

**Minutes of a Meeting of the Board of the
CFA Society of the UK held at 5.00pm on
Tuesday 28th January 2020 at
the offices of BP, 1 St James's Square, London, SW1Y 4PD**

Present:	D Murray	(chair)
	G Cook	
	M Lonergan	
	S Wackerle	
	T Nuding	
	K Kosmopoulou	
	H Thomas	
	F Lundie	
	A Livsey	
	L Matthews	(by telephone and in person)
	W Hung	(by telephone)
	H Eastman	(by telephone)
	G Elcock	(from item 1261 to 1267)
	D Zahn	(from item 1261 to 1267)
In attendance:	W Goodhart	(chief executive)
	A Ramsay	(director of member services) (by telephone)
	C Curtin	(director of education)
	V French	(director of finance)
	B Young	(company secretary)
	L Gracie	Chadwick Corporate Consulting
	I Paczek	IT committee chair (by telephone) (items 1257 to 1261)
	M Davies	(head of IT) (items 1257 to 1261)
	T Espley	PA Consulting (items 1257 to 1261)

1257 Apologies for absence

There were no apologies for absence.

1258 Declarations of interest

The Register of director's interests was noted. Some changes to the register had been noted from Tim Nuding and Matthew Lonergan and those changes would be updated on the register.

1259 Minutes of previous meetings

The minutes of the board meeting held on 26th November 2019 were reviewed and approved as an accurate record for signature. The minutes of the management committee meeting held on 16th December 2019 were also reviewed.

1260 Matters arising

The matters arising report was reviewed and noted.

It was noted that the chief executive would arrange a thank you lunch with Alan Higgins for his work on the nominations committee.

1261 IT committee recommendations

A summary of the current status of the IT project was provided to the meeting. It was noted that the timing of the IT Project had previously been paused to allow for collaboration with CFA Institute. However, due to changes in CFA Institute's IT strategy, their project was not expected to reach a conclusion for at least another one to two years. Furthermore problems experienced with the part of the system controlled by Code Circus in late 2019, had increased the pressure to address the IT systems' significant risks urgently.

It was noted that PA Consulting had been engaged to provide a comprehensive proposal, in the form now included in the papers, which had been presented to and considered by the IT committee.

Ian Paczek, chair of the IT committee, provided a further summary of the IT project process carried out by the committee so far and presented the recommendations of the committee.

Following a review of the proposal it was confirmed that the IT committee was fully supportive of the proposal and it was recommended to the board to approve the plan therein. It was confirmed that the total cost of the whole project was £494k.

A new CRM platform, MS-Dynamics, had been selected, as recommended by PA Consulting. Trillium was a specialist membership organisation CRM implementation and development consultancy and met the needs of the society well. It was proposed that PA Consulting would implement an initial six week discovery stage with Trillium. It was expected the next phase, to implement the CRM, including an events system, would take six months. The next stage, to develop visible improvements to the member experience through integration of FUSE and Higher Logic with the CRM, would be complete and would be evident to the user by the end of the year. The full project was expected to be completed by April 2021.

The costs of the plan were broken down, £260k was for integration of Trillium and £234k for the remaining implementation work. There would be recurring costs amounting to £130k per annum.

A working group of the IT committee and finance committee had been formed and would oversee the project and budget with delegated authority to approve the costs outlined in the report.

The risks involved were discussed. It was noted that the discovery phase was designed to fully quantify all the work required to complete the project and to ensure a full scope of works from the outset. The use of a dedicated project manager was recommended to eliminate risk during the implementation stage. The risks overall with the new system once implemented would be significantly less than the current system. In terms of suppliers, the move away from five suppliers to one was considered a benefit. The opportunity to buy the IP from Trillium after four years was also discussed.

It was confirmed that full commitment to the project was required from the outset. Following the discovery phase there would be a chance to review the specific requirements of the society and to amend the scope of works but it was not intended to pursue the discovery stage and not continue with the remaining project.

The society's head of IT was supportive of proposals by PA Consulting. The collaboration with CFA Institute was discussed and it was confirmed that the potential to partner with the Institute in the future would not be compromised by these proposals and at the present time it was prudent to continue to focus on the needs of the society and members.

The IT resourcing within the society was considered. It was noted that this would be monitored and extra provision required in the future would largely depend on the level of after sale support provided by Trillium.

The way the system would work with Trillium longer term was queried. It was noted that Trillium had offered continuous software upgrades and bug fixes for the whole period of the contract. Preference was expressed to negotiate a five year contract.

The costs of the project were discussed. It was noted that a contingency provision of £56k had been included in the additional costs. It was hoped that any extra cost involved would be identified during the discovery phase and final costs would be clarified prior to the commencement of the implementation stages.

It was agreed that this was a crucial project to meet the needs of the members and to eliminate risk. The board agreed the commitment to the IT project, to the maximum spend anticipated in the proposal. This was subject to the satisfactory outcome of the discovery phase and confirmation that annual recurring costs were in line with the quotes included in the proposal.

It was agreed that the IT working group should report back regularly to the board.

1262 Governance proposals

The governance review had been completed by Integrity Governance and the findings had previously been presented to the board. Proposals of specific changes had been suggested and distributed in the board pack. It was suggested that a number of the proposals would require in depth consideration before changes could be made. Therefore it was proposed that various working groups be formed to make further proposals for those more complex matters. It was noted that some changes would require changes to the Memorandum and Articles of Association. The changes would be proposed as resolutions at an Extraordinary General Meeting and would need approval of members. It was expected that the EGM would be convened as soon as possible to deal with the changes prior to the next AGM in November. However, a period of consultation would be held to allow members to share their views on the proposed changes before the EGM meeting was convened. The proposals were discussed in turn.

1. Board size

Currently the board must comprise of 14 members. It was proposed to change to a number between seven and 14. The options were discussed and matters impacting the decision were noted as diversity, how to determine the quorum, committee representation, the directors' capacity and increase in responsibilities. It was also discussed that the changes should not be implemented immediately but over a transition period. Ways to conform to the new limit, whilst still enabling the board to be refreshed, would need to be considered.

The board agreed to reduce the board member requirement to be between seven and ten directors with a grace period of three years. The articles would need to be amended to clearly define the transition period and further consideration of quorum would be required.

2. Board meetings

It was proposed that the board meetings be held once a quarter with an annual strategy meeting to be held and the AGM meeting to be held in November. This was agreed by the board.

3. Board term

The board term was currently two years before re-appointment and the maximum term was six years. It was proposed to increase the term to three years with the maximum term remaining at six years. This would reduce administration. The board agreed to the change. Consideration would be made to include wording within the articles to allow for terms to be increased in exceptional circumstances.

4. Reduce requirements for a member to convene an EGM or to requisition a resolution

It was currently a requirement that a member get the agreement of 10% of members to convene an EGM. It was suggested that the level be reduced to a more realistic level but that it should not be set too low to avoid frivolous use. It was agreed that a working group would consider the matter further and make recommendations to the board and that a lower limit to requisition a resolution at an existing meeting might be considered.

5, 6 & 7. Matters related to board committees

It was proposed that the ownership of management committee be given to the CEO and the committee status be re-defined, in particular the level of sign-off authority.

It was also proposed that the board agenda and responsibilities be changed to be more focused on strategic matters allowing the management committee more of a focus and oversight over operational matters. It was also proposed that one board member be a representative of each board committee to increase communication between the board and committees. It was agreed that a working group would be tasked to re-define the committee responsibilities and reporting to the board.

Care would be needed to meet regulatory requirements in relation to qualifications.

8. Board agenda

The changes proposed to the board agenda were noted. These would be discussed with the chair and CEO. Meetings would be more focussed on strategy.

9. Change meeting logistics

It was proposed that different times and lengths of meetings be trialled. There was a mixed response to the proposal as some directors would find it difficult to accommodate meetings during the working day. Further thought would be made to how changes could be implemented such as breakfast or lunchtime meetings or introducing video conferencing facilities.

10. Strategy planning

It was proposed that a longer term strategy plan be formulated. Increasing the plan to five years with aspirations for ten years would be one option. It was suggested that a semi-permanent working group be formed to focus on strategy. A particular focus of engaging younger members of the society while drawing on experience of the more senior members would be considered.

A longer term project might be needed rather than concluding this at the March 2020 meeting.

11. Conflicts of interest

Declarations of conflict of interest had already been implemented and declarations would be made at the beginning of each meeting as appropriate.

12 & 13. Board induction and training

It was proposed that the induction process be formalised and the vice chair be responsible for this project. The training opportunities were discussed and it was considered beneficial to extend training to other board committee members and emerging volunteers to encourage future involvement within the society's board.

14. Succession planning

It was proposed that succession planning for the CEO and for other officers of the board should be considered. In order to effectively plan, the roles needed to be clearly defined. It was agreed that a working group be formed to further this proposal but that the nominations committee might also have a role.

15. Diversity

The proposal to ensure that the nominations committee continues to seek a diverse board was noted as a key focus area and was agreed by the board.

16. Improve member engagement

The proposal to improve member engagement was multi-faceted and potential initiatives were suggested. The board agreed it would be beneficial to increase transparency of the board and provide support to other volunteer groups and members.

It was confirmed that the chair and chief executive would form the various working groups. Any volunteer participants would be welcomed.

1263 Chief executive's report

The report of the chief executive was taken as read and noted.

ESG certificate

It was confirmed that the ESG certificate had continued to perform well with 950 registrations to date. Contracts had been signed with a number of European societies and registrations were due to open next week in Denmark, Switzerland and Spain. It was expected that the countries that had already agreed to sell the ESG would be used as a trial. The trial outcome would be used to consider a wider roll out to countries further afield at the conference in Atlanta in May 2020. It was confirmed that VAT advice had been received for all participating countries.

Professional learning platform and CFA Institute

The change in strategy from CFA Institute to provide the proposed professional learning platform to non-members was noted.

A meeting with XL Society Presidents was due to be held on 31st January 2020 where the matter would be discussed further. The XL Society Presidents remained supportive of the decision by CFA Institute.

1264 Board code of conduct

The board code of conduct had been drafted and agreed at the end of last year. The process had been time pressured and it was agreed that a further review of the code of conduct would be carried out. The comments from directors had been included in the board pack. The suggestions that had been proposed were reviewed and agreed. The changes would be updated in the code of conduct. It was agreed that the code of conduct should be reviewed annually and form part of the induction pack for new directors.

1265 Finance report, management accounts and KPIs

The finance report, management accounts and KPIs were taken as read and noted. A reforecast was currently being prepared for the finance committee.

It was noted that the ESG certificate continued to perform well. Overheads had increased. The local membership figures represented a significant decline. Further analysis of the membership figures was required but it had been highlighted that a significant area of decline was the IMC student membership conversion to full member.

1266 Any other business

Ethics steering committee terms of reference

The terms of reference for the ethics steering committee were reviewed. It was agreed that the sub-groups list was, although useful, too specific and the wording should be changed to make suggestion of certain sub-groups rather than to prescribe the responsibilities of the groups listed. It was agreed that the size of the committee and the need for two co-chairs were excessive and that the quorum of one third of members was low. It was noted that the terms of reference would be amended and brought back to the board for approval. It was also confirmed that the volunteer steering committee document would be used to ensure the terms of reference were consistent to guidance provided therein.

It was confirmed that Weiyen Hung had been appointed as the new chair of the committee and the board ratified the appointment.

Professionalism steering committee terms of reference

The terms of reference for the professionalism steering committee were reviewed. The terms of reference were approved by the board subject to the confirmation that the document aligned with guidance provided in the volunteer steering committee document.

It was confirmed that Hilary Eastman had been appointed as chair of the committee and the board ratified the appointment.

Local membership proposal

A proposal to extend entry to the society's local membership categories was noted. The member criteria were discussed. It was noted that including an 'associate' member category would widen the reach of membership to those working in an investment associated role rather than within the industry. It was also suggested that the requirement to have single referee when joining the society might make the registration process easier. A random verification of member requirements was also suggested. It was agreed that further consideration of the proposals would be made in a working group consisting of Katerina Kosmopoulou, Tim Nuding and one other board member, with the support of the staffed office.

Ethical leadership proposal

The ethical leadership programme had been reviewed. It was noted that the programme was considered very successful by participants however was a loss making activity for the society. The proposal outlined changes to the programme which included reducing the time commitment of delegates, reducing the cost and changing the programme provider. It was hoped that the changes would make the programme more accessible to members, although it was noted that the programme had previously been marketed as a high end offering. The target market should be decided before further plans and changes could be made. It was noted that the programme was a beneficial tool to

build strong relationships with key firms. It was suggested that a more accessible programme could be developed and the changes to the programme for this year could be considered a transition year.

A working group consisting of Hilary Eastman, Fraser Lundie and Weiyen Hung had been formed to further consider the ethical leadership programme.

There was no other business.

1267 Date of next meetings

It was noted that the next management committee meeting would be held at 5.30pm on Tuesday 25th February 2020 at CFA UK.

The next board and strategy meeting would be on Tuesday 17th March 2020 at a venue yet to be confirmed.

There being no other business, the meeting was closed at 7.37 pm.

4th Floor, Minster House,
42 Mincing Lane,
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Signed:.....

Dated:.....