



**Board of Governors**  
**Meeting Minutes**  
20-22 July 2017  
Bangkok

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**Board of Governors Present:**

Heather Brilliant, CFA	Frederic Lebel, CFA (Meeting Chair)	Paul Smith, CFA
Elizabeth Corley, CBE 	Mark Lazberger, CFA	George Spentzos, CFA, FSIP
Daniel Gamba, CFA	Colin McLean, FSIP	Zouheir Tamim El Jarkass, CFA 
Beth Hamilton-Keen, CFA	Diane Nordin, CFA	Michael Trotsky, CFA
Robert Jenkins, FSIP	Sunil Singhanian, CFA	Yu Hua, CFA
Attila Koksai, CFA		


**Incoming Board of Governors Present:**

Leah Bennett, CFA

**Board of Governors Absent:**

Scott Proctor, CFA                      Lynn Stout

**Presidents Council Representatives Present:**

Lamees Al-Baharna, CFA	Daniel Fasciano, CFA	Christian Heuer, CFA
James Bailey, CFA	Clayton Gall, CFA	Anne-Katrin Scherer, CFA
Simon Cawdery, CFA	Steven Gattuso, CFA	Ken Yee, CFA
BD Deora, CFA	Phil Graham, CFA 	Susan Williams, CFA

**Incoming Presidents Council Representatives Present:**

Kati Eriksson, CFA                      Jennifer Garbowicz, CFA                      Richard Munding, CFA

**Leadership Team Members Present:**

Chris Ainsworth	Michael Collins	Nitin Mehta, CFA
Gary Baker, CFA	Bjorn Forfang	Nick Pollard, CFA
Diane Basile, CFA	Darin Goodwiler	Kurt Schacht, CFA
John Bowman, CFA	Stephen Horan, CFA	
Elaine Cheng	Sheri Littlefield	

**Others Present:**Stephanie Ennaco                      Roger Urwin, FSIP  
Joseph Lange (Meeting Secretary)**Materials Provided:**

Board Meeting Pack

THURSDAY, 20 JULY

**WELCOME/MEETING OVERVIEW, CONFLICTS OF INTEREST DECLARATIONS, RECORDING, AND ACTION ITEMS**

*Presenter: Fred Lebel, Board of Governors Chair*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The Board meeting was called to order, quorum obtained, notice of the recording communicated, and brief welcoming remarks with an overview of the meeting agenda provided. The Board Chair asked if there were any conflicts of interest as they pertained to the three-day meeting agenda, and none were reported.

The incoming Board member, Ms. Bennett, and the incoming Presidents Council Representatives, Ms. Garbowicz, Mr. Mundinger, and Ms. Eriksson, were introduced and welcomed to the meeting.

**CEO REPORT**

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

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The CEO stated that FY2017 had been an excellent year. In terms of achieving its KPI's, the organization had done well. It was highlighted that two new societies had been formed, CFA Society Shenzhen and CFA Society Bangladesh, and that the rebranding of the Boston, New York, and India societies had been a success. There had been a greater focus on C-suite engagement, and it was further noted that top tier media had paid more attention to the organization's voice in FY2017. In addition, the Finance and Human Resources functions were expected to evolve in the coming year with new managing directors in place. Moreover, the CEO had seen real opportunities to strengthen its presence in Africa, to increase its member value efforts, and to continue to push on its advocacy work. The CEO Report included recommendations on the future of exam delivery that would be brought before the Board in FY2018. Finally, continuing professional development, One Membership, and society partnership would be key topics for discussion in the coming year.

Mr. Chris Ainsworth, the new managing director of Human Resources at CFA Institute, was introduced to the Board.

There was a question on employee morale. The CEO stated that the biannual staff engagement survey would take place in April 2018. Based on the results from the last survey, the organization had been working to increase openness and transparency. It was recognized that employees had been experiencing some change fatigue, and that there were opportunities for change management going forward. It was added that employees were looking for career development and career pathing within the organization.

With regards to the Member Survey, it seemed apparent that globally, members wanted more career development services and resources. The subject of careers was an important one, and it would be necessary to localize career development, ultimately down through the regional managing directors to the societies, to have the greatest impact. However, the expectation from members was very high, and it would be difficult to satisfy them entirely with regards to career development.

**FINANCIAL REPORT**

*Presenter: Diane Basile, Managing Director and Chief Financial Officer at CFA Institute*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The Finance group would be undergoing changes in the coming months, and Ms. Basile would be working with Mr. Ainsworth on how to think about the current talent pool, incorporate cross training to remove single points of failure within the organization, and offer staff opportunities to try new jobs within or even outside of the Finance function. It was noted that a financial analyst would be hired in the Hong Kong office and interviews were underway for the controller position. Overall, the Finance function wanted to increase operational partnerships and find ways to more proactively add value to the organization.

As of May 2017, revenue had come in at \$292 million, which was up \$29 million or 11% over last year, and expenses had come in at \$190 million, which was up \$25 million or 13% over last year. The operating margin was currently \$3 million, which was up 4% year over year, and was expected to be approximately \$5.5 million by the end of the fiscal year.

The CFA Program generally contributed about 85% of revenue in any given year with member dues constituting the bulk of the remaining 15%. As of February 2017, CFA Program administrations had been up 10%, which added \$28 million to the revenue year over year. It was noted that the growth in year over year expenses had been planned for and largely driven by Services Delivery (i.e. Global Brand Campaign) and increased exam security for the December and June administrations.

Looking ahead, while the organization had good visibility on future revenue streams and the ability to control expenses, which tended to be more discretionary, it would work to improve its forecasting abilities and financial reporting systems overall through the Finance 2.0 initiative. The goal was to automate processes as much as possible and make it much easier to analyze the budget.

[With the opening of additional offices around the world, it was asked how much fixed costs had risen over the last few years. The CFO stated that she would update the Board with this information at the October meeting.](#)

The Finance function was looking at the global office locations to ensure that staffing levels were appropriate in all the regions. More broadly, the organization was working on a staff plan to better understand where resources should be directed for the best impact.

#### **UPDATE ON ESTABLISHING A WASHINGTON, DC OFFICE**

*Presenter: Kurt Schacht, Managing Director of Standards and Advocacy at CFA Institute*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The Board received an informational update and was asked for their feedback on the proposal for CFA Institute to establish an office in Washington, DC. This topic had been discussed in the past, and there had been concerns raised about the connotations associated with the term, "lobbyist." While the organization was committed to remaining as non-partisan as possible, it was also striving to be more influential and relevant to the its membership. It was possible and easy for CFA Institute to both have a consistent presence in Washington, DC and maintain a non-partisan profile. There were two main reason for supporting a Washington, DC office: it would be timely for CFA Institute to be in that location provided the Trump Administration was expected to make significant economic regime changes; and, the local presence in Brussels had shown positive results and made a real impact in terms of CFA Institute having a seat at the table. It was emphasized that the voice of CFA Institute, and therefore the voice for investor protection, was underrepresented in Washington, DC and, more generally, in the policy centers around the world. While there was a risk that the organization's opinions would be labeled as partisan, it could be combatted by the fact that

CFA Institute would always take the independent and non-commercial view, siding with the best interests of the investor, investor protection, market fairness, and professionalism in the industry.

In terms of logistics, the objective would be to have an office up and running by early 2018 staffed with people who had the experience on the issues, understood the process, and had the right connections. The startup costs would be between \$500,000 and \$750,000 and approximately the same to run the office on an annual basis going forward. This represented 3-4% of the Standards and Advocacy budget and about 0.3% of the overall CFA Institute budget.

There was a comment that a Washington, DC office would help the organization establish a bolder voice and move closer to becoming a professional body by engaging more as an insider and having a presence on several committees.

It was clarified that the Washington, DC office was a long-term strategy and not based on the current administration.

**REQUEST TO ESTABLISH A UAE OFFICE**

*Presenter: Gary Baker, Managing Director of EMEA at CFA Institute*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The Board was asked to approve the proposal to open an office in Abu Dhabi. An office in the Middle East would provide more consistent and direct support to the societies there, tap into the growth potential of a young population with a commitment to education, and enhance outreach with the local regulators, employers and universities. It was explained that Abu Dhabi had been selected due to the unique opportunity for CFA Institute to partner with Abu Dhabi Global Markets (ADGM). This level of support would facilitate the opening of the office and help the organization to quickly become part of the ecosystem being developed by ADGM. It was recognized that there were risks associated with the geographical location, finding the right people to staff and run the office, and the organization's reputation as it had received permission twice before to open an office in the Middle East without successful completion of that objective.

With regards to the strategy in Africa, it was suggested that the best approach right now would be to provide more support through the local societies rather than establish a single office. However, this tactic could change in the future.

It was noted that the organization was looking to open a test center in Iran over the next twelve months. Progress could be made in Iran without detracting from the Abu Dhabi office decision, and people in the region understood that CFA Institute had a mission that was not influenced by any one country's political agenda.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the establishment of a CFA Institute office in Abu Dhabi, UAE.**

**FY2018 BUDGET AND THREE-YEAR OPERATING PLAN**

*Presenter: Diane Basile, Managing Director and Chief Financial Officer at CFA Institute*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The FY2018 budget had been viewed through the context of the organization's multi-year operating plan. Looking ahead, revenue was expected to be around \$344 million and expenses \$324 million, which would yield a \$20 million operating margin next year and was consistent with the timeline to achieve 10% operational efficiency by FY2019. The plan emphasized cost efficiency while also promoting member value and brand building activities. Even though revenue was anticipated to grow by 10%, expenses would only grow by 3%, for example.

From the regional perspective, 47% of revenues were expected to come from APAC, 34% from the Americas, and 19% from EMEA; and, 38% of expenses were expected to come from APAC, 40% from the Americas, and 23% from EMEA.

The credentialing programs were expected to once again generate 85-86% of revenues while incurring about 45% of expenses, and the Finance function was working with the Credentialing group to find some efficiencies. It was also highlighted that 100% of member dues would go back to the societies through the brand awareness and society funding work as well as through program scholarships.

The Abu Dhabi and Washington, DC offices had both been considered in the budget plan for FY2018.

The plan had contemplated the organization's risk and mitigation of those risks, such as those associated with the future of exam delivery and the capacity for societies to use the increased funding with the most impact, as well as the Digital Core Transformation (DCT) and Finance 2.0 projects. The FY2018 plan would be achievable, but challenging, as the functional leads would be asked to transition to a more regional view. The Finance team would also focus on increased regional reporting in the coming year.

It was stated that the reserves were regularly discussed by the Investment Committee. The CEO noted that there was a desire to earmark some of the reserves for future investments in China. It was recognized that a significant portion of revenue was being driven by candidate growth in China, and it would be important to set aside some of those funds to invest in the region once the member numbers caught up. It did not seem equitable to spend the majority or all of the revenue from China in other regions.

The Services Delivery and Member Value functions had been partnering to transform the organization's member communications into more of a campaign to emphasize the value CFA Institute was delivering on throughout the year. The goal was to show members the exponential value they were receiving in return for their \$275 in dues payment. In addition, with the DCT work, members would be able to set their preferences and only receive communications of interest to them.

The CFO had worked with Ernst & Young to assess the organization's financial maturity level and several opportunities for improvement had been identified, with technology and data being the highest priorities followed closely by policy and process. It was reported that NetSuite had been selected as the preferred vendor to address the data issue and a new system would be implemented starting October 2017. The Finance 2.0 project would be appropriately scoped and staffed; and, overall, the transition would be thoughtful and include an integration with the DCT, and it was expected to be completed in about a year's time.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the proposed FY2018 Budget substantially in the form submitted.**

**STRATEGY UPDATE**

*Presenter: Fred Lebel, Board of Governors Chair  
Paul Smith, President and CEO at CFA Institute*

*Mr. Tamim El Jarkass and Mr. Graham attended the discussion via conference call.*

The Board received an overview of the organization's strategy to make sure it was clearly understood. Two years ago, when the strategy was being developed, the mission statement had been carefully considered and led to the creation of the three strategic functions, Credentialing, Member Value, and Standards and Advocacy, each of which had defined objectives to achieve on that mission. CFA Institute, as a brand, needed to be better recognized as a professional body vs. an exam provider going forward. There was also a strong emphasis on serving the membership and achieving 100% penetration in the marketplace – the strategy was predicated on the belief that individuals employed in the investment profession should have the appropriate qualification.

With regards to Investment Foundations and CIPM, the organization would continue to strive to be a leader of those target populations, which were subsets of the larger market, for the investment management business.

It was stated that professionalism, as a concept, was primarily about serving one's clients before serving oneself. There was a connection between the person and the profession, and delivering a service to society. The organization recognized that its society network was a wonderful mechanism to tap into that professionalism and influence the investment industry within the communities served by CFA Institute. The more CFA Institute enabled and helped its societies, the stronger and more successful they would become in that regard.

It was clarified that societies would continue to be created in a very thoughtful way with a forward-looking mindset in terms of growth and development. The goal was to expand in a proactive and strategic manner.

The CEO agreed that "membership organization" could be changed to "global membership organization" even though it seemed to be an innate and indisputable part of the strategy. The interpretation of the term seemed to be a more nuanced conversation that depended on the type of CEO in place. At present, there were things done globally that were more centralized in command (i.e. Credentialing) and other things done globally that were more localized and tailored (i.e. Member Value).

It was stated that one of the biggest risks facing the organization was the relevance of the CFA Charter, especially in North America as a decline there would impact the prominence of the designation all around the world. This subject was being addressed by the CEO and his Leadership Team, and there was agreement that maintaining CFA Charter relevance and working on innovative solutions to catch up and compete could be added to the list. The group agreed that the employer perspective on CFA Charter relevance would be key.

Societies were being encouraged to define themselves and determine what types of activities, whether they were geared towards the professional or membership mindset, would work best in their regions. CFA Institute's strategy had highlighted the value of the societies and the organization's relationship with them.

It was acknowledged that by becoming a professional body, regulatory oversight was an eventual reality that CFA Institute would need to address.

It would be important to improve the distinction between a person who passed Level III and a person who ultimately became a charterholder, especially in the developing world. This lack of clarity had contributed to the charter pending numbers.

It was recognized that technology would disrupt the industry and remove many of the current jobs and lead to the creation of other jobs with different skill set demands. These concepts had been incorporated into the organization's Future State of the Investment Profession work.

There was a comment that the industry had become increasingly heterogenous and that the "one size fits all" approach might not apply as well in the future. The organization had acknowledged this issue, which would be partly addressed by the Credentialing function's visioning project.

It was remarked that the organization should be more focused on advocacy and rebuilding trust in the industry as this fed directly into CFA Institute's desire to become the leading professional body. There was agreement on this point, and it was noted that developing relationships with institutional partnerships was a huge piece of creating a louder and more unified voice on that very subject.

#### FRIDAY, 21 JULY

##### **MEMBER VALUE**

*Presenter: Bjorn Forfang, Managing Director of Relationship Management at CFA Institute  
Nitin Mehta, Managing Director of Member Value at CFA Institute*

The Board was presented with a strategic discussion on Member Value, particularly on the subjects of continuing professional development (CPD) and One Membership. The aim was to broaden the organization's approach and find an overarching theme, such as raising professional standards in the industry, which was shared by CFA Institute and its societies. It would be important to convey that the organization's role was to handle the scale-driven activities (i.e. technology, finance, exam development and delivery, etc.) for the societies and enable them to handle the remaining activities at the local level (i.e. local delivery of member services, advocacy, brand activations, etc.).

With regards to CPD, the organization's current offering was more of an ad-hoc approach and not well connected to the CFA Program, making it relatively weak overall. About one-third or more of the membership did not complete CPD or attest to it. Furthermore, the organization was challenged to satisfy a large, growing membership with a diversity of CPD needs. Looking ahead, the objective would be to make CPD the most important component of the Member Value proposition by shifting CPD from an input based to an outcome based oriented model, allowing individuals to personalize and more easily track their CPD through technological improvements (i.e. member app), providing a crowd sourcing option, and moving societies toward becoming the delivery mechanism for CPD. Lastly, it was noted that mandatory CPD might be considered again in the future, but that the primary objective would be to improve the existing offering.

It was clarified that FY2018 would be the year to focus on improving CPD, and it was possible that by FY2019, the product would be at a sufficient stage to start thinking about taking a vote on mandatory CPD to the membership. The first step would be to develop the competency framework and outcomes for CPD, and the next step would be to populate the framework with content, either internally or externally sourced or a combination of both.

Improving CPD coincided with the organization's stance as a professional body, could attract employers and regulators globally, and could increase the relevancy of the CFA Charter. It would be important to have a more broadly accepted delivery mechanism (i.e. video, audio) as opposed to just reading materials in the English language. The most useful metric over time would be the CPD usage per average member.

Progress on One Membership since the Dubai meeting was discussed. It was reported that a vote at the Society Leadership Conference had revealed that 90% of presidents were in favor of the concept. The biggest challenge for the organization would be obtaining the endorsement of the North American XL societies. It would therefore be important to have a very consultative and engaged approach with the society leaders and society board members to improve the dialogue and reduce some of the legacy issues.

It was believed that the XL societies were most concerned that One Membership would reduce their member numbers and that they would be subsidizing smaller societies that were unable to create content or drive membership value. There was a response that smaller societies enjoyed much high member engagement than the larger societies. It was further added that the subject might not be as buried as the XL societies believed, and there could be negative consequences with ignoring this issue over the longer term. The organization was committed to nurturing a dialogue with the XL societies on this very subject without the threat of an imminent proxy vote to find a productive outcome.

There was agreement that clear messaging to the membership would be key with regards to CPD and One Membership.

**FUTURE OF FINANCE SESSION: FUTURE STATE OF THE INVESTMENT PROFESSION / BOARD'S BELIEFS AND VALUES**

*Presenter: Roger Urwin, Future of Finance Consultant at CFA Institute*

*Ms. Corley attended the discussion via conference call.*

The Board was asked to engage in a Future of Finance Session dedicated to reviewing and approving a Statement of Beliefs, which contained nine statements meant to shape the future discussion of the organization's strategy with primary implications for the curriculum and member value. The session had been structured into four parts: summarizing the key inputs from the Future State of the Investment Profession (FSIP) research; reviewing Board feedback on the process thus far; polling the governors on the list of beliefs set forth in the materials; and, discussing the next steps for the FSIP work. It was emphasized that having a collective set of beliefs was critical to ensuring the Board and the organization worked as one.

The governors discussed different aspects of the nine statements and found them to have a longer-term view and to somewhat address the growing complexity in the investment industry. It was also recognized that the eighth belief aligned well with Credentialing.

The difference between a value and a belief was explored. There was a desire to move the Board from opinion to belief with a conviction, because this would make the statements more valuable in the end. It would be good process to review these beliefs every three years in line with the strategic planning work.

The Board was polled, and no one disagreed with any of the nine statements. There was some discussion on the terms, "successful" and "beneficial."

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors adopts the Statement of Beliefs with regards to the Future State of the Investment Profession substantially in the form presented.**

**CFA CHARTER RELEVANCE**

*Presenter: Steve Horan, Managing Director of Credentialing at CFA Institute*

*Ms. Corley attended the discussion via conference call.*



The Board had last discussed the relevance of the CFA Charter at the October 2016 meeting. It was reported that the Credentialing function was undergoing some personnel changes, and the new organizing framework was presented to the group. The team had been considered from the standpoint of succession planning.

The organization was endeavoring to create a learning ecosystem around its three programs. The experience and effectiveness of these digital platforms would be superior to simply using MOOCs. [Upon request, it was determined that the Board would receive a demo at the October 2017 meeting in Charlottesville.](#) It was explained that the organization's IT department would integrate with the work being completed by a third-party vendor to create the technology for the digital platforms.

In terms of the future of exam delivery, the organization was currently building a business case, one that would ultimately be presented to the Board for a decision. It was clarified that even if Level I was eventually converted to a computer based test, the transition for Level II and Level III would take many years. It was added that some members and candidates had been surveyed on the subject, and that their feedback would be incorporated into the broader communications plan.

It was recognized that Level I had a high no-show rate, and that there were ways to improve the candidate experience, possibly by make the registration and booking rules more flexible.

It was unclear how computer based testing would affect the pass rates; however, if there was an increase, this would likely be attributed to candidates being better prepared rather than the organization diluting the standard in any way. CFA Institute had looked at other organizations who had undergone a conversion from paper based testing to computer based testing and found a variety of results.

The visioning process was meant to complement the three-year strategy and look at what the future direction of the program should be. The organization believed that elements of the CFA Program should be used to create inviting, flexible and modular learning pathways that recognized incremental achievements for those interested in elevating their status as an investment professional. This could be one response to the growing heterogeneity of career paths in the industry.

The CFA Program only had 9% penetration in the investment industry globally. The intent was to keep the exam difficulty at a high level, but to find ways to elevate candidates to meet that level and succeed. The organization had remained committed to maintaining the quality of the Charter while also considering the sustainability of the program over the longer term.

There was discussion on a candidate's years of experience and whether that could accelerate his or her pace through the program. It was stated that the visioning project would be considering these rules.

The goal of the CFA Program was to develop future investment management professionals, which meant that the target audience was pre-professionals. It also meant that anyone entering the profession should already have the CFA designation or be studying for the exam. One way to accomplish this objective was through employer support; if employers found the program to be an essential training component, then they would ensure that their employees completed all three levels.

#### **GOVERNANCE MATTERS**

*Presenter: Sheri Littlefield, Managing Director and Chief Legal Officer at CFA Institute*

*Ms. Corley attended the discussion via conference call.*

*Director Independence Definition*

As part of the public company standards work, the organization had developed a definition for Director Independence that followed the New York Stock Exchange definition very closely.

It was stated that there was no affiliate relationship between CFA Institute and the societies as they were separate legal entities.

If an individual was found not to be independent, he or she could still serve on the Board, but would not be eligible to serve on certain committees.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the Director Independence Policy substantially in the form presented.**

*Revised Delegation of Authority*

The Delegation of Authority had been revised to state that the Board should retain oversight and approval over the CFA Program and member dues pricing.

The group was reminded that the Delegation of Authority was a living document that could be modified as needed.

The following resolution was approved:

**RESOLVED, that the Board of Governors accepts and approves revising the Delegation of Authority to include member dues pricing and pricing for the CFA Program as reserved authorities substantially in the form presented.**

**Against: Ms. Hamilton-Keen**

*Revised Board Committee Charters*

An overview of the respective revisions made to several of the Board committee charters were discussed.

The following resolutions were approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the Audit and Risk Committee Charter (v.2) substantially in the form presented.**

**RESOLVED, that the Board of Governors accepts and approves the Compensation Committee Charter (v.2) substantially in the form presented.**

**RESOLVED, that the Board of Governors accepts and approves the Executive Committee Charter (v.2) substantially in the form presented.**

The following resolution was approved:

**RESOLVED, that the Board of Governors accepts and approves the Nominating Committee Charter (v.2) substantially in the form presented.**

**Abstention: Ms. Brilliant**

**Against: Ms. Nordin**

SATURDAY, 22 JULY

**CONSENT MATTERS**

*Presenter: Sheri Littlefield, Managing Director and Chief Legal Officer at CFA Institute*

*Mr. Tamim El Jarkass attended via conference call.*

The following resolutions were approved unanimously:

**FY2018 Board Committee Chair and Member Appointments**

**RESOLVED, that the Board of Governors accepts and approves the appointment of the following individuals to serve as Board committee and council chairs and co-chairs for a one-year term commencing 1 September 2017 and until their successors are chosen and qualified:**

<b>Audit and Risk Committee</b>	<b>Chair: Diane Nordin, CFA</b>
<b>Investment Committee</b>	<b>Chair: Sunil Singhanian, CFA</b>
<b>Society Partnership Advisory Council</b>	<b>Co-Chair: Daniel Gamba, CFA</b>

**RESOLVED, that the Board of Governors accepts and approves the appointment of the following individuals to serve as Board committee and council members for terms commencing 1 September 2017 and until their successors are chosen and qualified.**

<b><u>Board Committee</u></b>	<b><u>Members</u></b>
<b>Executive Committee</b>	<b>Heather Brilliant, CFA Robert Jenkins, FSIP Frederic Lebel, CFA Diane Nordin, CFA Paul Smith, CFA</b>
<b>Nominating Committee</b>	<b>Elizabeth Corley, FSIP Robert Jenkins, FSIP Mark Lazberger, CFA (Pending Executive Committee Approval) Frederic Lebel, CFA Phil Graham, CFA Ken Yee, CFA Julio Cardozo, CFA</b>
<b>Audit and Risk Committee</b>	<b>Leah Bennett, CFA Daniel Gamba, CFA Diane Nordin, CFA George Spentzos, CFA, FSIP Zouheir Tamim El Jarkass, CFA</b>
<b>Society Partnership Advisory Council</b>	<b>Daniel Gamba, CFA Yu Hua, CFA</b>
<b>Compensation Committee</b>	<b>Heather Brilliant, CFA Robert Jenkins, FSIP Frederic Lebel, CFA Zouheir Tamim El Jarkass, CFA</b>

**Investment Committee**

Steve Gattuso, CFA  
Sunil Singhania, CFA  
George Spentzos, CFA, FSIP

**FY2018 Research Foundation Board of Trustee Appointments**

**RESOLVED**, that Board of Governors authorizes Frederic Lebel, CFA, to vote on the behalf of CFA Institute as the sole Voting Member of the Research Foundation at its annual meeting of members;

**FURTHER RESOLVED**, that the Board of Governors authorizes Frederic Lebel, CFA, to vote for the approval of Ted Aronson, CFA, to serve as Vice Chair for a term commencing 1 September 2017;

**FURTHER RESOLVED**, that the Board of Governors authorizes Frederic Lebel, CFA, to vote for the approval of Bill Fung, PhD, Mauro Miranda, CFA, and Sophie Palmer, CFA, to serve as Elected Trustees for a three-year term commencing 1 September 2017;

**FURTHER RESOLVED**, that the Board of Governors authorizes Frederic Lebel, CFA, to vote for the approval of JT Grier, CFA, to serve as Emeritus Trustee for a three-year term commencing 1 September 2017;

**FURTHER RESOLVED**, that the Board of Governors authorizes Frederic Lebel, CFA, to vote on such other matters that may be presented at the above noted meeting, and to waive any notice of meeting requirements.

**FY2018 CFA Program Committee Appointments**

**RESOLVED**, that the Board of Governors appoints Fred Lebel, CFA, to serve in place of the Chair of CFA Institute as the Ex Officio Trustee of the Research Foundation assuming all responsibilities and duties of that position through fiscal year 2018.

**FY2018 Volunteer Committee Chair and Member Appointments**

**RESOLVED**, that the Board of Governors accepts and approves the appointment of the following individuals to serve as volunteer committee and council chairs for a one-year term commencing 1 September 2017 and until their successors are chosen and qualified:

- Capital Markets Policy Council
  - David Lewis, CFA
- Standards of Practice Council
  - Edouard Senechal, CFA
- United States Investment Performance Committee
  - Krista Harvey, CFA, CIPM
- Education Advisory Committee
  - Ade Roberts, CFA

**RESOLVED**, that the Board of Governors accepts and approves the appointment of the following individuals to serve as volunteer committee members commencing 1 September 2017 and until their successors are chosen and qualified:

- GIPS Executive Committee
  - Justin Guthrie, CFA (At-Large)
  - Drew Vaughan (At-Large)
- GIPS Technical Committee
  - Yoh Kuwabara (At-Large)

- **Capital Markets Policy Council**
  - Yu-Chi Fan, CFA
  - Peter Foo Moo Tan, CFA
  - Wai Kee (Jimmy) Jim, CFA
  - Martha Freitag, CFA
  - Ada Litvinov, CFA
  - James Angel, CFA
  - David Lewis, CFA
  - Joe Biernat, CFA, FSIP
  - Eric Boess, CFA
  - Bogdan Bilaus, CFA
  - Maurice Martignier, CFA
  - Wonil (Bruce) Lee, CFA
- **Standards of Practice Council**
  - Ferdinand (Rik) Albrecht, CFA
  - Ashraf Bava, CFA
  - Julia Bonafede, CFA
  - Jean-Francois (JF) Bureau, CFA
  - Corey Cook, CFA
  - Sharon Criswell, CFA
  - Nathaniel A (Ned) Downes, CFA
  - Ru Huey Fung, CFA
  - Chris Hooper, CFA
  - Alex Khayat, CFA
  - Asjeet Lamba, CFA
  - Wonil Lee, CFA
  - Godfrey Marozva, CFA
- **United States Investment Performance Committee**
  - Daryl Bradford, CFA, CIPM
  - Jed Schneider, CIPM
  - Joe D'Alessandro
  - Crista DesRochers, CIPM
  - Paul D. Glenn, Esq.
  - Sidney Hardee, CFA
  - Amy Jones, CIPM
  - Richard Kemmling, CIPM
  - Jonathan McGee, CFA, CIPM
  - James O'Leary
  - Evelyn Ramos
- **Education Advisory Committee**
  - Mandagolathur Raghu, CFA
  - Elsie Fletcher, CFA
  - Suresh Raghavan, CFA
  - Ismail Erdem, CFA
  - Stefan Whitwell, CFA, CIPM
  - Anubhuti Gupta, CFA, CIPM
  - Patrick Ranzjin, CFA
  - Cristina Brízido, CFA

- Chu (Greg) Gang, CFA
- Navneet Munot, CFA
- Jamie Li, CFA
- Joanna Chang, CFA
- Hugo Aravena, CFA

#### **FY2018 Corporate Secretary Appointment**

**RESOLVED**, that pursuant to Article 6, section 6.6(a)(ii) of the CFA Institute Bylaws, the Board of Governors appoints Joseph P. Lange to serve as Secretary for a one-year term commencing 1 September 2017 and until his successor is chosen and qualified.

#### **Deregistration of the China Representative Office**

**RESOLVED**, that the Board of Governors authorizes CFA Institute China Limited to: 1) deregister its representative office in Beijing, China; and 2) perform any acts or procedures necessary or convenient to complete such deregistration.

#### **Recognition of Retiring BOG and PCR Members**

**RESOLVED**, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Beth Hamilton-Keen, CFA, Attila Koksai, CFA, Scott Proctor, CFA, and Michael Trotsky, CFA, for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as governors on the CFA Institute Board.

**RESOLVED**, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Christian Heuer, CFA, Anne-Katrin Scherer, CFA, and Ken Yee, CFA, for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as Presidents Council Representatives.

#### **PRESIDENTS COUNCIL CHAIR REPORT**

*Presenter: Dan Fasciano, Presidents Council Chair*

*Mr. Tamim El Jarkass attended the discussion via conference call.*

The meeting pack had included a summary of the PCRs' recent activities. It was highlighted that the PCRs had been working closely with staff on a number of projects since the Dubai meeting. There had been discussions on the future of increased society funding, such as setting expectations for the societies going forward. Lastly, the Board was encouraged to meet the new PCRs while onsite in Bangkok.

#### **ANNUAL IC REPORT**

*Presenter: Michael Trotsky, Investment Committee Chair  
Simon Cawdery, Investment Committee Member*

*Mr. Tamim El Jarkass attended the discussion via conference call.*

The Board was reminded of the role, goals, and targets of the Investment Committee (IC). It was reported that the portfolio was currently at \$376.8 million, which represented \$20 million in new assets and returns of over \$22 million in the past fiscal year. The IC had engaged Mercer to evaluate the organization's returns vs. its peers and found that it ranked in the top third of peers following a similar approach.

It was highlighted that the IC had discussed many important topics, such as ESG ratings, active vs. passive models, and the reserve situation. The IC target had been to maintain 90% of the prior year's operating expenses, and this figure was currently between 130-140%, which could give the group a greater ability to evaluate alternative investment plans going forward.

In response to a question, it was clarified that the Board would need to determine whether total operating expenses was the right metric for the reserves. The scope of the IC was to manage the funds at the Board's direction.

#### **BOARD COMMITTEE REPORTS**

*Presenters: Fred Lebel, Executive Committee Chair*

*Beth Hamilton-Keen, Compensation Committee and Nominating Committee Chair*

*Robert Jenkins, Audit and Risk Committee Chair*

*Heather Brilliant and Dan Fasciano, Society Partnership Advisory Council Co-Chairs*

*Mr. Tamim El Jarkass attended the discussion via conference call.*

#### *Executive Committee*

The Executive Committee (EC) had met four times since the Dubai meeting and discussed the new office space for New York, the proxy statement and Annual Meeting of Members, the Philadelphia Board schedule, the Board evaluation survey, the committee chair and member appointments, building a past governor network, the definition of director independence, the revisions to the Delegation of Authority, and the Bangkok Board schedule. The Board was reminded that all governors were welcome to attend any of the EC meetings.

#### *Compensation Committee*

The Compensation Committee (CC) had approved several items, including management's request to establish guidelines for executive severance, the organizational incentive budget for FY2017 year-end as well as the salary increase budget for FY2018, and a recommended pay increase for one of the Leadership Team members. The CC had also discussed the draft FY2018 goals for the CEO. The CC planned to meet once more in August.

#### *Nominating Committee*

The Nominating Committee (NC) had met once since the Dubai meeting to review the committee chair and member appointments and would meet once more in August to finish its work on the sorting of candidates to pass along to the next committee. Overall, the NC had been focused on process improvements, and it was noted that as part of the September retreat, the Board would be asked to specify its guidance to the incoming NC.

#### *Audit and Risk Committee*

The Audit and Risk Committee (ARC) had increased its attention on compliance and risk issues under the guidance of the Chief Compliance, Risk and Ethics Officer, who would be working with an independent consultant on the process of professionalizing the organization's policies and procedures. The ARC had also talked about staffing the internal audit process and addressed some of the gaps in the complaints procedures, code of conduct, and whistleblower policies in the past fiscal year.

#### *Society Partnership Advisory Council*

The Society Partnership Council (SPAC) had covered two major topics, One Membership and XL society representation, in FY2017 and had created effective partnerships with staff along the way.

**OUTGOING AND INCOMING CHAIR REMARKS**

*Presenters: Fred Lebel, Outgoing Board of Governors Chair  
Robert Jenkins, Incoming Board of Governors Chair*

*Mr. Tamim El Jarkass attended the discussion via conference call.*

Mr. Lebel made brief outgoing remarks and thanked the governors for their professionalism and support, PCRs for their dedication and partnership, and staff for their work ethic and composure throughout the year.

Mr. Jenkins thanked Mr. Lebel for his commitment and leadership in FY2017 and had highlighted several items for the coming fiscal year, such as the Board meeting schedule and structure, the Board appointment process, CEO succession, One Membership, Continuing Professional Development, the reserves policy, the next steps for the Future of Finance, and University Relations.

**OUTGOING GOVERNOR REMARKS**

*Presenters: Beth Hamilton-Keen, Outgoing Board of Governors Member  
Attila Koksai, Outgoing Board of Governors Member  
Michael Trotsky, Outgoing Board of Governors Member*

*Mr. Tamim El Jarkass attended the discussion via conference call.*

There were three outgoing governors present at the meeting, and each had the opportunity to deliver remarks to the group. The Board expressed its sincerest appreciation for all four outgoing governors – Ms. Hamilton-Keen, Mr. Koksai, Mr. Trotsky, and Mr. Proctor – and thanked them for their dedication and service to the organization.

Meeting adjourned