

**Minutes of a meeting of the Board of the
CFA Society of the UK (CFA UK) held at 5.30pm
on Tuesday 29th September 2020
by video conference**

Present: D Murray (chairman)
G Cook
H Eastman
G Elcock
W Hung
A Livsey
M Lonergan
F Lundie
L Matthews
T Nuding
K Kosmopoulou
S Wackerle
H Thomas
D Zahn (items 1309 to 1317 only)

Attending: B Young (company secretary)
C Curtin (director of education)
V French (director of finance & operations)
W Goodhart (chief executive)
A Ramsay (director of member services)
L Gracie (Chadwick Corporate Consulting)

1309 Apologies for absence

There were no apologies for absence.

1310 Declarations of interest

The register of directors' interests was noted. There were some changes to make to director's employment details which would be confirmed by email and updated before the next meeting.

1311 Minutes of previous meetings

The minutes of the board meeting held on 23rd June 2020 were reviewed and approved as an accurate record for signature. The minutes of the management committee meeting held on 21st July 2020 were reviewed.

1312 Matters arising

The matters arising report was reviewed and noted.

Updated analysis of ESG certificate candidates was provided. 79% of people who had sat the ESG certificate were non-members of the society, 8% were former members and 13% of candidates were current members. Examinations taken by candidates via On Vue totalled 285 in the UK. Numbers of sittings taken via On Vue outside of the UK were significantly lower, with Switzerland having the highest number of non-UK sittings at 21.

1313 Partnership with CFA Institute on ESG certificate proposal

The updated report of progress made with CFA Institute to agree a partnership on the ESG certificate was noted. Talks had been progressing well and proposals for the full partnership agreement had been developed, which were taken as read and noted. It was noted that most legal elements of the partnership had been agreed with appropriate safeguards and the financial element was now being addressed.

The working group had reviewed the proposals and agreed that IP had been undervalued based on the offer received. The working group recommended that a request should be made to CFA Institute to increase the offer for years six through to ten and to provide additional consideration at a reduced rate for years 11 to 15. Understanding the basis of the offer was limited as the Institute were resistant to sharing their underlying calculations. It was agreed that the reluctance to share raw data should be addressed and it was hoped that a position of full disclosure could be reached.

The Institute appeared to be fully committed to the partnership and to the ESG certificate as indicated by the level of work that had been undertaken. The ESG certificate partnership was thought to be the start of a new approach, whereby the society would potentially develop and incubate certificates and partner with CFA Institute once established. It was considered important to get the agreement correct at this stage to use as a template for any such future opportunities. A MOU regarding a formalised role in certificate development would be drawn up.

It was agreed that the board and management had a duty to obtain a fair value for the certificate on behalf of the society and the working group would continue to work to get an uplift for the IP included in the offer including a request for the arrangement of perpetual or longer- term or perpetual royalties.

It was agreed that the success of the partnership on the ESG certificate was important to both parties and the board were supportive of the proposals in principle, subject to agreement of the long-term financial consideration for the IP.

1314 CE report

i. IT project update

The progress update on the IT project in the chief executive's report was noted.

It was confirmed that two sections of work within phase one had been completed. The third section, which involved importing data to the CRM and training the staffed office, was progressing well. Phase one was on track to be delivered in January 2021.

Board approval of funding up to £494k had previously been provided together with additional spend on other elements such as the 'shop' rewrite. Following the discovery phase of the project, the quote had been increased to include two additional phases. It was noted that the IT committee had approved the phase two proposals. The total cost to complete the whole project, phases one to three, was now estimated at £730,116, being £105k more than previous estimates. It was agreed that authority to approve this additional spend be delegated to the IT committee.

ii. Climate change certificate

The climate change certificate update in the chief executive's report was noted. It was confirmed that a climate investing working group had been established and had met twice. The working group had developed the purpose and content of the certificate and drafted a syllabus. The working group would continue to refine the syllabus and this would be brought to the board for a decision in due course before learning materials were commissioned.

iii. ESG certificate and IMC pass rates

The ESG certificate pass rates were reviewed and noted.

The pass rate for the certificate pre-online examinations had been compared with those for test centre and On Vue sittings since June.

There were no concerns, with the pass rates being achieved via On Vue broadly comparable with results from test centres. However, the IMC on-screen calculator function was also being monitored to ensure that this was not detrimental to the user experience or pass rate.

Feedback received, from candidates and a board member who had used the online proctoring, was positive.

iv. Inclusion and diversity activity

The inclusion and diversity activity paper was reviewed and noted. Next steps had been planned following the senior level round table, with representatives from several large investment firms and the Bank of England, held in the previous week. De-brief notes from the session would be distributed to board members.

Development of inclusion and diversity elements of the IMC curriculum would be discussed with the ethics committee and IMC panel.

v. Membership renewals update

Membership renewals for regular and affiliate member were noted to be broadly 80%, which was ahead of the renewals compared to two years ago.

Local membership renewals were currently at 46%. Member acquisitions were challenging due to cancellation of the CFA program examination in June 2020 and uncertainty over future examination plans.

A tele-marketing campaign to target lapsed members would run until early October alongside the email programme.

vi. Action against Charlie Cruz

The update from Trowers and Hamblins in relation to the action against Charlie Cruz was reviewed and noted.

A request to delegate authority to management to pursue the claim, on the basis set out in the paper, was approved.

1315 Governance review working groups updates

i. Board induction and training

The paper from the working group formed to review board induction and training was noted.

It was noted that induction and board information materials would be uploaded to the board library on CFA Connect. The induction slides would be updated before the new director appointment this year. CFA Institute had agreed to share board governance material. It was agreed that a 12-month induction timeline would be developed.

ii. Member consultation

The results of the member consultation in respect of the changes proposed to the society's articles of association were reviewed and noted.

Only 34 responses had been received, which was too small a sample to properly gauge the likely voting outcomes of the AGM.

Two online consultation webinars had also been held which had attracted very few members in addition to the board members who attended.

It was viewed that the low member engagement should be taken positively and that members did not consider the proposed changes to be contentious. It was agreed that changes to the articles should be proposed in one resolution as opposed to multiple resolutions detailing each individual change. The resolution was classed as a special resolution and would require a 75% majority of votes to be passed.

iii. Draft articles of association

The proposed draft articles of association and explanatory notes were reviewed and approved.

It was agreed that explanatory notes accompanying the proposed changes to the articles should be included with the AGM notice and be based on the consultation notes, amended to include some detail on the board rationale and background for members to make a more informed decision.

1316 Board matters

i. Annual report and accounts 2020

The draft annual report and accounts for the period ended 30th June 2020 was noted together with the audit report and letter of management representation to the auditors.

It was noted that auditor tax work included advice provided for the VAT treatment for the international supply of the ESG certificate.

The IT issues outstanding from the last audit were reviewed and it was noted these would be addressed within the IT project. Work to make policies and documentation more robust was underway but had taken a lower priority due to the pandemic. It was expected that this work would be completed in the next year.

The audit procedure this year was queried. It was noted that the only variance made to the audit was a relaxation of the evidence of authorised supplier invoices pre-March 2020, which could not be provided under the work from home situation.

It was confirmed that the finance committee had reviewed the audit report. Feedback from the committee included praise for the staffed office for the smooth audit process completed under challenging working circumstances.

After due and careful consideration IT WAS RESOLVED that the annual report & accounts for the period ended 30th June 2020 and the accompanying management letter of representation to the auditors be approved, that the finance director and treasurer be authorised to agree such further minor amendments to the drafts of those documents as may be considered necessary or desirable, that the chair and treasurer be authorised to sign the balance sheet, strategic report and management letter of representation on behalf of the board and that the company secretary be authorised to sign the directors' report on behalf of the board.

ii. Notice of the annual general meeting

The AGM notice and arrangements were noted. It was confirmed that the provision for closed AGMs to be held due to COVID-19 had been extended by Parliament. In light of the extension, and for the safety and security of members and staff, it was recommended by management to hold the AGM remotely. The AGM would be hosted by webinar, no voting would be possible during the meeting but would be facilitated by the electronic voting website used in previous years with votes being submitted in advance of the meeting. There would be the opportunity for members to ask questions live using the chat facility and members would also be invited to submit questions prior to the meeting.

The AGM arrangements and AGM notice, subject to the changes described above, were approved. The final AGM notice would be circulated by email.

iii. Risk register review

The updated risk register was reviewed and approved.

iv. Report of the nominating committee

The report of the nominating committee and the recommendations it contained to propose the re-appointment of existing board members due to retire by rotation and to appoint Kieran Ferguson to the board were noted and approved.

It was noted that the nominating committee had agreed to be involved in succession planning for officers of the board and plans to commence work in early 2021 were noted.

The new criteria and process of appointing members of the nominating committee would be determined at the next board meeting if the revised articles of association were approved at the AGM.

v. Board communication

A request for dedicated CFA email addresses to be provided to board members was made. It was agreed that this was a matter for the IT committee to investigate and propose.

vi. 2021 board meeting dates

The proposed board meeting dates for 2021 were noted and approved. Calendar invites would be issued by the company secretary in due course.

1317 Working group updates

i. Local membership update

The local membership working group paper was reviewed and noted.

It was proposed that, as part of phase two of the plan, an additional local membership category be offered. The category would require the member to have two years' relevant work experience, two referees, one being a CFA member, and to attest to an annual ethics statement. The new category would be named 'local member, CFA Society UK' to differentiate between the full charterholder membership. Members would be provided specific guidance of how this membership title could be used.

The proposal was approved.

ii. Ethics steering committee

The plans for the ethics steering committee for the current membership year were reviewed and noted.

1318 Finance report, management accounts and KPIs

The finance report, management accounts and KPIs were taken as read and noted.

It was noted that performance was better than forecast due to the number of examination sittings being facilitated by Pearson On Vue.

1319 Any other business

i. Stephen Wackerle

Stephen Wackerle would step down as board member at the AGM and the board extended its sincere thanks to him for his valued work during his term.

ii. COVID-19 examination contingency plans

The continuing contingency plans for the CFA examination program and other examinations, due to a second wave of the pandemic, were discussed. It was noted that there was lots of activity in this respect and more details of plans would be circulated by email. Communications were predominately directed by CFA Institute for the CFA program.

ESG and IMC examinations would continue with online proctoring if physical test centres were unable to open. The capacity of online examinations was considered sufficient and Pearson On Vue were generally able to offer examination dates to candidates within two weeks of registering. Pearson's agility had proven to be good in areas of local lockdowns and test centre resources had been redeployed to increase online proctoring facilities in those circumstances.

1320 Date of next meeting

The next board meeting would be held immediately following the annual general meeting on Tuesday 24th November 2020 to be held remotely.

It was noted that the next management committee meeting would be held at 5.30pm on Tuesday 20th October 2020 via Zoom.

There being no other business, the meeting was closed at 7.36 p.m.

4th Floor, Minster House
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Signed: _____

Dated: _____