

**Minutes of a Meeting of the Board of the
CFA Society of the UK held at 5.30pm on
Tuesday 25th June 2019 at
London Stock Exchange, 10 Paternoster Square, Curzon Street, London, W1J 5JB**

Present: D Murray (chair)
G Cook
G Elcock
W Hung
M Loneragan
F Lundie
T Nuding
H Thomas
S Wackerle
M Bailey
H Eastman (From item 1236 ii.)

In attendance: W Goodhart (chief executive)
A Ramsay (director of member services)
C Curtin (director of education)
V French (director of finance)
B Barber (company secretary)
L Gracie Chadwick Corporate Consulting

1233 Apologies for absence

Apologies for absence were noted from Alan Livsey, Lindsey Matthews and David Zahn.

1234 Minutes of previous meeting

The minutes of the board meeting held on 21st May 2019 were reviewed and approved as an accurate record for signature, subject to the amendment of a typing error.

1235 Matters arising

The matters arising report was reviewed and noted.

It was confirmed that ESG materials would be circulated to the board by email.

The strategic objectives would be updated before the next management committee meeting.

It was noted that the action relating to the review of consistent use of language throughout policies and documents was expected to be complete by the next board meeting in September 2019.

1236 Chief executive's report

i. Approval of business plans

The skeleton business plans for education and member services were taken as read as no significant changes had been made to the plans since the review at the last board meeting.

Discussions were held regarding the resources required to implement the plans under the member services objective. It was noted that a review of resources was being undertaken to identify skills gaps and future requirements. It was suggested that resources could be bolstered by the use of agency staff and upscaling employees' skillsets. It was expected that the detailed proposals would be presented at the next management committee meeting in July. Ways to fund any required extra resources would need consideration. It was possible that CFA Institute might be able to provide some funding, considering their interest in the recent membership survey results and on-going dialogue regarding ways to enhance engagement with members. It was requested that a more rigid timeline with clear milestones be produced.

The skeleton business plan for professionalism was summarised and discussed. The business plan focused on ways to achieve the strategic objective of becoming a leading authoritative voice for the

investment profession in the UK. It was noted that work had commenced between the professionalism committee, ethics committee and the board to identify a small range of topics where the society could produce expert papers and/or comment for publication. The ways in which the society reacted to consultations was also being reviewed. It was important to be able to effectively promote the society's contribution to sector issues to ensure maximum impact and engagement through use of social media and such like. It was also proposed that such contributions are used for educational events to members, to extract more value and increase awareness of the society's activities. The list of potential topics was being considered with a view to focusing on areas where a meaningful view could be expressed and to taking a more proactive approach. Being re-active to current affairs was still likely to be required, however, and a process was required for governance in either scenario.

It was discussed that internal procedures and methods of communication between the relevant committees and the board when composing the papers and consultations could be refreshed. It was also questioned whether the board should be providing oversight and/or approving the papers and consultations prior to publication. It was noted that the process for consultations and papers would be considered and proposals would be brought to the board in the September board meeting.

Having discussed the business plans in detail they were approved by the board.

ii. Approval of Forecast FY20

The FY20 forecast was presented to the board. It was noted that the operating profit for the year was expected to be in the region of £30k, although some details still needed to be refined.

Explanations and discussions of the assumptions made in compiling the forecast were held.

A decline in IMC registrations had been estimated at 5% compared to current year based on informal feedback from training providers.

Revenue anticipated from ESG registrations had been calculated based on the interest generated so far. It was considered a risk that the interest might not translate into actual registrations at the same level.

CFA Institute funding was discussed and it was noted that funding had been provided for various areas of activity. It was possible that not all of the funding would be extended to FY20. This could have an impact on the outturn.

The full year impact of recruitment during the current year and inflationary increases had increased projected staff cost by 8%.

The membership revenue decline of 2.3% was discussed. It was noted that foreign exchange factors had caused some of the reduction which was being mitigated as far as possible by the use of the CFA Institute conversion rate. The membership assumptions would be further reviewed and analysed, as members were seeming to lapse in different months in comparison to the typical pattern previously seen.

The FY20 forecast was approved by the board.

iii. Review of risk register

The risk register was presented to the board. Discussions ensued about specific risks.

Risk 7, relating to a decline in IMC membership dues, was not a risk only for IMC members and that some assumption around general membership decline might be appropriate. It was noted that, even in the 2008/09 crisis, membership levels had been maintained.

It was suggested that the IT risk be expanded and either be broken down into smaller cyber related categories or remain as a combined risk but for the risk rating to be heightened. It was noted that a cyber-attack had occurred previously and the society had introduced a number of safeguards as a precaution for any future re-occurrence of such an attack.

Risk 1 was discussed and it was noted that the decline in membership due to a decline in employees centred in London had been included under the risk that related to Brexit but that the trend towards more passive management, which was not Brexit related, was also mentioned. It was suggested that reduction in membership from a variety of factors be considered a standalone risk as the issue was also valid without the impact of Brexit. As a principle, enduring and transient risks should be distinguished from each other and their strategies or tactical management approaches.

The risk of reputational damage was discussed and it was agreed that thought should be given to expanding risk 20 and/or 26 to cover broader issues.

It was noted that the risk register would be revised outside of the meeting and re-presented to the board at the next management committee meeting for full board approval in September.

iv. ESG certificate update

The pilot registration process had opened and the final number of registrations would be confirmed in the next week. The registration process had run smoothly from the perception of the candidates. The process had identified some internal system problems which would be fixed for the full September launch.

It had been expected that the publication of the learning materials on to the learning platform would be delayed and published in stages. However, the publisher had advised that the materials would be ready by the end of the week. This would allow time for the developer to fix software bugs, for the final testing to be carried out and for the materials to be released as a whole. It was noted that the writing of version 2 of the materials would commence in July 2019 and consistency of style would be considered.

v. Professional learning platform update

The creation and curation of content had been continuing and the team were editing content into bite-sized pieces. The process of identifying the gaps in the content was underway. It was noted that the ethics content was currently strong and it was anticipated that the technical content would likely be the area where most gaps would occur.

A guideline detailing the desired quality of content was being developed to be provided to potential contributors.

The initial platform framework had been received from the developer. A link would be circulated to the board once content had been added.

Progress was being made in line with delivering the platform for testing in September. The framework would be launched with one role but extra content would also be available. The second role was expected to be available by the end of the year. The testing phase would last four to six months.

vi. Membership survey

The membership survey results were presented and discussed. It was noted that the society had carried out a membership survey for the last five years and the response rates had been declining each year. It was therefore pleasing that the response rate for this year had doubled relative to last year. It was suggested that this was because the survey had been conducted by a third party.

The level of insight and analysis provided by the results was of a high quality. The key areas that had emerged were that the awareness of the members of what the society offered was low. There was a strong desire for the society to provide support with career development and networking. It was also the perception of members that the collective voice of the society and the community was lacking.

The outcomes of the survey had been discussed with members who had recently attended CFA events to canvass opinions further and explore ways in which to improve services.

The survey had provided an insight into four behavioural 'personas', which could present a new approach to effective communication with members. Ways to identify the personas and behavioural

patterns of the members could lead to a more targeted marketing approach but would require further consideration and more sophisticated technology systems.

Discussions were held in relation to the insights provided in terms of retaining members. It was noted that the onboarding process and the first few years of membership were very important. It was evident that assisting members to embed into the wider society community in the early stages of their membership was a key focus and opportunities to promote this would be explored.

A strategy to win back lapsed members was required and external advice would be sought to further understand the life cycle of the member and ways to build a foundation to address their needs.

The key areas of progression were to focus firstly on the first-year members and secondly to consider opening up memberships through different routes, for example an associate member for finance professionals who were non-charterholders. The potential local membership option was further discussed and it was noted that a feasibility evaluation was being conducted in this regard.

The increase in CFA candidates but decline in candidate membership was discussed. In particular it would be beneficial to focus on those with long-term UK residency. The whole membership prospect needed to be refreshed to provide a strong value proposition.

A further proposal would be presented once more work to improve insight had been completed.

vii. Governance review update

It was noted that two consultants would present tenders for the governance review to the working group at meetings to be held on 3rd July 2019.

1237 Management Accounts and KPI's

The management accounts and KPIs for May 2019 were taken as read and noted.

A disposal had been authorised by the finance committee in May 2019.

1238 Any other business

i. Woodford position statement

The statement published by the society in relation to the Woodford equity income fund was reviewed and noted. It was confirmed that it had received only limited coverage. It was suggested that language used throughout documents should be gender neutral.

The chief executive would share access to a daily bulletin which summarised the media activity involving CFA UK.

ii. Green Finance

It was reported that the Government were launching their strategy and charter for their Green Finance initiative.

It had been requested that CFA UK sign up to the charter prior to the launch next week. It was requested that the board review the charter and annotations which would be re-circulated and respond with approval or otherwise to the chief executive by the close of business on Thursday 27th June 2019.

It was requested that the social impact SIG definitions be checked for consistency with the charter.

There was no other business.

1239 Date of next meetings

The next Board meeting will be on Tuesday 24th September 2019 at 5.30pm at The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

The next management committee meeting will be held on Tuesday 16th July 2019 at 5.30pm at CFA UK, 4th Floor, Minster House, Mincing Lane, London EC3R 7AE.

There being no other business, the meeting was closed at 7.30 pm.

4th Floor, Minster House,
42 Mincing Lane,
London EC4N 5BP

Signed:.....

Dated:.....