

Board of Governors Meeting
Open Session Minutes
6-7 October 2015
Hong Kong

Board of Governors Present:

Giuseppe Balocchi, CFA	Mark Lazberger, CFA	George Spentzos, CFA, FSIP
Heather Brilliant, CFA	Frederic Lebel, CFA	Lynn Stout
Daniel Gamba, CFA	Aaron Low, CFA	Zouheir Tamim El Jarkass, CFA
Beth Hamilton-Keen, CFA (Meeting Chair)	Colin McLean, FSIP	Michael Trotsky, CFA
Robert Jenkins, FSIP	Scott Proctor, CFA	Hua Yu, CFA
James Jones, CFA	Sunil Singhanian, CFA	
Attila Koksál, CFA	Paul Smith, CFA	

Presidents Council Representatives Present:

Lamees Al-Baharna, CFA	Simon Cawdery, CFA	Philip Graham, CFA
James Bailey, CFA	Sharon Craggs, CFA	Christian Heuer, CFA
Leah Bennett, CFA	Daniel Fasciano, CFA	Anne-Katrin Scherer, CFA
Aaron Brown, CFA	Steven Gattuso, CFA	Ken Yee, CFA

Leadership Team Members Present:

John Bowman, CFA	Stephen Horan, CFA	Nitin Mehta, CFA
Elaine Cheng	Sheri Littlefield-Moreno	Kurt Schacht, CFA
Raymond DeAngelo	Donna Marshall	Paul Smith, CFA
Darin Goodwiler	Timothy McLaughlin, CFA ☎	

Others Present:

Julio Cardozo, CFA	LJ Jia	Kim Maynard ☎
Joe Clift	Bobby Lamy, CFA	Andrew Rome
Shane Cook ☎	Joseph Lange (Meeting Secretary)	Vidhu Shekhar, CFA
Stephanie Ennaco	Craig Lindqvist	Guy Williams
Leilani Hall, CFA ☎		

Materials Provided:

Primary Meeting Pack	Reference Meeting Pack
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TUESDAY, 6 OCTOBER
9:00 A.M. TO 12:00 P.M.

WELCOME

Presenter: Beth Hamilton-Keen, Board of Governors Chair

Everyone was welcomed to the Board meeting in Hong Kong. The governors were thanked for their engagement beyond the meeting activities and for fulfilling their ambassadorial roles on behalf of the organization.

In FY2016, the Board aimed to support the CEO with the new organizing framework and its objectives, to establish the three-year strategic plan in concert with the leadership team and Planning Committee, and to review the current governance structure and make changes as needed over the next 12 months.

CEO REPORT

Presenter: Paul Smith, President and CEO at CFA Institute

There were four major objectives outlined in the CEO Report.

First, the organization sought to complete the organizational realignment around the strategic functions both from a human capital and tactical business planning perspective. It was stated that by December 2015, each strategic function would have a fully-developed multiple-year business plan in place to support its activities and to define its desired outcomes.

It was announced that the Compensation and Governance Committee had approved the goals of the CEO and the leadership team. At future Board meetings, the CEO Report would be structured around these goals to keep the Board apprised of the progress being made in FY2016.

The Board was reminded that Mr. Darin Goodwiler had recently joined the leadership team as the organization's Chief Compliance, Risk, and Ethics Officer. Mr. Goodwiler would be part of the internal control team, which was expected to make great strides in managing the organization over the coming year. As there were still three open leadership positions aligned to the organizing framework, Spencer Stuart had been engaged to support CFA Institute's search for the right candidates.

Second, the organization sought to extend its society partnership through increased financial support for the societies together with additional training and technology infrastructure investments.

The Relationship Management channel, where the Global Society Relations team now resided, had been focused on the elements and behaviors needed for a cohesive and high-performing team, and on alignment with the goals and objectives of the new strategic functions. The Global Society Relations team was working to build the capacity of the societies to deliver the mission and member value across CFA Institute's core strategic areas.

Third, the organization sought to further develop brand awareness, globally, regionally and locally through the societies, with a proposed multiple-year brand campaign. The idea was to move toward a brand that better represented CFA Institute's full portfolio of products, including the CFA Program, CIPM, Claritas, ethics training, the Asset Manager Code (AMC), and the Global Investment Performance Standards (GIPS).

At present, the campaign was experiencing a few operational challenges that would delay the launch until January 2016. More detail would be provided during the presentation of the Global Brand Campaign Report.

Fourth, the organization sought to modernize its technology infrastructure and prepare for the future through a digital core transformation initiative that would improve its capacity, flexibility, and functionality. More detail would be provided during the presentation of the Digital Core Transformation Report.

On another note, it was mentioned that the Board would be asked to review and approve the formal business proposal for Claritas at the March meeting in Brussels. Furthermore, management was pleased to share that CFA Institute was now a proud sponsor of the Finance Leaders Fellowship Program of the Aspen Institute, with a commitment of \$1.5M over two years. The organization was excited to be part of this program, and the governors were encouraged to reach out and ask questions.

Question, Comments, and Resulting Discussions from the Board

There were specific projects in priority markets earmarked for funding, such as the Canada collaboration, China society structure, and Germany phase two development. While the Canada collaboration was more of a reactionary venture, the other two were more strategically driven to rebalance CFA Institute's resources across the globe.

The Relationship Management channel and Member Value function would be partnering with the societies to guide them on how best to use their increased funding. These recommendations would present a menu of opportunities to the societies in an effort to align their activities with the organization's mission and with those of their counterparts. Ideally, the societies would find options that had local resonance and worked from a resource availability standpoint. As part of this initiative, the organization also endeavored to build a better society leader training program.

It was hoped that the increased funding would allow the societies to dream bigger in terms of brand building, outreach, and other activities in the longer term. The ultimate objective was to collectively leverage spending between CFA Institute and the societies to try new things and have the confidence to engage in a little bit more risk-taking.

The Board would be presented with the aforementioned recommendation list around June 2016 for approval to implement in FY2017.

FINANCIAL AND OPERATING PERFORMANCE REPORT

*Presenters: Tim McLaughlin, Chief Administrative Officer and Chief Financial Officer at CFA Institute
Kim Maynard, Treasurer at CFA Institute
Shane Cook, Director of Global Planning and Analysis at CFA Institute*

The audited financial statements would be presented to the Board for approval in November. The yearend forecast was provided in the meeting materials, and represented a fairly operational view of CFA Institute's activities. It was noted that future reports would be more forward looking, including the trajectory of exam registrations for the upcoming cycle.

Based on the projected figures, CFA Institute had experienced a good year. The main drivers of revenue did well and expenses were lower than anticipated without degrading the organization's overall mission and

performance. The yearend revenues through 31 August 2015 had finished at \$259M, 7.7% higher than FY2014 and 4.7% higher than budgeted. Expenses had finished at \$238.1M, 2.6% higher than FY2014 and 3.4% below budget, resulting in an operating margin of \$21M.

Regarding revenue, the \$21M operating margin was \$6M greater than the projected figure of \$15M, which was reported at the end of June. While overall growth in revenues could be attributed to the increased demand from CFA Program registrations for both the December 2014 and June 2015 exams, an accounting change had accounted for approximately \$1M in additional revenue. The CFA Program, which amounted to 85% of total revenue, had come in 6% higher than last year and 6% higher than budgeted, leading to very favorable results. Claritas Investment Certificate registrations had been 40% higher than last year and 19% ahead of the budgeted target, and Claritas administrations had been 112% higher than last year and 7% ahead of the budgeted target. It was also stated that the retention rate for members had remained consistent from one year to the next, with a slight improvement at the society level in FY2015.

Regarding expenses, there were three main reasons the organization had come in 3% under budget, which represented approximately \$8M in funding. First, it was decided that the \$4.5M budgeted for marketing and branding would be set aside until the new organization framework was in place; second, there were cost savings associated with several of CFA Institute's educational events; and, third, the process of opening the Mumbai and Beijing offices had been slower than expected.

There was about a \$6M difference in the figures presented in Hong Kong vs. the ones presented in Calgary, and over half of that number was due to revenue. The organization had recognized revenue right up until August 31st, and it estimated that the final statements would reflect an additional \$800K. It was stated that the revenues had not impacted the building of the FY2016 budget, but assumptions in terms of expense levels had.

Lastly, the contingency reserves had come in at \$281M, which represented an increase of \$10.4M since last year. This increase had resulted from \$6.8M in reinvested dividends, \$23.4M in net realized/unrealized losses, and a \$27M inflow from operating cash. Total reserve, cash, and cash equivalents had finished the year at \$337M, an increase of roughly \$19M over FY2014. Due to the current size of the reserves, the Board had agreed that more strategic direction, governance, and Board oversight of the reserves was appropriate. The importance of creating a stronger link between management and the Board was emphasized. The new Investment Committee, which would be composed of governors, PCRs, and staff, and its governance documents were currently being developed.

Questions, Comments, and Resulting Discussions from the Board

It was asked that the headcount figures be included in the financial reports at future meetings. The organization currently had around 550 positions filled with 580 budgeted for FY2015 and 620 budgeted for FY2016. The specific breakdown would be provided at the next open session.

Part of the \$10.7M tied to the digital core transformation would be expensed and part would be capitalized and amortized over two years. The specific breakdown would be provided at the next open session.

Looking at the schedule of Investments, there were risk assets and safe assets, which included bonds. While bonds were not always safe, they were being referred to as such in relation to equities.

Investments were becoming a crucial part of CFA Institute's financials. All of the organization's investments were in passive funds, and these were benchmarked regularly. Regarding questions pertaining to the entire

portfolio of \$300M, it was stated that the Investment Committee would be helping to address these and to increase the Board's involvement in the overall risk and return process. From the historical perspective, the organization had purposefully stayed away from active management so as not to engage some members vs. others, but was ready to revisit that approach under the guidance of the Investment Committee.

The organization would be redeveloping the entire financial system structure in order to create regional and product line expense and profit sheets. Currently, staff was producing these manually.

New Level I candidate registrations for the December exam had finished at 14% over the prior year and 6% over the budget, resulting in total registrations for December being 4% over the FY2016 budget. New Level I candidates for the June exam were 36% over the prior year and 20% over the budget year-to-date. It was clear that the New Level I figures were already well over budget.

At the next Board meeting in Brussels, staff would present a proposal on how to price the CFA Program in FY2017 (i.e. December 2016 and June 2017), with particular attention to the philosophical and moral reasoning behind it. The organization wanted to more closely tie the program's value to the price for any given candidate. Furthermore, it was noted that the governors may be asked for their input on several approaches beforehand to help narrow the focus by March.

Based on the charts in the strategy scorecard, it appeared that society membership activation rates had decreased in recent years. It was supposed that the membership language change, economic factors, especially those impacting younger individuals, or slow application times could help explain the decline. There also seemed to be anecdotal evidence that when CFA Institute or a society lost a member, it lost that connection forever. Furthermore, there was the risk that a negative compounding effect was developing, and the organization needed to pay attention to this potential trend.

While societies were still encouraging members to join, the campaigning effort had waned since the initial push following the membership language change. This could likely be attributed to fatigue and the rotation of new society leaders. It was suggested that societies, particularly the larger ones, could use their additional funding to ramp up membership over time. Generally, it had always been challenging to convince societies to focus on membership, and perhaps it was advisable for each society to have a board member charged with this initiative.

A diagnostic of the membership activation issue, specifically at the XL societies, would be provided at the next meeting.

CHINA AND INDIA REPORTS

Presenters: LJ Jia, Country Head of China at CFA Institute

Vidhu Shekhar, Country Head of India at CFA Institute

With excellent teams now in place, the organization was pleased to report to the Board on the activities and work being done in both China and India.

China Report

It was important for a global company, such as CFA Institute, to have a good business strategy in China, a key market that offered many challenges and opportunities.

At present, economic growth in China was slowing due to a shift from investment-led growth to growth driven by domestic consumption – this was considered the “New Normal.” It was noted that young professionals tended to pursue careers in finance and investment during slower economic times; however, the current regulatory environment in China was rather volatile and sensitive to foreign companies doing business there.

In terms of challenges, there were potential risks imposed by China’s heavy-handed regulatory approach, growing nationalism, and protectionist mentality; limited awareness of the potential value from CFA Institute; and, local competition in the basic financial education sector. In terms of opportunities, there was an increased pressure on regulators after the stock market crash to align national securities markets with global standards; a chance to capitalize on China’s financial market reform to improve member value and candidate growth; and, a severe shortage in experienced high-level investment practitioners with global knowledge.

Overall, CFA Institute should seek to enhance its presence in China by promoting the value of its integrated service offerings, and by anticipating risks through closely monitoring fast-changing regulations and key stakeholder development. It would be important to establish sustainable growth, build the organization’s brand, and foster strategic partnerships in the region. The regulators seemed to understand China’s mounting need to cultivate talent in the financial industry, and CFA Institute was in a unique position to address that gap should the country want it.

The Beijing office had made substantial progress with regards to business development, capitalizing on past successes, and laying down a solid foundation for future growth. Looking ahead, the region would endeavor to deliver member value through recognition programs and capacity building, including the expansion to three society hubs in Beijing, Shanghai, and Shenzhen, as well as the development of the CFA China Society Leadership Council. It would work to strengthen government relations via innovative advocacy programs, engaging regularly with industry associations like the National Association of Financial Market Institution Investors and Xinhau to promote CFA thought leadership efforts. The China office would also aim to develop partnerships with prioritized industry stakeholders, which would include a robust employer engagement strategy, and to build capacity and capability to deliver over time, such as revamping the region’s technology platform and expanding the University Partnership program.

The group was reminded that the CFA China office opening ceremony would take place next Monday. There would be approximately 200 people in attendance.

India Report

The leadership team had decided to open offices in China and India at the 2013 Annual Conference in Singapore to create a persistent and systematic effort on the ground. These countries not only represented key markets in terms of candidate counts and growth, but also in terms of the CFA Institute mission to lead the investment management industry.

The India office had been operational for approximately one year; and, while it was making progress, it continued to experience issues with member retention and lapse rates as was the case in China. By the end of June 2015, the organization had 1,345 IAIP (Indian Association of Investment Professionals) members, of which 1,111 were charterholders and 234 were affiliate members. Out of this group, it was estimated that around 300 individuals would become lapsed members, an ever increasing population in India. It was becoming more and more common for individuals to renew their charter, but not their society memberships after three or four years. This could be attributed to the high fees as compared with entry level salaries and to the lack of perceived member value.

The current scenario in India revealed a small core investment industry vis-à-vis large numbers of CFA candidates; low employer and other stakeholder recognition of the CFA brand; younger, less experience members and candidates (i.e. about 40% of IAIP members were below the age of 30); low member value perception; and, limited engagement with regulators and industry bodies

As part of the global strategy, the region was working on three fronts: to develop the CFA brand with employers, to deliver member value, and to advance the organization's mission. There were three enablers to help the India office accomplish these objectives, including members, global staff, and key partners (i.e. regulators, the Indian Institute of Managements, etc.).

The CFA India office was struggling to capitalize on employer outreach and strong candidate growth given the small size of the investment industry in country. It was also challenged by the global pricing of membership dues combined with a continually depreciating currency and limited support from employers (only 15%) in reimbursing dues, the lack of dedicated CFA Institute resources and senior volunteers to focus on advocacy, and the limited awareness amongst the wider investor and asset owner community about the relevance of CFA Institute's work.

Questions, Comments and Resulting Discussion from the Board

In China, there were about 3,200 members, 4,000 charter pendings, and 2,000 lapsed members. It appeared that most of the charter pendings were younger individuals who needed time and support to qualify for CFA Institute's work experience threshold, and that the primary challenge would be recovering the lapsed members. The organization needed to further enhance member value, perhaps even going so far as to make event attendance free to show that being a member meant access to a world class network of activities.

China had over 120 cities, each with more than three million people, making society building in key locations absolutely paramount for the regional office.

The China office was working to position itself as a thought leader in the industry, collaborating with NAFMII and even putting CFA content into a joint training program that had taken place in Shanghai, Beijing, and Hangzhou. The focus on training had yielded tremendous positive feedback and was helping to develop important relationships with regulators.

It was noted that China had gone from 80 to 40,000 candidates in 12 years' time, and the government now considered CFA Institute the only international financial industry accreditation program. The organization was well-positioned to help China develop the talent needed to globalize its economy. Furthermore, while the Chinese people respected learning and education, and had the resources, they needed to see demonstrable value tied to the CFA designation in order to become more involved.

Over the past 10 years, the environment in India had changed greatly, and many people in the ministries and the industry continued to push for additional improvements. The India office felt it was the right time for CFA Institute to increase its engagement efforts and respond to things happening in the region from the practitioner standpoint.

CFA Institute often encountered resistance when entering a country, which had led to difficulties in receiving employer support and delivering member value. The India office did not expect any systematic opposition to

its work in the region, but certainly encouraged the organization to keep any tax and legal compliance issues top of mind.

In terms of anti-corruption practices and reputational risk to the organization, it was essential for the China and India offices to ensure that their volunteers were remaining compliant.

DIGITAL CORE TRANSFORMATION

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

At the July meeting, the Board had approved the digital core transformation (DCT) project, which was budgeted to spend \$10.7M over the next three fiscal years. Management was pleased to present its first quarterly update in Hong Kong.

The DCT was off to a strong start. The organization had completed several major milestones, such as assembling the project team, selecting an implementation partner, defining the FY2016 timeline, developing the project vision, and establishing measurable outcomes for success.

The vision document had been a collaborative effort with the three strategic business functions, describing the ultimate objectives of the DCT to help the project team stay focused during the entire process. In addition, there were now a set of high level metrics as well as many predetermined baselines and targets. Over the next few months, the team would work to enhance these metrics so as to effectively capture the impact to member experience.

A detailed timeline had also been implemented for all DCT activities in FY2016. The overall effort had been broken down into 16 individual mini-projects, referred to as “epics,” of which four were scheduled for completion this year with significant progress to be made on six others. The majority of the DCT would be finished within the first two years, leaving the third year to deal with any potential issues encountered during the project’s lifespan.

It was reported that the first epic would initiate on October 5th and include order management and product pricing, and content experience design. The new technology associated with the former would allow for a wider variety of product pricing and payment options while the new technology associated with the latter would leverage design thinking (i.e. creating solutions around user needs) to structure and deliver CFA content in a way that provided more impact to stakeholders, met member needs, and allowed for a greater “findability” or “engagement” with users.

In terms of project risks, the DCT was in the early stages and had not encountered any actual issues at this point. However, the team fully expected problems to occur and would continue to track potential risks and raise any red flags to the leadership team and the Board as necessary.

The quarterly project status report, which showed the DCT’s planned progress vs. budgeted spend for the 16 epics, would be presented to the governors on a regular basis.

The Board was then asked for its feedback on the DCT’s proposed vision, metrics, timeline, and project report.

Questions, Comments and Resulting Discussion from the Board

The project team was anticipating changes to its processes over time in order to increase operational efficiencies and stay focused on several targeted areas. The current headcount, for instance, could eventually be reframed within the organization to accomplish higher order items.

The CIO and her team were commended for their approach to the DCT. It was noted that change management would be a key component of this project. With these technological improvements, staff, candidates, and members would all be interfacing with the organization differently in the future.

The success of the DCT not only rested on the IT group, but also on the leadership team's active engagement with and support of the initiative. It was clarified that the project structure included both a Steering Committee and Governance Committee composed primarily of members from the leadership team. For each of the 16 epics, there was an individual within the organization at the head level or higher who was responsible for the business side of the process. This method increased acceptance of the project and facilitated swift decision-making.

It was remarked that employees were not happy with the current system and generally open to the new solutions. The organization had therefore been focused on training, managing expectations, and helping staff through the transition.

Design thinking, which was solution-based and driven by the needs of the user, would be applied to a couple of key areas of the project, including the current content experience for CFA Institute's members and candidates. It was a widely used approach, especially by technology companies looking at a new product, app, or interface, because it questioned how a process worked from the end backwards and challenged the existing assumptions.

For the first time in living memory, CFA Institute was asking its clients what they wanted. It was a revolutionary approach, one that the leadership team had fully adopted in order to make the biggest impact for the organization.

At the next meeting in March, it was noted that Mr. Scott Proctor, CFA, would help to further the Board's education on information technology.

GLOBAL BRAND STRATEGY AND CAMPAIGN UPDATE

Presenter: Joe Clift, Chief Marketing and Communications Officer at CFA Institute

The global brand strategy was driven by three major themes: to build professionalism by promoting globally relevant, practice-based education to develop competence and to reinforce the highest standards of ethical conduct; to inspire the CFA community by helping societies better serve their members, which, in turn, helped members better serve their clients; and, to grow industry impact and effect change by engaging with employers worldwide and advocating for policy, research, and thought leadership that benefited investors and society at large.

The global brand campaign was driven by two equally important goals: to create awareness and understanding of CFA Institute as the leading global advocate for the advancement of the investment profession, and to move investment firms and investors to demand professionals with the highest levels of competence, embodied in the CFA designation.

In pursuit of these objectives, the organization had engaged the services of a communications agency, Lowe & Partners, which had developed three creative ideas to best position CFA Institute's leadership agenda and relay the theme of professionalism. These ideas were tested with internal and external stakeholders, who provided valuable feedback and support, and a clear recommendation emerged for the "World of Difference" concept. It was an idea rooted in the CFA designation, and one understood and relevant across many audiences and markets.

The draft campaign for the "World of Difference" had been refined and improved based on the input received, and shared with the External Relations and Volunteer Involvement Committee and Society Brand Council prior to the meeting in Hong Kong. Moreover, the organization had continued to solicit comments to ensure that the maximum number of societies were informed of and engaged in the campaign before the Society Leadership Conference. It was noted that a full society toolkit would be developed during campaign production to enable societies to implement the initiative locally.

The production timeline had shifted, and the campaign launch was now expected to occur the second week of January 2016. Since the creative approach would require participation from actual charterholders, it would take time to identify, recruit, photograph, and videotape the selected individuals. Sample layouts of the brand campaign, which were directed at employers, practitioners, high net worth individuals, and regulators, were displayed for the Board. It was argued that the "World of Difference" concept was malleable yet strong enough to work anywhere. In fact, the messaging of these advertisements would be modified on a country by country basis and include a diverse talent pool of charterholders.

At the beginning, the campaign would hit national media outlets in the US, the UK, Canada, China, and India plus selected global media. There were also efforts underway to further target key high net worth communities in the US and Canada. The second phase of the campaign would occur in Germany, Brazil, Mexico, Hong Kong, Singapore, and Australia. It was highlighted that detailed media plans were in development and being shared with the society leaders in these specific markets to ensure alignment and support.

Questions, Comments and Resulting Discussions from the Board:

It was clarified that the organization had engaged outside counsel to conduct a thorough trademark search of the "World of Difference" tagline. The resulting legal memo, which would be shared with the Board, had revealed that while the concept was used commonly by many different organizations, perhaps most notably the Anti-Defamation League, as long as it was paired with CFA Institute, there was a very low trademark enforcement risk. From a communications standpoint, the commonality of use was recognized as a great opportunity for the organization. Whether the tagline would be used in every market, however, was still to be decided.

The brand campaign was a multi-year project that would eventually reach media outlets in the Middle East. In the meantime, the group was reminded that the societies would be enabled to play a huge part in activating and leveraging the campaign at the local level.

The creative approach would feature charterholders expressing the value of the CFA designation to a variety of audiences. The organization was in the process of recruiting renowned individuals to be featured in the brand campaign, and was working closely with the regional offices and societies for their input and recommendations.

The organization was collaborating with a marketing agency and would be adapting its messaging to different languages and different markets.

AUDIT AND RISK COMMITTEE AND INVESTMENT COMMITTEE

*Presenters: Colin McLean, Audit and Risk Committee Chair
James Jones, Member of the Board of Governors
Michael Trotsky, Member of the Board of Governors*

The Board was presented with a revised Audit and Risk Committee (ARC) charter and a new Investment Committee (IC) terms of reference. It was understood that future revisions to these and other governance documentation would be forthcoming with regards to the format, content, and terminology in conjunction with the governance review process.

It was noted that the ARC charter had been reviewed and more closely aligned with public company standards.

The group was reminded that ARC had created a subcommittee to consider oversight of the organization's investment funds, which had grown to a substantial sum over the years. A formal Investment Committee structure was now being proposed to oversee these assets.

It was emphasized that the purpose of the IC was to ensure compliance with best practices and to further protect the organization, and was in no way a referendum on previous management efforts by staff. The IC would elevate oversight of the reserves, bringing issues of risk, return, and portfolio characteristics among other things to the Board's attention for consideration.

The following was approved unanimously:

RESOLVED, that the Board of Governors accept and approve the Audit and Risk Committee revised Charter substantially in the form presented.

RESOLVED, that the Board of Governors accept and approve the Investment Committee Terms of Reference substantially in the form presented.

Questions, Comments and Resulting Discussions from the Board:

The IC had been created mainly for oversight and reporting purposes, and was not expected to engage in investment decisions. The committee would raise significant approval items to the Board as needed.

WEDNESDAY, 7 OCTOBER
8:30 A.M. TO 12:00 P.M.

EDUCATION ADVISORY COMMITTEE REPORT

*Presenters: Bobby Lamy, Head of Curriculum Development at CFA Institute
Julio Cardozo, Education Advisory Committee Chair*

The Education Advisory Committee (EAC) was tasked with oversight of the practice analysis process for CFA Institute's credentialing programs. The group was also engaged in supporting the organization's member value

and advocacy functions. Included in the report was an overview of practice analysis activities in FY2015, plans for practice analysis in FY2016, and an update on the CFA Program curriculum.

The Board was reminded that practice analysis was conducted to identify the knowledge, skills, and abilities (KSAs) needed by investment management professionals in the early stages of their career (approximately 4 years of experience). In addition, the process was meant to ensure that these KSAs, which were reflected in the CFA Program candidate body of knowledge (CBOK), were consistent with current practice and relevant to investment management professionals across the globe. Overall, more than 250 investment management professionals participated in practice analysis panels, with over 35% consisting of non-charterholders.

The results of these panel discussions in conjunction with one-on-one interviews were used to further refine the exposure draft of the global body of investment knowledge (GBIK) as the basis for the practice analysis member survey, of which the primary topics in FY2015 had been ESG investing, asset allocation, equity portfolio management, fixed income portfolio management, and private wealth management. In addition, the EAC had initiated a competency-based framework for the CFA Program. Subsequently, a new Level I reading that provided an overview of ESG investing would be published in the 2017 CFA Program curriculum, and Level III readings on asset allocation as well as equity and fixed income portfolio management had been designed for publication in the 2018 CFA Program curriculum. Lastly, it was noted that a revised draft of the private wealth management body of knowledge was also being developed.

Looking ahead to FY2016, a Practice Analysis Thought Leader Council and an XL Society Practice Analysis Consortium would be established. The Practice Analysis Thought Leader Council (TLC) would consist of senior-level executives in the investment management industry. While the primary focus of the practice analysis process was to identify KSAs currently required, the TLC would support the EAC by identifying industry trends and disruptions that would ultimately affect practice and help shape practice analysis.

In an effort to enhance society engagement in the practice analysis process, the EAC would involve societies at an earlier stage, the identification of the topics for assessment during the upcoming year. The societies would now be able to provide the EAC with guidance on the issues being experienced by members, so as to ensure that the focus of the practice analysis remained relevant to practitioners.

In general, the CFA Program curriculum had continued to respond to changes in the investment management industry. The 2016 curriculum would consist of 149 readings across the three levels, with 95% of these being commissioned by CFA Institute. A total of 14 new or revised readings would be included in the 2016 curriculum, with topics pertaining to risk management, credit analysis, alternative investments, active portfolio management, multi-factor models, scenario analysis, economics and investment markets, correlation and regression, and the application of code and standards.

Questions, Comments and Resulting Discussions from the Board:

The CFA Program was very successful, which could make it challenging to identify gaps in the curriculum. Practice analysis was therefore a significant process that provided fresh perspectives and invited discussions on new industry trends.

It was suggested that the practice analysis process also include fairly recent charterholders as well as potential clients and investors. These individuals could provide unique input on the curriculum and impact its future direction.

Those currently involved in practice analysis were committed to the process and eager to volunteer. The organization was also being more proactive in recruiting members from other regions of the world. In terms of motivation, it was argued that practice analysis offered members the value of precious knowledge, such as global insights on how other practitioners operated in other locations. However, it could still be challenging to incentivize these individuals, particularly non-members, to participate.

The information gathered from practice analysis had the potential to be used for purposes other than the curriculum. Discussions on member value and financial market history, for example, could certainly benefit the work being done by the societies and staff.

It was recommended that the organization survey candidates about how whether they would prefer to receive the curriculum via print or through a different delivery mechanism (i.e. digital platforms and media). While the organization had taken a cautious approach, technological improvements to the curriculum would continue to be part of the conversation going forward.

There would likely never be a complete consensus on the sequencing of the curriculum. It was explained that ethics had always come first, because it was core to the foundation of the exam.

Financial market history, specifically for emerging economies, was an exciting subject for the practice analysis members, and more information would be collected from practitioners in the future.

To better lead the industry, the EAC wanted to increase awareness of practice analysis around the world. This would also emphasize the value of volunteering at CFA Institute.

The Board asked that future EAC reports include targets associated with opening up practice analysis to more individuals, and more discussion on challenges to the process. It was mentioned that practice analysis struggled with a huge scope of information every year – sampling a big industry and then figuring out how best to use these resources had always been a challenge.

STRATEGIC PLANNING PROCESS / DRAFT POSITION STATEMENT AND GOALS

Presenter: Paul Smith, President and CEO at CFA Institute

Management had created a set of guiding principles that would inform the creation of the three-year strategic plan, a final version of which would be presented at the Board meeting in Brussels for approval. The idea was to move toward a rolling three-year plan that covered FY2017, FY2018, and FY2019, and to build in the appropriate metrics to ensure the organization was meeting its objectives. It was stated that the three-year plan should be updated and refreshed annually without losing the overarching commitments previously approved by the Board. The leadership team had based the positioning statements on the mission, which would remain the same, and also considered the terms and phrases used within the mission, with particular attention to “leading the investment profession.”

Management wanted the language to have an inclusionary meaning, to announce to the world that CFA Institute was proud of its focus on the investment management industry and welcomed anyone interested in taking the exam, joining a society, or becoming part of the CFA community. The organization needed to have much more emphasis on its core in order to have an impact on the broadest population possible, and to give the strategic functions a stronger direction and purpose.

The position statements and goals were meant to further define what the organization believed in and wanted to accomplish. The strategic planning process was being driven forward by the organizing framework, and the expectation was to have each strategic function feeding into and informing the other. While no approvals were being sought today, the Board was encouraged to contribute to and refine these statements over the next few months.

CFA Institute saw itself as a motivator and a catalyst, but recognized it would ultimately deliver impact through its members. Many of its initiatives, including the branding campaign and new society funding model, were established to push resources to the societies, because they were in the best position to influence their local communities. However, it was also noted that the governors played a significant role as the organization's ambassadors in inspiring the membership to reinforce and buy into the mission.

There were eleven position statements and goals that outlined and considered CFA Institute's global presence and relevance; local reach; ethics and standards; professionalism and mandatory continuing education; mission impact; service to members; focus on core competencies; engagement through technology; effective governance; and, operational excellence. Management acknowledged that several of these topics were challenging and needed more discussion in the coming months. It was argued that the vision statement, for instance, should focus more on the investment management industry and include elements of diversity.

In addition to the position statements and goals, management had also drafted observations on the business environment, competition, client demographics, credentialing, member value, and standards and advocacy as well as the organization's mission, vision, values, identity, and Articles of Incorporation.

CFA Institute wanted to establish an investment profession based on its standards and credentials, and to have properly trained individuals leading the industry and showing the world what it means to be a charterholder. To achieve that end, the desire was to have as many people as possible pursue the CFA designation.

The Planning Committee was thanked for their contribution to the guiding principles, and the governors were then invited to provide feedback.

Questions, Comments and Resulting Discussions from the Board:

It was clarified that the leadership team did not want to redefine membership or alter the exam, but rather the focus of the organization's activities. It was ultimately the investment management industry that drove CFA Institute's curriculum content, member value, and thought leadership – and, it was this mentality that would provide clearer guidance and direction to the staff, volunteers, and potential candidates. In general, management wanted CFA Institute's identity and purpose to be better understood on a global scale.

There was a comment that the CFA designation could offer individuals professional mobility.

When revisiting the vision statement, management was advised to pay close attention to any wordsmithing issues around the core competency. Keeping the clarity and focus on the investment management profession was emphasized, especially since it created more consistency from the global perspective across the various markets.

It was clarified that the organization was only interested in areas of capital market integrity that affected the investment management industry, and would still build its opinions accordingly.

The refinement of the vision was considered a very positive development. Furthermore, the leadership team's approach was applauded as pragmatic, particularly the understanding that the three-year strategic planning cycle would need to be adjusted as needed on an annual basis. It was also noted that the ambitious goal of 100% market penetration, even if never achieved, would move CFA Institute toward a more formidable standing in the broader community as the leader of the investment profession.

Professional education was only a part of CFA Institute's identity and would be blended together with other elements of the strategic framework to help the organization build the investment profession. It was remarked that Claritas would fit in well with the revised vision.

In the last couple of years, the organization had developed an institutional partnerships (IPart) division to engage with the investment industry globally, with particular attention to which companies were employing charterholders and where those businesses were headed in the longer term. This information was being housed in a system called Salesforce, which provided more structure to the organization and made it easier to profile major clients. By the next Board meeting in Brussels, management would be able to define CFA Institute's core industry – the number of charterholders working in it, where they were employed, and what types of roles they were filling.

It was stated that CFA Institute could be defined as a member organization that set global professional standards for individuals and businesses. Once the Board, PCRs, and leadership team had agreed on the organization's core documents (i.e. organizing framework, leadership agenda, etc.), they would be able to act as ambassadors, all speaking with one voice, to relay the key messages to the broader community.

It was recommended that the organization add a diversity code of conduct to their global standards,

STRATEGIC PLANNING PROCESS / CFA IDENTITY

Presenter: Robert Jenkins, Planning Committee Chair

From the beginning, it had been stressed that the objective of the strategic review process had not been to change the organization's mandate. The process had been designed to test the mission and vision as previously articulated and conceived, and had indeed shown that these core concepts were still valid. The next steps would involve verifying that the strategic positioning statements were also consistent with the now reaffirmed mission and vision, and working on a few significant guiding principles.

In addition, the Board would need to come to an agreement and conclusion on the "who are we" question that had been posed at the inception of the strategic planning process. The organization needed to have a "one voice" response to this question, an "elevator speech" that emphasized words key to the organization's identity. The Planning Committee had agreed on five in particular:

1. Global Investment Profession
2. Membership
3. Ethics / Standards of Professional Conduct
4. Educational / Continuing Education
5. Competent / Credentialed

The strategic review process had started in October 2014 and occurred over five meetings. Everyone involved in and supportive of the effort was thanked.

Questions, Comments and Resulting Discussions from the Board:

Having a message more focused on investment management could change the candidate pool, attracting fewer corporate financial analysts, for example, and more individuals actually within the profession. There was agreement that this could be a beneficial trend in terms of increasing CFA Institute's market penetration within the industry.

As part of the strategy, the organization ultimately wanted the investment management industry to look to CFA Institute for answers, opinions, and professional development. The best way to do so was by leveraging the knowledge and influence of practitioners within the CFA community.

Independent legal counsel would eventually be appointed to review the Articles of Incorporation against the organization's current activities to ensure they were within the predetermined scope or to recommend amendments as needed. It was recognized that a non-profit entity was created for a specific purpose and legally bound to adhere to that purpose, and it was the Board's responsibility to keep the business function within that relevant space.

It was mentioned that the governors and PCRs had started to receive quarterly talking points to help the organization deliver consistent messaging across the globe.

REVISIONS TO THE BYLAWS AND RULES OF PROCEDURE FOR PROFESSIONAL CONDUCT

Presenters: Sheri Littlefield-Moreno, Chief Legal Officer at CFA Institute

Leilani Hall, Head of the Professional Conduct Program at CFA Institute

Andrew Rome, Associate Counsel at CFA Institute

Based on the results of the value stream mapping as discussed at the July meeting in Calgary, revisions to the CFA Institute Bylaws and Rules of Procedure for Professional Conduct were being developed by the Disciplinary Review Committee (DRC), professional conduct program (PCP), and the legal services team. The organization had also engaged outside counsel to confirm that the proposed changes would not create a litigation risk for CFA Institute. The objective was to obtain feedback from the Board in Hong Kong and finalize all revisions prior to the December 5th exam.

The group was reminded that the value stream mapping process had focused on ensuring there was a sustainable program in place that protected the brand and reputation of the charter. The results had led to six proposed revisions: to expand the definition of "covered person" to include "charter pendings" and "lapsed members"; to extend summary suspension to lapsed members who violated the Code and Standards; to eliminate in-person hearings for non-charterholders; to conduct in-person hearings only when the recommended sanction was greater than the censure; to expedite the process for uncontested exam cases; and, to amend the confidentiality provision to make it clear that CFA Institute was permitted to share information about an investigation with the regulatory organization, government entity, or court with jurisdiction over the covered person's conduct.

It was stated that the suggested revisions would ultimately enhance member value. The most controversial items had been highlighted in the materials for the Board's attention. It was also noted that the recommended revisions to the disciplinary rules would be circulated for public comment over a two-week period prior to going to the DRC for approval, and then to the Board for final approval via a teleconference in November.

Questions, Comments and Resulting Discussions from the Board:

There were tremendous costs associated with conducting in-person hearing panels. In order to be sustainable, the PCP had realized that this was an area where expenses could be reduced while still providing due process for everyone at the right level. The in-person hearings were now limited to the most significant cases and for charterholders. For other instances, individuals retained the right to be heard through a telephone hearing, where they would be able to present evidence and witnesses, and make their arguments.

It was clarified that the scope would not include lapsed members and charter pendings who were no longer in the investment industry. The focus would be on professionals misusing the CFA designation or engaging in misconduct.

While the proposed changes could add to the PCP's caseload, it was not anticipated to be a large number. On average, the group typically encountered 5 major cases a year that pertained to lapsed members or charter pendings. The PCP would still monitor its efforts and ensure that resources were not being strained or diverted from the organization's main constituency in the coming year.

It would be interesting to learn what members thought about CFA Institute's disciplinary process, specifically if they understood the process fully and saw value in it.

Presidents Council Representatives Report

Presenter: Dan Fasciano, Presidents Council Chair

The Presidents Council Representatives (PCR) Report began with a broad overview of recent PCR activities and then referenced the regional reports, which were outlined in great detail in the materials.

One month into the fiscal year, four new PCRs had been on-boarded and two new regions had gone live. The Society Leadership Conference (SLC) was almost underway as leaders from 146 societies would soon begin arriving in Hong Kong. The conference had been well planned and promised a robust agenda for those attending.

Furthermore, society leaders were adjusting to their roles and eager to learn more about the new society funding model and to share ideas with one another on how best to invest the increased resourcing. It was recognized that there would be different ways for different societies to leverage these funds. In addition, approximately half of society leaders had been asked for their input and updated on the Branding Council's activities thus far.

With regards to the status of Member Nation, PCRs had been informed of all progress made to date. Both the "Alpha" and "Beta" test societies had been identified and were making the necessary preparations, and the legal services team had recommended potential amendments to the Society License Agreement to mitigate any legal issue that may arise from the implementation of Member Nation.

The society membership project was also progressing nicely. There seemed to be a real interest in bringing a common set of affiliate member categories to all the societies, and several pilot societies were already working with the organization on this initiative, which would take place over multiple years and require bylaw reviews and changes for the societies.

In terms of governance, the Governance Committee had continued to challenge the PCRs to review the Presidents Council's chair election processes and terms of reference, and an update would be provided to the society leaders in Hong Kong.

The PCRs were looking forward to continued progress in the coming year.

Questions, Comments and Resulting Discussions from the Board:

It was recognized that resources should be directed where they could generate the most impact, which meant XL and core strategic societies (i.e. Brazil, China, India, etc.) would receive more. To mitigate concerns with this approach, the PCRs wanted to take a democratic and pragmatic stance, and ensure that the voices of all the societies, big or small, were heard and acknowledged.

There was agreement that the society relations function should have more metrics regarding member engagement and member value. It was also noted that the PCRs were looking to the societies as well to be more accountable for metrics reporting.

There was approximately \$40M in reserves at the society level. The PCRs were mindful that something that worked for a society of 200 members probably would not work for one of 2,000. The societies would be encouraged to consider their resources in terms of risk vs. return, but certainly discouraged from retaining these funds indefinitely.

Governors attending the SLC were advised to listen, observe, and obtain feedback.

BOARD COMMITTEE REPORTS

Presenters: Colin McLean, Audit and Risk Committee Chair

Heather Brilliant, External Relations and Volunteer Involvement Committee Chair

Robert Jenkins, Planning Committee Chair

Aaron Low, Compensation and Governance Committee Chair

Beth Hamilton-Keen, Executive Committee Chair

Audit and Risk Committee (ARC)

ARC had approved a Risk Dashboard Working Group, which would begin work this month and aim to update the Board at the March meeting in Brussels. In addition, the committee was interested in seeing more detail on the organization's global entity structure in the coming months.

ARC had conducted two training sessions specific to legal, audit, and governance development matters for its committee members. There had also been a discussion on cyber risk and future data governance. The instant and legal reports had been relatively clean, and ARC had found nothing requiring the Board's attention.

The committee had engaged the legal services team to consider the appropriate vendor and contract management approach, and to unify the previous conflicts work with the instant risk register.

Prior to the completion of the audit, the ARC Chair would circulate a summary report of PwC activities to the Board. The audited financial statements would be reviewed for approval on the November teleconference.

External Relations and Volunteer Involvement Committee (ERVIC)

ERVIC had identified four areas of focus for FY2016: member value, society relations, overseeing the brand initiative, and standards and advocacy. With regards to standards and advocacy, the committee felt this item should be discussed at the Board level, provided there was room on the agenda.

In terms of specifics, ERVIC was interested in talking about the range of possibilities for member dues, and the subject of mandatory continuing education as it related to member value. Furthermore, the committee wanted to help facilitate the society relations team's five initiatives, with particular attention to the increased funding and how it was being used by the societies.

It was stated that ERVIC had decided not to formally oversee employers, candidates, students, or volunteers as these stakeholder relationships were considered operational in nature. Overall, the agendas would have a high level strategic focus and direct oversight of these groups would be put forward by staff on an ad-hoc basis.

With regards to the brand campaign, ERVIC would be working to ensure that all societies received the information and guidance needed to be successful, and to tie the organization's efforts with those of the societies. Furthermore, ERVIC wanted to collect data and track the effectiveness of the brand initiative.

The committee would also be collaborating with the standards and advocacy function to help narrow the number of topics associated with the Future of Finance, and the governors would eventually be asked for their input as well. Additionally, the committee would consider whether the Future of Finance should be more fully integrated into the organization as opposed to being a standalone initiative.

ERVIC had discussed the significance of marketing, especially as it pertained to standards and advocacy. It would be important to raise awareness of these activities for the societies, ambassadors, and anyone else looking to promote the CFA Institute brand.

Lastly, the committee had talked about a pilot program to address the organization's charter pendings. Staff had been tasked with calling approximately 1,500 charter pending candidates. Of those contacted, 14% were either in the process of or had completed becoming members, and 9% were still striving toward the required amount of work experience. It was reported that the organization had not been able to reach 39% of these individuals, but had made some form of contact with the remaining 60% and encouraged them to move forward with membership. The pilot program had provided positive results and would be extended over the course of FY2016.

Planning Committee (PC)

The PC would endeavor to support the CEO in the development of the three-year budget planning process in the coming year.

Compensation and Governance Committee (CGC)

The CGC had agreed that the CEO should set the goals and compensation for members of the leadership team, and that the committee should exercise final review over the proposed compensation structure. With that understanding in place, the CGC had developed a roadmap for the remainder of the fiscal year. One of the CGC's primary objectives would be to strengthen the link between performance and pay.

The committee had also been presented with a lot of benchmarking data in order to address concerns from the membership about the pay levels. These benchmarks would be continually updated as needed.

Lastly, it was reported that the CGC had approved the PwC audit report on the 401(k) and the revisions to the UK employee pension plan.

Executive Committee (EC)

The EC had met twice since the July Board meeting in Calgary, and approved the formal reporting lines for the Chief Legal Officer and Chief Compliance, Risk, and Ethics Officer. The committee had also discussed progress on the governance review project, continued to talk about prioritizing topics to be addressed at the Board level over a two-year period, and reviewed the Board budget to better understand and explain expenses for very significant line items in the financials.

It was concluded that the EC would endeavor to streamline agendas, reduce duplications, and obtain feedback to help the Board move items forward and to make the most of the governors' time in FY2016 and beyond.

CONSENT RESOLUTIONS

Presenter: Beth Hamilton-Keen, Board of Governors Chair

The following resolutions were unanimously approved:

Board Retreat Recommendations

Define the CFA Institute governance standard

RESOLVED, that the Board of Governors accept and approve the CFA Institute governance standard definition as:

- 1) CFA Institute will implement the highest standards of governance in the US-not for profit sector;**
- 2) Notwithstanding its non-profit status, CFA Institute will adopt US public company standards;**
- 3) Should global not for profit and global public company standards exceed those in the US we will to aspire to the higher standard; and**
- 4) Should the board determine that a particular provision of such standards not be in the best interests of CFA Institute and/or its membership the board may opt out but will be transparent in its rationale for doing so.**

Implement and comply with the following U.S. public company standards

RESOLVED, that the Board of Governors accept and approve that CFA Institute shall implement and comply with the following U.S. public company standards:

- Additional disclosure of information in the Annual Report and Proxy Statement;**
- Code of Conduct and Conflict of Interest Policy revisions;**
- Whistleblower Policy revisions; and**
- Document Retention and Destruction Policy revisions.**

Reduce the size of the Board

RESOLVED, that the Board of Governors accept and approve reducing the number of members serving on the Board within the next three years to a minimum of 10 governors and a maximum of 15 governors.

Option for Oversight Committee Chairs to serve consecutive terms

RESOLVED, that the Board of Governors accept and approve effective immediately that Oversight Committee Chairs appointed to one year terms shall be eligible to be appointed to serve an additional consecutive one year term.

Establish and identify independent legal counsel to the Board

RESOLVED, that the Board of Governors accept and approve the engagement of Independent legal counsel shall be accessible to the governors at the direction of the Board Chair; and

FURTHER RESOLVED, that Ellen Odoner of Weil, Gotshal, and Manges shall serve in the role as independent legal counsel to the Board.

Calgary Meeting Minutes

RESOLVED, that the Board of Governors accept and approve the Calgary open session meeting minutes substantially in the form submitted.

FY2016 Volunteer Committee Chair Appointments

RESOLVED, that the Board of Governors accept and approve the appointment of the following individuals to serve as volunteer committee chairs for a one year term commencing 1 September 2015 and until their successors are chosen and qualified:

- **Future of Finance Advisory Council**
 - **John Kay, FSIP**
- **Education Advisory Committee**
 - **Julio Cardozo, CFA**
- **Corporate Disclosure Policy Council**
 - **Tony C. Sondhi**
- **Capital Markets Policy Council**
 - **Nicola Ralston, FSIP**

Bios

John Kay, FSIP

John Kay, FSIP, is a distinguished academic, economist, and businessman, an adviser to companies and governments around the world, and an acclaimed columnist. His work has been mostly concerned with the application of economics to changes in industrial structure and the competitive advantage of individual firms. Professor Kay writes a weekly column for the Financial Times and is a visiting professor at the London School of Economics. Previously, he served as research director and as director at the Institute for Fiscal Studies, director of Saïd Business School at the University of Oxford, professor at the London Business School and the University of Oxford, founder of London Economics International, and director at Halifax Plc. Professor Kay is the author of several books, including *The Long and the Short of It* and *Obliquity*. In 2013 he was made a Commander of the Order of the British Empire for his contribution to economics. He was educated at Edinburgh University and at Nuffield College, University of Oxford, and was awarded an honorary DLitt degree by Heriot-Watt University.

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Julio Cardozo, CFA,

Julio Cardozo, CFA is the Managing Director at Banco Cooperativo Sicredi where he oversees the management of USD 6 billion of assets invested in Equities, Fixed Income and Hedge Funds. He is also responsible for the firm's market and liquidity risk management. Prior to joining Sicredi, Julio was investment director at Vitoria

Asset Management. Julio has been working as a portfolio manager for over 19 years where he has managed the proprietary trading for two banking institutions and for 5 years has been managing portfolios for mutual/hedge funds. Julio was a member of the COE from 2006 – 2010 and a CFA exam grader for ten years. He has served on the CCC working body and participated in Standard Setting. Julio received his CFA charter in 1999 and is an active member of the CFA Society of Brazil. Julio earned his MBA (with Distinction) at the Ross Business School, University of Michigan, in 2001 and graduated from Instituto Tecnológico de Aeronáutica in 1994 with a degree in Electronics Engineering.

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Tony C. Sondhi

Ashwinpaul “Tony” C. Sondhi is currently a member of the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB). He has been a member of the Global Financial Reporting Advocacy Committee of the CFA Institute; the Accounting Standards Executive Committee (AcSEC) of the AICPA and the Planning Subcommittee of the AcSEC; the Financial Accounting Policy Committee of CFA Institute; the FASB Task Force on Accounting for Impairments of Long-lived Assets; and the Statement of Cash Flows Steering Committee of the International Accounting Standards Committee. Tony was also an advisor to the FASB on its’ project comparing U.S. and International Financial Reporting Standards. Tony is a co-author of the 2006 - 2009 editions of the *CCH Revenue Recognition Guide*, and *The Analysis and Use of Financial Statements*, Third Edition, which was a recommended text for the Chartered Financial Analysts (CFA) program. Mr. Sondhi has also edited *Credit Analysis of Nontraditional Debt Securities*, co-authored *Impairments and Write-offs of Long-Lived Assets*, and co-edited *CFA Readings in Financial Statement Analysis, & Off-Balance Sheet Financing Techniques*. Tony serves on the Board of Directors of an investment advisory services firm and one charitable foundation. He is also an advisor to several U.S. and foreign companies. His consulting activities include revenue recognition practices in the software and contracting industries, revenue arrangements with multiple deliverables, consolidation policy issues related to variable interest entities, financial reporting requirements for foreign operations, securitizations and transfers of financial assets, credit analysis, and the analysis of company-wide financial reporting decisions.

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Nicola Ralston, FSIP

Nicola Ralston, FSIP, has over thirty years investment experience as an analyst, portfolio manager, investment consultant, board member and adviser to investment committees. She has featured as one of Dow Jones Europe/Financial News’ ‘Veterans of Finance’. Nicola is a director and co-founder of PiRho Investment Consulting, co-founded with Phil Irvine in 2008. Nicola previously spent over 20 years in fund management at Schroders, where her roles included heading the UK institutional business, managing a number of public and private sector funds, and Head of Investment for the Schroder Group. She was subsequently Head of Global Investment Consulting at Hewitt (now Aon Hewitt). Nicola also sits on a number of boards and committees, and has extensive experience in both investment advisory and decision making capacities. She is Chairman of Henderson EuroTrust plc, a member of the Investment Committees of the British Heart Foundation and Somerville College, Oxford, and a member of the FTSE Policy Committee. Nicola is also a Fellow of CFA UK and is a former Chair of CFAUK; she was a Governor of CFA Institute between 2003 and 2009, and a director of the Edinburgh Investment Trust for ten years up to 2013. She has a first class Honours degree in Modern History from Somerville College, Oxford and is an Honorary Fellow of Somerville College.

The Board then went into executive session.