

**Minutes of a meeting of the Board of the
CFA Society of the UK (CFA UK) held at 6.30pm
on Tuesday 24th November 2020
by video conference**

Present: D Murray (chair)
G Cook
H Eastman
G Elcock
K Ferguson
W Hung
A Livsey
M Lonergan
F Lundie
L Matthews
T Nuding
K Kosmopoulou
H Thomas
D Zahn

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)

1323 Apologies for absence

There were no apologies for absence.

1324 Declarations of interest

The register of directors' interests was noted. There had been some changes to directors' declarations which would be added to the register, together with the declarations of the newly appointed director, Kieran Ferguson, and the updated register would be provided at the next meeting.

1325 Welcome to new board member

The chair welcomed Kieran Ferguson to the board following his appointment at the AGM held earlier that afternoon.

1326 Minutes of previous meetings

The minutes of the board meeting held on 29th September 2020 and the board call on 8th October 2020 were reviewed and approved as accurate records for signature. The minutes of the management committee meeting held on 20th October 2020 were reviewed.

1327 Matters arising

The matters arising report was reviewed and noted.

1328 CE report

i. ESG certificate partnership and globalisation

The progress update in the chief executive's report on the proposed ESG certificate partnership with CFA Institute was noted.

It was confirmed that CFA Institute's board had formally agreed the financial proposals for the partnership on 17th November 2020. The legal agreement, which formed a summary of joint obligations

expected within the partnership, was very near to finalisation. There were a few issues to conclude and those matters would be discussed and agreed with the working group. It was hoped that the final agreement could be signed next week.

The potential option, discussed by the management committee, for sharing of costs and resources when management of the certificate was transferred, was queried. It was confirmed that, in management's view, the society would have continued need of all the current team to support future initiatives including the proposed Climate and Investing certificate.

It was agreed that the working group be authorised to conclude the legal agreement with CFA Institute subject to the board being consulted prior to final sign off.

ii. Climate certificate

The climate certificate update in the chief executive's report was noted. It was confirmed that establishment of the climate investing working group was continuing, with three members appointed so far. It was noted that a representative from CFA Institute would be an observer on the panel so that the Institute had more involvement from the beginning of the process. It had been proposed that development of the certificate be accelerated and the pilot date had been brought forward to November 2021. Acceleration of the process was agreed to be necessary to capture the momentum of ESG issues and harness the interest that would be generated by COP26 which would be held in the UK in Summer 2021.

It was recommended that learning materials now be produced. Associated authoring costs of approximately £50k were anticipated. The final cost of the materials would be confirmed to the management committee meeting in December. The board approved the authoring costs in principle and it was agreed the management committee should provide final approval once they had been confirmed.

iii. IT project

The update provided on the IT project in the chief executive's report, and the subsequent paper clarifying the costs of phase 1b, were reviewed and noted.

The anticipated cost for phase 1b was now £163k. It was noted that this was more than the initial estimate due to an increase in scope and functionality and not because of an increase in costs for already agreed work. The IT committee had reviewed the scope and costs and were fully supportive, subject to board approval.

In response to questions, it was confirmed that, although for accounting purposes the IT project costs would be depreciated over five years, the expected useful life of the new systems could be longer. The experience with Trillium had been good and there were no expected delays or extra costs associated with the delivery of phase 1, however the level of bugs encountered was high. Further discovery phases would be used as required in order to confirm costs prior to entering into commitments for them.

After due and careful consideration, the revised phase 1b costs were approved, subject to further review of the more detailed costing at the January IT committee meeting.

iv. Careers outreach consultant

The careers outreach consultant update was noted. Following a comprehensive recruitment process, it was recommended that two agencies be selected to deliver their respective consultancy proposals. It was noted that both agencies specialised in different and complementary areas and it would be beneficial to use both services. Proposals would need refining over the next few weeks and negotiations would be held with the agencies to deliver their services within the allotted budget of £40k, starting from December.

The final proposals developed by the agencies would be brought back to the March board meeting for approval.

v. IMC IP infringement action

The update on litigation against Charlies Cruz and his companies regarding the IMC IP infringement was noted. The particulars of the claim were being finalised and would need to be signed by an officer in the near future. After due and careful consideration IT WAS RESOLVED that any officer be authorised to sign the particulars of the claim and such other documentation as may be required to proceed with the agreed court action against Charlie Cruz and his companies.

Once proceedings had been issued it was expected that a hearing in the IP court would be scheduled for early in 2021.

It was confirmed that CFA Institute had been notified of the issue. Towers and Hamilins' approximate costs to date were noted. Projected costs remained within the estimate provided to the previous meeting.

1329 **Governance review working groups updates**

i. Board induction and training plans

The proposed board induction and training plans were taken as read and approved.

It was agreed that any directors could take part in the training offered on the new plan if they felt it would be beneficial.

The training plan and documentation referred to within the plan would be shared in the induction folder of the board library on CFA UK Connect.

The D&O insurance policy had been queried and a copy of the policy, which automatically covered new directors, would be provided to the new director as soon as possible.

It was agreed that the Institute of Directors training course had been very beneficial to previous directors and that something similar should be offered as soon as was possible to those directors who had not previously attended the course. The training plan would be amended accordingly.

1330 **Board matters**

i. Officers of the board and appointment of nominating committee

The proposals for all current officers to stay in office until the next AGM were reviewed and approved. It was confirmed that the nominating committee would commence work on officer succession planning in early 2021. Directors were asked to make it known to the chair if they had an interest in an officer appointment.

ii. Nominating committee

It was noted that the nominating committee should comprise of a minimum of two directors, but three directors if possible, alongside the chair of the committee and the independent member.

Directors who would be standing for re-election and any directors wishing to be considered for officer appointments should not sit on the nominating committee. The nominating committee membership would be confirmed at the January board meeting.

iii. Board guide 2020/21

The updated board guide was taken as read and noted.

It was suggested that reference to the chief executive's report be removed from the description of the director re-election process which had evolved over the years.

The cessation of management committee meetings and the format for the new chief executive meetings would be proposed and discussed at the final December management committee. The main focus of

those meetings would be on operational matters and the board meetings would be more strategic. It was agreed that board meetings should be lengthened as they were now being held less frequently.

It was suggested that the summary of objectives within the board guide be expanded beyond financial analysis. The objectives had been summarised from those set out in the articles of association and would be expanded as suggested.

1331 **Finance report, management accounts and KPIs**

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

Congratulations were expressed for a strong financial performance despite the disruption caused by the pandemic. It was noted that there had been a £468k higher surplus than re-forecast which was principally due to the agility demonstrated in delivering the ESG certificate and IMC examinations online. It was noted that some savings due to the cancellation of in person events had also contributed to the surplus.

It was noted that November 2020 IMC and ESG certificate sittings and revenue had been 68% and c.50% respectively lower than forecast due to the second lockdown. The technical issue rate for candidates sitting examinations via On Vue was approximately 10% and this was being carefully monitored. It was agreed to repeat information webinars for students to promote the online facilities and to share some of the learnings regarding technical issues.

Despite the successful year, some caution was expressed for the challenging membership figures and the potential impact of job losses and delays to level 3 sittings as a result of the pandemic in future years. Strategies to bolster membership numbers would be a focus for next year.

It was noted that, together with the newly formed sustainability working group, the investment policy and investment portfolio should be reviewed to align with the society's ESG principles. It was confirmed that the investment committee had already made steps to incorporate an ESG policy and had reached the first target ahead of schedule to ensure that all advisors were ESG focussed. All asset managers had signed up to UNPRI and consideration would now be given to reporting and portfolio rating.

1332 **Any other business**

i. Stephen Wackerle

The chair extended the board's sincere thanks to Stephen Wackerle, CFA, as he had stepped down from the board at the AGM held earlier that day and expressed his best wishes for the future.

ii. Beijing CFA society

It was noted that some events to promote the ESG certificate were being arranged by the Beijing society with the assistance of Weiyen Hung.

1333 **Date of next meeting**

It was noted that the next management committee meeting would be held at 5.30pm on Tuesday 15th December 2020 via Zoom.

The next board meeting would be held on Tuesday 26th January 2021 and would be held remotely.

There being no other business, the meeting was closed at 7.54 p.m.

4th Floor, Minster House
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Signed: _____

Dated: _____