather than the one implementing specific strategies. If the organization was increasingly viewed as a failsafe mechanism, societies could feel less constrained by potential negative consequences and dream bigger on the frontend.

One of the technology initiatives was to increase coordination between the societies, and between the societies and CFA Institute. The organization had selected a vendor, Customer Relationship Management (CRM), to provide the societies with a common scheduling system to plan events and facilitate membership



interaction. The ultimate objective would be to reduce overlapping activities and to enhance the sharing of information, which would depend largely on the societies' willingness to use the CRM platform.

**EMPLOYER RELATIONSHIPS (B2B)**

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

The organization had been working on the employer relationships (B2B) report since July 2014 and now sought an open dialogue with the Board to discuss the right approach. It would be important to establish clear goals for B2B and ensure they aligned well with the CFA Institute mission

The Board was then asked two primary questions: 1) should the organization be proactive in building employer relationships and for what reason? 2) if so, to what extent does the organization want to have those relationships?

**Questions, Comments and Resulting Discussions from the Board:**

B2B could potentially be used to enhance membership value, and it would be a good idea to incorporate it more into the current discussions on strategy.

If CFA Institute was serious about building the investment profession, it would need to attract not only individuals but also key employers to support this cause. Throughout the B2B process, the organization had learned the significance of developing different appeals for different entities to engage with employers on their general education needs. It was suggested that a top-down approach, starting with the mission and working down to the employers and societies, was required to build the infrastructure around a successful investment profession.

While there was agreement that CFA Institute should develop employer relationships, it was noted that the vast majority of employers of charterholders were indifferent toward or quite ignorant of the CFA designation. An active outreach program would improve understanding at the employer level, specifically the value attributed to a firm who employs charterholders, which, in turn, would improve the value proposition from the members' perspective. Overall, the organization hoped to conduct more business and see the CFA program further supported and esteemed by employers.

B2B could be a great engagement tool for the societies. Leveraging them to meet with employers and companies in their jurisdiction to discuss CFA Institute would be essential. There was no interest in reverting back to the industry relations model as the societies could provide more clearly defined metrics to determine if a company was engaging with CFA Institute.

In terms of challenges, it was recognized that some societies were better equipped than others to support B2B. Furthermore, societies, which were generally composed of professionals in senior mid-level roles, could find it difficult to connect the organization with c-suite individuals.

The organization wanted to maintain the gold standard of the CFA designation, but also needed to have as many charterholders as possible to positively influence the industry. By generating various employer relationships, CFA Institute would have the opportunity to ask whether or not it was distinct in producing above average hires. Similarly, B2B could help ensure that the CFA designation was still relevant to the profession and not too exclusive. It was recognized that the right balance was needed to both offer a highly regarded credential and effect change in the industry.

There was consensus that lowering the standard was not a viable solution. The organization should instead work harder to support candidates through the exam, such as persuading employers to grant these individuals time off to study.

It was argued that the industry structure remains unethical, because several large firms prefer it that way, making the execution of B2B particularly challenging. By exerting a bolder voice through the Future of Finance (FoF) and B2B, CFA Institute could be incensing these firms while, at the same time, trying to engage with them. A difficult balancing act lay ahead, and the organization should view B2B as a long term aspirational goal, one that might have a more immediate impact in emerging markets.

The Board cautioned against using candidate numbers and program fees to measure the level of penetration or engagement over time. The organization was encouraged to consider other aspects, such as which type of companies to target (i.e. buy side vs. sell side, large vs. medium vs. small), where to find the most effective relationships to develop, and what percentage of an employee group should be pursuing the charter or membership. Management stated that they would carefully consider and select the right benchmarks, knowing that these measures would determine the direction and future behavior of the B2B component.

The Board believed B2B was a good idea, one that should complement the FoF mission, and build trust through education and codes of conduct. There were many resources available to the organization, and it would be important to create a sound strategy and marketing plan to develop these employer relationships.

The B2B budget was approximately \$16M, and the Board looked forward to reviewing the amount spent vs. the level of success achieved. Based on the feedback obtained, the organization planned to revisit the subject of employer relationships and present the Board with deeper options on how best to inform the strategy and measure engagement going forward.

#### **COUNCIL OF EXAMINERS**

*Presenter: Stephen Horan, Managing Director and Co-Lead of Education at CFA Institute*

The reasoning behind the revisions to the Council of Examiners (COE) charter was explained to the Board.

The group was reminded that CFA Institute outsourced the vast majority of its content development and produced very little in-house, and the COE was a prime example of the organization using volunteers as paid consultants to develop the exam.

It was not until after the COE charter was drafted in 2009 that CFA Institute began making commitments to globalize as well as to expand the amount of exam content. As a result, the exam team's directive seemed less clear, and its size eventually doubled to a 22-person body, making it rather unwieldy. The proposed revisions were therefore intended to create a more focused mandate and reduce the size of the COE to ensure these volunteers could meet as often as needed.

While having external members (i.e. psychometricians, past board members, past exam writers etc.) serve on the COE was laudable, it did give rise to the risk of scope creep. Moreover, by shrinking the size of the COE, the organization was essentially reducing the number of volunteers subject to the six-year terms limit. Fundamentally, the function of exam writers was not to provide top-level guidance or strategic perspective, but to complete their craft, which admittedly improved over time.

It was reported that the Planning Committee had approved of the revisions with a few suggestions, particularly to amend the structure of the COE nominating committee.

**The following resolution was approved unanimously:**

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

#### **BOARD COMMITTEE REPORTS**

*Presenters: Colin McLean, Audit and Risk Committee Chair  
Attila Koksai, External Relations and Volunteer Involvement Committee Chair  
Robert Jenkins, Planning Committee Chair  
Giuseppe Ballocchi, Education Working Group Chair  
Charles Yang, Compensation and Governance Committee Chair  
Aaron Low, Executive Committee Chair*

#### **Audit and Risk Committee**

The Audit and Risk Committee (ARC) had moved on from its first meeting regarding financial reports and accounts, and was now looking ahead to preparing an RFP for next year's potential auditor. The committee was also working on structuring its agendas over the remainder of the year such that they did not interfere with the key months of the audit from June to October, and on creating the handover report for future ARCs.

In addition, ARC was collaborating with management to document two key risk indicators – the issue of instant register and the escalation policy. These items would be essential to implementing the risk appetite statement, which had been approved by the Board last year, and embedding it more deeply into other decision-making processes.

In FY2015, ARC had established two subcommittees, one to address the terms of reference and one to address the investment committee operation. The first group planned to revise the ARC charter to be more in line with public company standards and would present any proposed amendments to the full Board.

The second group planned to review the investment of the reserves, which were now a large percentage of the organization's overall assets, and to ensure they were arranged in line with best practices. It was clarified that ARC had no reason to believe the reserves were being managed incorrectly and was mainly interested in protecting CFA Institute as a whole. The Investment Committee was currently composed of all staff, which meant that there was no direct Board oversight of the strategic decisions regarding risk tolerance, asset allocation, and other matters. The subcommittee therefore sought to implement a more proper structure, a governor-led committee consisting of five to seven members inclusive of staff representation. While the specifics were still being discussed, there was agreement that the committee should be chaired by a governor serving on ARC and have some continuity of membership. The next step would be to redefine the Investment Committee's terms of reference and outline the group's primary responsibilities under ARC. The subcommittee had proposed this plan to ARC and would also need to review the governance piece with the Compensation and Governance Committee before moving forward.

It was mentioned that ARC was interested in working with the other committees, particularly the Planning Committee and Compensation and Governance Committee, to achieve a consistency of good data governance.

Lastly, ARC was focused on two other key areas in FY2015. The first was the whistleblowing hotline (speak-up policy), which had been implemented quite carefully and gone live a few months ago with no major concerns

reported. The primary purpose was to mitigate fraud and help safeguard against other employment issues. Operated by a third party vendor, the hotline gave individuals an independent forum to raise concerns in a secure environment. The possibility of extending the hotline to graders during their period of involvement and other higher level volunteers had been discussed as well. The second area involved a closer look at the Disciplinary Review Committee (DRC) and the PCP, and ultimately the protection of the CFA credential. As expected, the number of industry cases and exam cases had grown over the years in accordance with the organization's increasing member and candidate figures. Given the expanding workload, ARC was impressed with the way Ms. Leilani Hall, CFA, head of professional conduct, had made improvements to the process overall (i.e. tone, paperwork, etc.). It was announced that Ms. Leilani Hall, CFA, and Mr. Matthew Andrade, CFA, DRC chair, would be asked to present to ARC and the Board in July.

#### External Relations and Volunteer Involvement Committee

The External Relations and Volunteer Involvement Committee (ERVIC) report was primarily dedicated to the society partnership initiatives, which had involved a great deal of collaboration with the PCRs.

Furthermore, there had been a focus on brand development, a topic that would continue to be discussed with several society leaders at the regional meetings. Based on the information collected from these sessions, the marketing team would formulate a plan of action and present it to the Board in July. ERVIC had also considered the creation of a Society Brand Council, which would have regional representation and further enhance the connection between CFA Institute and the societies.

#### Planning Committee

The Planning Committee (PC) had been predominantly occupied with the strategic review process and the Education Working Group. It was noted that the PC would use the APAC society regional meeting to poll participants on their top competitor concerns, and the EMEA society regional meeting to poll participants on the strengths, weaknesses, opportunities, and threats facing the organization. The PCR leadership had also agreed to conduct a SWOT analysis survey of the societies at large.

At some point, the PC wanted a leading industry expert to update the Board on the industry trends vs. the trends in CFA Institute's specific space as an organization committed to education and advocacy.

#### Education Working Group

The group was reminded that the Education Working Group (EDWG) had been asked to conduct a thorough assessment of CFA Institute's identity in the education space and essentially act as a research assistant for the PC.

Most recently, the EDWG had been developing a template to properly address whether or not CFA Institute had or should have an educational strategy as well as the potential definition of that educational strategy. The group had created a matrix to collect input on the objective of and the audience for each of the organization's educational offerings. The idea was to see to what extent there were overlaps or connections and if a coherent leveraging of one or the other was possible. The EDWG would eventually invite the governors to provide feedback on this template, which could help inform the PC and ultimately the Board's discussion on strategy.

The EDWG planned to hold an in person meeting in mid-April. While the group's approach had been rather broad at the beginning, it was now trying to focus its efforts and find ways to make the most impact.

Compensation and Governance Committee

It was announced that the Compensation and Governance Committee (CGC) had reviewed and approved the CEO's goals and objectives for the remainder of the fiscal year. In addition, as requested in the FY2014 Board Evaluation Survey, the CGC would be scheduling individual governor feedback sessions before the Annual Conference at the end of April.

Finally, the CGC stated that there would be a FY2015 Board Evaluation Survey distributed to the governors before the July meeting. It would contain many of the same questions from FY2014 as this was the best method to generate a time series of data.

Executive Committee

The Executive Committee (EC) had met to discuss the committee updates and several proposed revisions to the CFA Institute Code of Conduct. It was explained that the gift section, particularly the nominal gift amounts, was the main area under review. The EC wanted the CFA Institute Code of Conduct to be consistent with the Asset Manager Code and Professional Code of Conduct to ensure that the organization had a uniform set of standards for its key stakeholders.

CONSENT RESOLUTIONS

*Presenter: Aaron Low, Board of Governors Chair*

**The following resolutions were unanimously approved:**

**RESOLVED, that the Board of Governors appoints Jan Squires, DBA, CFA, and Elaine Cheng to serve as Directors of Cville Operations Holdings, Inc.**

**RESOLVED, that the Board of Governors appoints Timothy G. McLaughlin, CFA, CPA, to serve as compliance officer of CFA Institute.**

The Board at this time went into executive session.