

## Board of Governors Meeting Minutes

11-12 May 2019

London

**Board of Governors Present:**

|  |                         |                               |
|--|-------------------------|-------------------------------|
| Alex Birkin                            | Robert Jenkins, FSIP    | Paul Smith, CFA               |
| Heather Brilliant, CFA (Meeting Chair) | Punita Kumar-Sinha, CFA | Zouheir Tamim El Jarkass, CFA |
| Robert Bruner, DBA                     | Geoffrey Ng, CFA        | Yu Hua, CFA                   |
| Daniel Fasciano, CFA                   | Diane Nordin, CFA       | Maria Wilton, CFA             |
| Daniel Gamba, CFA                      | Sunil Singhania, CFA    |                               |

**Board of Governors Absent:**

Leah Bennett, CFA

**Incoming Board of Governors Present:**

|                |                        |
|----------------|------------------------|
| Karina Litvack | Tricia Rothschild, CFA |
|----------------|------------------------|

**Presidents Council Representatives Present:**

|                             |                         |                      |
|-----------------------------|-------------------------|----------------------|
| James Bailey, CFA           | Kati Eriksson, CFA      | Richard Munding, CFA |
| Ashraf Bava, CFA            | Jennifer Garbowicz, CFA | David Smith, CFA     |
| Bogdan Bilas, CFA           | Steven Gattuso, CFA     | Susan Williams, CFA  |
| Aaron Brown, CFA (PC Chair) | Phil Graham, CFA        |                      |
| Simon Cawdery, CFA          |                         |                      |

**Leadership Team Members Present:**

|                   |                    |                   |
|-------------------|--------------------|-------------------|
| Chris Ainsworth   | Emily Dunbar       | Sheri Littlefield |
| Gary Baker, CFA   | Leilani Hall, CFA  | Nick Pollard, CFA |
| Diane Basile, CFA | Virginia Heraghty  | Kurt Schacht, CFA |
| Michael Collins   | Stephen Horan, CFA | Paul Smith, CFA   |

**Others Present:**

|                                  |                          |               |
|----------------------------------|--------------------------|---------------|
| Joseph Lange (Meeting Secretary) | Tina Sapsara             | Austin Yursik |
| Lisa Plaxco, CFA                 | Karyn Vincent, CFA, CIPM |               |

**Materials Provided:**

Board Meeting Pack

**Blue – Action Items**

| Reference | Request   | Management   | Board Sponsor     |
|-----------|---|--------------|-------------------|
| Q3.OS.1   | Provide data whether the reduction in Investment Foundations expenditures had resulted in any benefits. | Diane Basile | Heather Brilliant |
| Q3.OS.2   | Provide metrics on the contingency reserves during the budget discussions.                              | Diane Basile | Heather Brilliant |
| Q3.OS.3   | Board to have a deeper conversation to discuss and finalize the three-year strategic plan.              | Paul Smith   | Heather Brilliant |

| Reference | Request   | Management      | Board Sponsor             |
|-----------|---|-----------------|---------------------------|
| Q3.OS.4   | Further Board discussion on next steps and specifically more information on the current issues with the CIPM framework. | Steve Horan     | Heather Brilliant         |
| Q3.OS.5   | Management to look at the total cost of ownership for a candidate as opposed to just the cost to complete the program.  | Steve Horan     | Heather Brilliant         |
| Q3.OS.6   | Management to report on the progression of the Global Industry Standards governance structure.                          | Leilani Hall    | Heather Brilliant         |
| Q3.OS.7   | Nominating Committee to provide recommendations on awards strategy.   | Joe Lange       | Bob Jenkins               |
| Q3.OS.8   | Governance Working Group to solicit opinions from key volunteer on proposed recommendations.                            | Joe Lange       | Maria Wilton & Bob Bruner |
| Q3.OS.9   | Discuss community standards as they pertain to volunteer expenditures.  | Chris Ainsworth | Heather Brilliant         |

**Green – Approved Resolutions**

**Red – Tabled Resolutions**

**SATURDAY, 11 MAY**

**OPENING REMARKS AND PROCEDURAL MATTERS**

*Presenter: Heather Brilliant, Board of Governors Chair*

The Board Chair welcomed everyone to the meeting in London. A brief overview of the agenda was then provided. The incoming governors – Karina Litvack and Tricia Rothschild, CFA – were introduced to the group. It was noted that CFA Institute had been selected as a finalist by the National Association of Corporate Directors in the category of Most Diverse Board for Non-for-Profits.

The group was notified that the sessions would be recorded, and the governors were asked to disclose any conflicts of interest as they pertained to the agenda. None were reported.

**CONSENT APPROVAL AND INFORMATIONAL MATTERS**

*Presenter: Heather Brilliant, Board of Governors Chair*

The following resolutions were approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves CFA Society Slovakia for membership as an independent, constituent Member Society of CFA Institute.**

**RESOLVED, that the Board of Governors accepts and approves CFA Society Oman for membership as an independent, constituent Member Society of CFA Institute.**

**RESOLVED, that the Board accepts and approves Venkatesh Bangaruswamy, CFA; Amy Barker, CFA; and, Nivine Richie, CFA, to serve as members of the Council of Examiners for a one-year term beginning 1 September 2019 and ending 31 August 2020, or until his successor has been duly selected and qualified.**

**RESOLVED, that the Board accepts and approves Bryan Esterly, CFA, to serve as a member of the Corporate Disclosure Policy Council for a one-year term beginning 1 June 2019 and ending 31 May 2020, or until his successor has been duly selected and qualified.**

**RESOLVED, that the Board of Governors accepts and approves the revisions to the Society Partnership Advisory Council Charter substantially in the form submitted.**

The following resolution was tabled:

**RESOLVED, that the Board of Governors accepts and approves the revisions to the Compensation Committee Charter substantially in the form submitted.**

**CHIEF EXECUTIVE OFFICER (CEO) REPORT**

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

The recent management changes were highlighted for the Board. These had included moving institutional partnerships under the purview of the regional directors to provide more immediate assistance to the societies in terms of receiving better benefits from their respective companies. It was further reported that Stephen Horan had taken over as the interim Managing Director of the Americas and that Virginia Heraghty had been appointed the interim Chief Information Officer with the departure of Elaine Cheng. Lastly, a new Head of Internal Diversity and Inclusion had recently been hired.

The Societies 2.0 project was moving from discussion to implementation, and many conversations had been held over the recent meetings at the Global Society Leadership Conference. The Board would continue to receive status updates on this topic over the next two years.

The work on Continuing Professional Development (CPD) would need to be led by the organization's tone at the top to ensure a successful result. It was noted that Keith Waitt had recently joined CFA Institute as the Head of CPD to help guide this effort. Many objections from the membership had been centered around whether CFA Institute intended to profit from the CPD initiative and how CFA Institute would uphold specific requirements. Clear communication to the membership would be necessary to gain their acceptance and to clarify any misconceptions around CPD.

The Brand Campaign had been helping to raise morale among the societies after thoughtful discussion on the appropriate use of funds toward this effort. The money received from member dues had been 100% allocated toward membership benefits, whether through Brand Campaign efforts or through direct funding to the societies.

The Standards of Practice Handbook would be reviewed and updated by the Disciplinary Review Committee and the Chief Compliance, Risk, and Ethics Officer. It was also reported that online ethics courses had been created to leverage and promote the organization's expertise in that area.

In response to a question, the CEO stated that he believed advocacy positions should originate from the societies and the regions and funnel up to the CFA Institute level. Societies would need to hire permanent advocacy staff, however, to handle this effort. The organization had been encouraging societies to increase ownership of their advocacy positions while also working alongside CFA Institute to ensure they were doing so in the right manner.

It was asked how the localized plan for institutional partnerships would impact the overall strategy. The CEO explained that the societies would be responsible for the upfront discussions while the organization would develop the tools for them and address topics at the national level.

It was asked whether the private wealth initiative could be used to reduce the large number of charter pending individuals in India who had been unable to meet the job requirement. The CEO stated that the Indian government had not shown great support for the investment management industry and that perhaps this issue could be addressed through the local advocacy programs. It was also noted that many of the charter pending

individuals were not interested in joining the profession and that the organization should be less concerned with this segment of the population. There was a suggestion that CFA Institute consider auxiliary services related to the investment management industry as an area of potential growth.

While there had been a strong increase in exam administrations for the CFA Program, it was noted that the numbers had declined for CIPM. Management recognized that CIPM growth had been lagging and believed it would be more readily adopted by the industry once it had been better incorporated into the organization's portfolio of offerings. There would be many opportunities in the future to educate members and potential members on the benefits of the CIPM product.

#### **CHIEF FINANCIAL OFFICER (CFO) REPORT**

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

It was reported that the organization's financial position had been strong thus far in FY2019. Year to date, candidate growth had increased by 12% and membership growth by 7% while revenue had increased by 13% year over year and expenses by 8%. In addition, Chinese passport holders had comprised 52% of Level I candidates and 48% of the total candidate population. The Board would receive a more detailed financial report at the July meeting.

[It was asked whether the reduction in Investment Foundations expenditures had resulted in any benefits. The CFO noted the organization was still experiencing a financial impact and that a deeper discussion would take place at the July meeting.](#)<sup>Q3.OS.1</sup>

There was a question about the revenue and expense figures as these had been trending 5% below budget for the current fiscal year. The CFO stated that the organization had chosen an aggressive plan supported by multiple data points, such as the GDP growth rate. As a country's GDP increased, Level I candidates tended to increase as well. While revenue growth had been slightly lower than expected, it was still moving in a positive direction and management would use the FY2019 figures to make more informed decisions for FY2020. It was also noted that new Level I candidates in China had continued to grow but had tapered off slightly, which had contributed to the lower growth overall.

#### **FY2020-FY2022 STRATEGIC PLAN**

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

The CFO provided an overview of the global strategy discussion, which included a review of the integrated planning cycle, a reminder of the mission statement, a review of the current strategy, discussion of potential strategy adjustments, and next steps.

At the July meeting, management would discuss the proposed budget plans for FY2020 and beyond. It was noted that the overall model would be relatively conservative, and that expenses were expected to drop slightly as operational efficiencies continued to increase in the coming years. It was clarified that a decline in membership had not been factored into the budget. Management had initiated a sensitivity analysis to better understand how to address a reduction in expenses should such a circumstance occur. Furthermore, the CFO would be presenting various contingency plan tiers to show where expenses could be reduced in the event of a market change.

It was explained that there were two metrics for the contingency reserves. The analysis that had been conducted previously was being reviewed and refreshed along with the addition of an augmented metric to show how key initiatives were being prioritized in a multi-tiered fashion. [The two metrics for the contingency reserves would be presented during the budget discussions at the July meeting.](#)<sup>Q3.OS.2</sup>

It was recognized that as CFA Institute became more complicated and more societies were established, the business model from two years ago might no longer work for the organization two years from now. The organization would therefore need to remain nimble going forward.

There was a comment that the project plan had excluded the expenditures related to Credentialing 2030 and the Future of Exam Delivery projects. In addition, Mr. Birkin expressed reservations over approving the three-year strategic plan as he felt the content in the materials had not been the focus of the discussion during the meeting. Mr. Birkin also stated that the tactics discussed at the February meeting still needed to be agreed upon. Mr. Birkin requested that the Board have an opportunity to review a more substantive presentation in the future to ensure a complete understanding of the current three-year plan. [The CEO suggested that the Board have a deeper conversation in July or September to discuss and finalize the three-year strategic plan to each Board member's satisfaction.](#)<sup>Q3.05.3</sup>

The following motion was approved:

**RESOLVED, that the Board of Governors accepts and approves the FY2020-FY2022 three-year strategic plan substantially in the form submitted.**

**Against:** Alex Birkin

**Abstention:** Maria Wilton, CFA

#### **PRINCIPLES OF PARTNERSHIP AND OPERATING FRAMEWORK**

*Presenters: Yu Hua, Society Partnership Advisory Council Co-Chair*

*Aaron Brown, Society Partnership Advisory Council Co-Chair*

*Emily Dunbar, Managing Director of Member Value and Society Relations at CFA Institute*

A background of the Societies 2.0 project as well as the original vision statement created with the XL societies two years prior was presented to the group. Over time, it had become clear that societies had concerns about the longevity and continuity of the governance strategy, which had led to a desire for a long-term commitment from CFA Institute. This had culminated in a review of the Principles of Partnership and Operating Framework, which had been analyzed by both CFA Institute and the societies in tandem. Designated work groups had been conducting a review over the past few months, which had improved the relationship with the XL societies. The legal and finance teams as well as some of the regional societies had also reviewed the documents, and it was noted that the presidents and Presidents Council had endorsed the revised framework.

It was stated that the principles and framework had established a foundation for working relationships for many groups going forward. The exceptional level of involvement and quality of feedback provided was commended.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the adoption of the revised Principles of Partnership and Operating Framework substantially in the form submitted.**

**SUNDAY, 12 MAY**

#### **CREDENTIALING 2030: SPECIALIST CERTIFICATES**

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

An overview of the strategy for stackable credentials, a portion of Credentialing 2030, with flexible learning paths was presented to the Board. The plan represented a digital transformation and modernization of the CFA Program, including certificate designs based on the competency framework of learning paths for specialization

based on job roles. It was stated that professional bodies were meant to develop specialties based on industry needs; however, there had not been many established with significant momentum in recent years.

Many trends in investment management were moving away from the fundamental analysis of public securities and toward private markets and machine learning. These changes would have implications for the CFA Program, which was a generalist designation.

Additional credentials would provide flexibility and specialization. The first layer of the “stack” of credentials would be CIPM Level I. The second level would be a professional designation. Both levels would contain ethics and entail significant learning under which there might be other certificates. It was noted that an ethics module might satisfy the demands from regulators. Certain regions had already indicated a level of demand for an ethics credential. Other designations might also recognize the organization’s ethics programs for their continuing professional development.

The preferred strategy would be to build programming adjacent to the core, some in partnership with other organizations. Data analytics micro-credentials, along with private wealth, would offer options for partnerships. It was stated that CAIA had developed materials to address FinTech activity, and that CFA Institute had been working on a joint-authored research report, which could contribute to a certificate offered locally.

There was a question regarding the impact of lessons learned from Investment Foundations. It was stated that the program might have worked better if it had been modularized and targeted to members and investment professionals. The proposed micro-credentials would use materials that had already been developed through the CFA Program. In addition, there had been a trend toward smaller blocks of education that would better fit into people’s busy schedules. Many mid-career professionals would be able to broaden their expertise through the stackable credentials and benefit from a lifelong learning package that connected them with other members. The proposal before the Board was the first step toward becoming more agile in approaching the future. The organization recognized that the investment profession would continue to develop and could go in many different directions.

It was clarified that market research had indicated that the new learning path would likely channel more students and people early in their careers toward the CFA Program. The current path toward Level I could take 18 to 24 months, and the specialist certificates could help to lead a person along the path toward the larger program. It was noted that the CFA Program would not be the primary goal for all users, and the proposed strategy would capture some individuals who would naturally diverge from CFA Institute as well as from the CFA Program. While the charter would remain popular for its own attributes, there would be a broader group only interested in parts of the organization’s portfolio of educational products. The strategy would make smaller items available apart from the CFA Program without diluting the full designation.

It was acknowledged that more work needed to be done to understand the risks of the competency framework offering. The proposed resolution was the first step, and the larger picture would have significant implications that would need to be addressed over time.

The CIPM designation had been a testing area for many things, from computer-based testing to mandatory continuing professional development. CIPM had already migrated to a competency framework based on job roles, and practice analysis had showed two very different audiences who had little interaction with each other. The Board encouraged management to move beyond CIPM and to work on ESG, ethics, and other modules to start the risk-taking process and to fail fast and learn. There was an interest in creating a consistent learning experience on which regulators could rely.

[While the resolution was regarded as an acceptable first step, the Board wanted further discussion on next steps and specifically more information on the current issues with the CIPM framework.](#)<sup>Q3.OS.4</sup>

The following resolutions were approved:

**RESOLVED, that the Board of Governors accepts and approves three actions to begin building Specialist Certificates:**

- 1. Create two-level Performance Evaluation stackable specialist certificates using the existing two-levels of the CIPM program;**

**Abstentions:** Daniel Gamba, CFA  
Punita Kumar-Sinha, CFA  
Geoffrey Ng, CFA

- 2. Create multi-level Ethics stackable specialist certificates using existing ethics content from the CFA Program supplemented with other content; and**

**Abstention:** Sunil Singhanian, CFA

- 3. Explore third-party partnerships for developing stackable specialist certificates in Data Analytics, Private Wealth, and Financial Modeling.**

#### **CFA PROGRAM PRICING**

*Presenters: Stephen Horan, Managing Director of Credentialing at CFA Institute  
Lisa Plaxco, Head of the CFA Program at CFA Institute*

Per the Delegation of Authority document, the Board was responsible for the oversight of the organization's program pricing on an annual basis. With the prospect of computer-based testing, there would be implications for the pricing strategy to be addressed, such as pricing level changes and a broader response to exchange rates.

There needed to be a balance between profit margin and penetration. It was noted that raising the price could have an impact on penetration. The pricing strategy had therefore involved an analysis of one, nominal global price with the option for price relief by market. Registering early would lower the cost where the program remained expensive, and scholarships could also help to address regional needs. In terms of brand, the organization would need to be careful about making price adjustments that negatively impacted the program's international appeal.

Pricing had remained unchanged for a long time, and the proposed increase would help the organization manage future projections based on the move to computer-based testing. By raising prices now, the organization might have the option to drop pricing for computer-based testing to encourage candidate trends in that direction. Management noted that the pricing analysis had factored in the Credentialing 2030 and Future of Exam Delivery projects.

The elasticity of demand in the proposed model had been based on historical data. If the exam became too accessible in developing markets, it could attract the wrong candidates. It was reported that the organization had implemented guidelines to help candidates assess their readiness and evaluate their potential success rate.

Society fees were also a factor for some candidates, but more so for charterholders. [The Board suggested that management look at the total cost of ownership for a candidate as opposed to just the cost to complete the program.](#)<sup>Q3.05.5</sup>

The following resolution was approved unanimously:



**RESOLVED, that the Board of Governors accepts and approves the pricing for the CFA Program for FY2020 substantially in the form presented.**

**GLOBAL INDUSTRY STANDARDS 2020**

*Presenters: Leilani Hall, Chief Compliance, Risk, and Ethics Officer at CFA Institute  
Karyn Vincent, Head of Global Industry Standards at CFA Institute*

It was reported that the GIPS Executive Committee had unanimously approved the proposed Global Industry Standards (GIS) governance restructure in March 2019. The proposed governance structure would move the focus beyond GIPS and reflect the mission of CFA Institute to establish industry standards to promote ethics and professionalism. It was reported that management's work had been based on extensive consultation with constituents and the GIPS Executive Committee.

The group was reminded that GIPS had gradually come under the purview of CFA Institute and become its product with some elements of country sponsorship. While there had previously been much more control in the hands of the country sponsors, the new structure would align with the organization's current governance practices. The primary change would be the creation of a steering committee to oversee all standards, and there would be a Technical Committee to provide technical guidance. Overall, there would be about 60 volunteers involved in the new structure.

It was stated that the GIS would require updated agreements with existing country sponsors. A new promotion subcommittee would provide roles for active country sponsors and serve as an interface, and staff would provide support for outreach and increased interaction.

Under the 2020 standards, there would be a requirement to use the registered trademark to promote and protect the brand. There would be a new logo and badge to tie GIPS more strongly to CFA Institute.

[The Board asked for a more formal reporting schedule on the progression of the GIS governance structure.](#)<sup>Q3.05.6</sup> The governors believed that their involvement would be needed for risk and opportunity assessments. Staff also suggested that governors could be represented on some of the newly formed committees.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the governance restructure proposal of the Global Industry Standards as represented in the Charters of the Global Industry Standards Steering Committee, Global Industry Standards Nominating Committee, GIPS Standards Technical Committee, and GIPS Standards Promotion Subcommittee.**

**NOMINATING COMMITTEE: BOARD AWARDS**

*Presenter: Robert Jenkins, Nominating Committee Chair*

The Nominating Committee (NC) was responsible for nominating governors and recommending candidates for awards to recognize outstanding contributions. With regards to the latter, the NC had recommended three recipients in FY2019. In addition, the committee would be conducting a strategic review of the awards process following the meetings. [A report summarizing the NC's recommendations would be provided to the Board at the July or September meeting.](#)<sup>Q3.05.7</sup>

The NC had recommended a strong slate of recipients based on the existing awards criteria. The committee had found it challenging to generate a diverse pool of candidates but would continue to make progress going forward. It was stated that the candidates who had not been selected this year would be kept in the database for future consideration.



The following resolutions were approved:

**RESOLVED, that the Board of Governors accepts and approves the following slate of award recipients for the FY2019 cycle:**

1. **Mark J. Lazberger, CFA, for the Distinguished Service Award, in honor of Alfred C. "Pete" Morley**

***Abstention: Heather Brilliant, CFA***

2. **Carl Bacon, CIPM, for the Leadership in Professional Ethics and Standards of Investment Award, in honor of Daniel J. Forrestal III**
3. **Thomas Robinson, PhD, CFA, CPA, CFP, CAIA, for the Outstanding Contribution to CFA Institute Education Programs Award, in honor of C. Stewart Sheppard**

#### **VOLUNTEER MANAGEMENT POLICY**

*Presenters: Chris Ainsworth, Chief Human Resources Officer at CFA Institute*

*Sheri Littlefield, Chief Legal Officer and General Counsel at CFA Institute*

Based on the findings of a recent internal audit, the organization was recommending a more robust approach to volunteer management. The proposal would include a bylaw change that would allow the Board to delegate oversight of several volunteer committees to the leadership team. It was clarified that this change would mainly pertain to the member and chair appointments for these committees and other management aspects of operation. The Board would still be able to require reporting at any time and have ultimate authority of these committees.

In terms of next steps, the organization would be working to further align its documentation, and the volunteer committee charters would need to be updated to clarify responsibilities as part of this process.

Management of and performance evaluation for volunteers had been built into the workflow for volunteer management via the Salesforce platform. All committee chairs and executive liaisons would be required to provide assessments.

It was explained that when a project leader developed a project, there was preliminary work conducted to understand the number of volunteers and types of skillsets needed. The organization was also looking for a better way to advertise opportunities, since reporting from the system would be vital for future projects.

The following resolutions were approved unanimously:

**RESOLVED, that the Board of Governors accepts and approves the revisions to the CFA Institute Bylaws (Article 7) and Delegation of Authority (item 44) substantially in the form presented.**

**FURTHER RESOLVED, that the Board of Governors designates the selection of the members and chairs of each of the following volunteer committees to the supervision and control of the Leadership Team of CFA Institute:**

- **Annual Conference Advisory Council**
- **Capital Markets Policy Council**
- **CFA Digest Editorial Board**
- **Corporate Disclosure Policy Council**
- **Council of Examiners**
- **Education Advisory Committee**

- **FAJ Advisory Council**
- **FAJ Editorial Board**
- **Financial Analyst Seminar**
- **Future of Finance Advisory Council**
- **Global Industry Standards Steering Committee**
- **GIPS Standards Technical Committee**
- **US Investment Performance Committee**

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

*Presenter: Aaron Brown, Presidents Council Chair*

The highlights of the chair's report were presented to the group, including details of the Presidents Council Representatives' (PCR) regional activities.

The Nominating Committee had been facilitating the PCR election process and focusing on society experience, especially for the newer societies who needed a deeper understanding for the best outcomes. It was recognized that society structures could be very complex, and it was emphasized that staff did not interfere with the PCR elections.

It was explained that societies were interested in having tangible and measurable impact on the organization's strategy. As society funding increased, the execution burden on societies would increase as well. The Societies 2.0 project needed to be viewed as a mutually beneficial partnership with a high degree of input.

#### **BOARD COMMITTEE REPORTS**

*Presenters: Heather Brilliant, Executive Committee Chair  
Bob Jenkins, Compensation Committee Chair  
Daniel Gamba, Audit and Risk Committee Chair  
Sunil Singhanian, Investment Committee Chair  
Yu Hua, Society Partnership Advisory Council Co-Chair*

#### **The Society Partnership Advisory Council (SPAC)**

The SPAC had held a productive meeting in London with presentations from four societies, which all shared different perspectives on content, curation, and other aspects of continuing professional development.

#### **Executive Committee (EC)**

A summary of recent EC activity had been provided in the materials. The committee had focused mainly on governance topics, which would likely require more attention in the near future.

#### **Compensation Committee (CC)**

The CC had met in London and held several calls prior to conclude the work on the incoming CEO compensation package. The committee members had discussed the details until they had felt comfortable with the package presented to the Board.

#### **Audit and Risk Committee (ARC)**

The ARC had met twice in London to discuss a variety of important topics, including the Department of Justice settlement, the Digital Core Transformation project, priorities related to China, regulatory risks, and society structure risks. The committee discussions had highlighted a broad need to raise coverage of society operations in terms of funding, taxes, appropriate contracts, timely filing, and trademark issues. Lastly, the ARC had addressed the transition to KPMG as the organization's auditor.

#### Investment Committee (IC)

The IC had established benchmarks for strategic allocation and dynamic allocation. The latter would require more attention to keep it within the expected range. The committee had also conducted an ESG survey that would encourage the pursuit of ESG in the organization's Investment Policy Statement. Lastly, it was noted that the IC had contracted with the same consultant for another year.

#### Governance Working Group (GWG)

The GWG had been asked to consider the Board's leadership structure. Since February, the group had met four times, interviewed external resources, and asked Egon Zehnder to gather pertinent data. The aim had been to present at the July meeting and make a formal recommendation to the Board in September. The GWG was currently leaning toward extending the term of the Chair, discontinuing the role of the Past Chair, and adjusting the role of the Vice Chair. There had also been much discussion on the issue of compensating the Chair. The group was mainly concerned that any decision made be phased in to avoid any real or perceived conflicts of interest. [Lastly, the GWG wanted to ensure that there was a continued effort to professionalize the organization and the Board. To that end, it was suggested the GWG consider the opinions of key volunteers in the network.](#)<sup>Q3.OS.8</sup>

#### **OTHER BUSINESS**

*Presenter: Heather Brilliant, Board of Governors Chair*

There was a comment that the Royal Commission in Australia recently viewed the investment profession through the lens of community standards. There had been an ongoing effort to reduce expenditure around entertainment, and it was suggested that CFA Institute should reflect on its own practices for good measure.

The importance of treating volunteers well and thanking them for their time was emphasized. [It was suggested that the Board and volunteer management discuss this topic further at a future meeting.](#)<sup>Q3.OS.9</sup>

*Meeting went into executive session.*