

**Minutes of a meeting of the Board of the  
CFA Society of the UK (CFA UK) held at the offices of USS, 60 Threadneedle  
Street, London EC2R 8HP and via Zoom at 5.00pm  
on Tuesday 4<sup>th</sup> October 2022**

<b>Present:</b>	L Matthews	chair
	H Eastman	(items 1453 to 1460)
	G Elcock	
	K Ferguson	(items 1451 to 1456iii & 1456v to 1457iv)
	W Hung*	
	K Kosmopoulou*	
	P Lenoble	(items 1454 to 1460)
	F Lundie*	(items 1453 to 1460)
	T Nuding	
	S Solomon	(items 1454 to 1460)
H Thomas*		

<b>Attending:</b>	B Young (company secretary)	
	W Goodhart (chief executive)	
	C Curtin (director of education)	
	V French (chief financial officer)	
	A Ramsay (chief operating officer)	
	L Gracie (Indigo Independent Governance)	
	A Burton (professionalism adviser)	(items 1451 to 1453)
	S Hsu (professionalism steering committee)	(items 1451 to 1453)
	S O'Donnell (chief technology advisor)	(items 1454 to 1456ii)
	S Verjee* (director of outreach)	(items 1456v to 1457ii)

\* denotes attendance via video conference

**1451 Apologies for absence**

Apologies for absence were noted from David Zahn.

**1452 Declarations of interest**

The register of directors' interests was noted

**1453 Professionalism steering committee report**

The professionalism steering committee report, presented by the chair and the professionalism adviser, was noted.

The board requests from the committee were discussed. The balance between consultations and thought leadership work was noted to be driven by the number of consultations that the committee responded to in the year. The structure of the committee and the way the committee responded to consultations were discussed and agreed to be appropriate given the time sensitive nature of consultations.

The committee and the wide-ranging topics of its published work were complimented. Its areas of focus, which were all categorised under three pillars - corporate reporting, sustainability and market practices - were noted. Topics outside of the three pillars were excluded and it was agreed that this system for selection worked well. It was suggested that, to support the society's strategic direction, sustainability topics and other strategically related topics could be prioritised.

It was confirmed that the committee conducted a member survey each year to ascertain views on the topics covered and it was noted that over 400 responses were generally received. Suggestions for topics were broadly similar to the committee's plans. The committee's newsletter also achieved considerable levels of engagement.

It was requested that a mechanism be considered to get board input to recommend contacts in the industry who could assist with specialist projects. It was agreed that contact for this should be directed

to the chief executive, chair and vice chair in the first instance, via the board liaison representative. It was requested that an additional board member join the committee in place of the treasurer who was stepping back from the committee and this matter would be more fully discussed later in the meeting.

It was noted that a major project was underway, led by the committee, to develop a sustainable investment practice handbook which would include practical scenarios. There was an emphasis on the importance of members' skills, professionalism and qualifications and also a focus on embedding ethics and sustainability into investment practice. The committee was working in collaboration with CFA Institute, which was providing feedback. Potentially the handbook would be an on-line resource.

The committee's updated terms of reference were noted.

The committee were thanked for their dedicated work.

#### **1454 Minutes of previous meeting**

The minutes of the board meetings held on 12<sup>th</sup> July 2022 and 2<sup>nd</sup> August 2022 were reviewed and approved as accurate records for signature, subject to the removal of the word 'fully' from the last sentence of the fourth paragraph of 12<sup>th</sup> July 2022 minute 1445iii and deletion of the unnecessary 'and' in the heading of the minutes on 2<sup>nd</sup> August 2022.

#### **1455 Matters arising**

The matters arising report was reviewed and noted.

#### **1456 Board matters**

##### i. Transition progress update

##### *Transition project governance*

The IT transition project governance paper, setting out two options, was reviewed and noted. The first option – formation of a separate group to oversee and lead the transformation process – was preferred and, after discussion, agreed.

It was confirmed that Weiyen Hung would lead the group, with Katerina Kosmopoulou and Kieran Ferguson to also serve as members. Additional members would also be required from the finance and IT committees.

It was agreed that a more defined scope was required to confirm if the group would oversee just the IT transition or the wider transition, including brand, also. Consideration should also be given to the priorities and sequencing of the project workstreams, how the staffed office would be impacted, and how responsibilities would be split with the IT committee and escalated to the board as required. A mandate proposal for the group would be brought back to the November Board for approval.

##### *Chief technology advisor update*

The chief technology advisor was introduced to the board and the IT update paper was reviewed and noted.

The key points of the update, regarding key relationships with outsourced IT partners and the IT team and structure, were discussed. The strategy to work with existing partners was explained. Continuing work would be closely monitored.

The areas in which improvements could be made to improve the efficiency and effectiveness in the IT team were discussed. These would be achieved by changing legacy working practices and introducing more junior level support, although budget for the latter had not yet been requested.

The timing and prioritisation of IT transition projects had been reviewed to deploy spending in the best sequence possible, which was documented on the IT roadmap. The spending reductions in the budget were noted to be driven by partners' availability and therefore timing differences rather than permanent savings.

The strategy to progress certain elements at a faster rate was noted to be a risk, however this would be off-set by a more precise scoping process than previously seen. The faster approach might have an impact on costs but results were likely to come to fruition earlier. The level of risk was queried and it

was confirmed that the risks would be well managed and kept contained to single projects rather than impacting on the whole transition.

It was discussed that the IT transition would be monitored in layers, with the board overseeing strategic priorities, the IT team determining resource availability and the IT committee approving allocation of agreed funding. The chief technology adviser would be involved at all levels. It was agreed that the increased governance of the IT project and the involvement of the chief technology adviser mitigated some of the risk and gave the board more assurance.

The chief technology adviser confirmed that an update report would be provided at each board meeting. A cyber security update would also be provided. A risk assessment would also be conducted as soon as possible.

#### *Transition progress update*

The transition progress update report from the COO was taken as read and noted.

The progress being made under the five categories - people, organisation and culture, product, brand, IT and digital - was highlighted. The RAG status report, which was aligned to the strategic objectives and was updated on a fortnightly basis, was also noted. Previously there had been 21 green rated workstreams across operations, but eleven of those had now been downgraded to amber due to IT timing challenges. It was hoped that some of these would return to green quite quickly. It was noted that the RAG ratings would need to be re-based if the revised strategic objectives were approved.

#### ii. Brand development update

The brand development update paper was taken as read and noted. The proposed brand concept had been shared with CFA Institute and the society had been reminded that the requirements of the brand agreement must be adhered to. CFA Institute was also undertaking a brand review and had asked the society to pause their brand development until November, when the discovery phase of the CFA Institute project would, according to the Institute's timetable, likely be completed.

It was discussed that, considering the time and costs already invested in brand development, progress should not be delayed for long period of time. It was acknowledged that some compromises would need to be made with the brand design but the risk of delaying the project to align to the timescales of the Institute was too great. However, it was agreed that waiting for the initial period until early November would not impede progress too much and workstreams could be continued without committing to the brand concept until after the Institute had presented its own discovery phase.

The current and future relationship with the Institute was discussed and it was agreed that further thoughts on this should be brought back to the November board meeting, after the senior leadership conference.

Some feedback on the brand concept was provided and it was requested that any specific feedback be emailed to the chief operating officer and chief executive.

It was noted that the cost of the full brand refresh had not yet been added to the budget and this would be added into the re-forecast to be presented at the November board meeting. It was noted that the brand implementation costs, whether led by the society or the Institute, would be the same.

#### iii. Membership update

The membership update report as at 21<sup>st</sup> September 2022 was taken as read and noted.

A campaign to reverse attrition levels was summarised and it was noted that this was having a positive effect on retention rates. The current overall retention rate of 82.7% was noted. The second year member rate was particularly good at 95% although first year member rates were lower than usual and the underlying causes being reviewed.

#### iv. Review of objectives and forecast

The objectives and forecast paper, with proposed revisions to the objectives, was reviewed and noted.

The proposed budget cuts to IT projects were noted to be driven by the delays due to availability of suppliers rather than reduction in work. It was confirmed that additional resource for IT was being added to the budget overall.

The proposed cuts to the budget for the manifesto, PR and events were considered by the leadership team to be less critical, with minimal impact to achieving the overall strategic objectives or generating revenue. Concerns were raised about events being cut, particularly for I&D and ethics, and whether such action would undermine the society's messaging on such topics. It was queried whether smaller events could be delivered on a lower budget rather than taking out whole events. It was agreed that it would be useful to see a list of the events that were remaining in the plan versus those that had been cut.

The 50% reduction in PR budget was queried and its potential impact on the society's relationship with its PR agency. It was confirmed that any PR related to revenue generating activities, particularly qualifications, had been retained. The proposals would be discussed with them in order to protect the relationship.

It was confirmed that changes to the professional learning plans would result from implementing a reduced offer, based on the society's unique content and expertise, rather than development of a standalone platform.

Concerns relating to the finance team resource and key person risk were also expressed as it was agreed that recruitment should not be delayed.

Outlining the reasoning behind the changes that had been proposed, it was confirmed that these were based on importance to members and protection of revenue generating activities. The impact of the reductions to the strategic objectives was noted to be mainly delay in delivery with the exception of the aborted professional learning platform. Regarding reductions to events, it was noted that there had been a focus on acquisition of members and supporting members in years one and two of their membership.

It was noted that a reforecast would be produced and presented at the November board meeting. The reforecast would indicate a threshold of profitability for the certificate in climate and investing.

#### v. Annual report, financial statements, audit report and letter of representation

The annual report and financial statements for the period ended 30<sup>th</sup> June 2022, audit report and management letter of representation, were taken as read and noted.

It was confirmed that the management letter of representation contained only standard representations and that no substantive issues had been raised by the auditor.

It was queried if directors' attendance at board meetings would be included in the annual report and it was agreed that this would be actioned for the FY23 accounts but that a note on directors' attendance at board meetings would be added to the nominating committee report to be circulated to members for the AGM this year.

It was confirmed that the annual report and financial statements and the auditor's report had been fully reviewed by the finance committee and no concerns had been raised. The view was expressed by the treasurer that the process had run very smoothly. The treasurer also confirmed that she had met with the auditor before the audit had been conducted in the absence of management and, although they had not met again after the audit, the opportunity had been available for the auditor to communicate with her further if appropriate.

After due and careful consideration IT WAS RESOLVED that the annual report and financial statements for the period ended 30<sup>th</sup> June 2022 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.

vi. Nominating committee report

The report of the nominating committee to the board and the draft report to members were reviewed and noted.

It was confirmed that the nominating process had been robust and the introduction of the cognitive diversity assessment had been useful.

The recommendations of the committee to propose the re-appointment of Katerina Kosmopoulou, CFA, as the board member due to retire by rotation, and the election of Alistair Byrne, CFA, and Elena Koycheva, CFA, to the board, were noted and approved.

The recommendation to re-appoint Lucy MacDonald, ASIP, as the independent member of the nominating committee, was also considered and duly approved.

The adjustment to the nominating committee report to members to include the review of directors' attendance at board meetings, discussed earlier in the meeting, would be made once with the approval of the nominating committee chair.

vii. AGM notice

The AGM notice was reviewed and duly approved.

vii. Fellowship recommendations

The fellowship committee recommendations paper was reviewed and noted.

It was explained that fellowships of the society were offered to professionals, not necessarily members of the society, who had significantly contributed to either the society or the industry.

The fellowship committee would usually recommend new fellows bi-annually but there had been a three year gap in the cycle due to Covid-19. It was requested and agreed that the committee would also make fellowship recommendations in 2023.

Four recommendations had been made for fellowships to be awarded to Deb Clarke, ASIP, Matthew Lonergan, CFA, Daniel Murray, CFA and Sacha Sadan, ASIP. The recommendations were considered and duly approved.

It was noted that the current chair would be stepping down from the committee and that it was proposed that he be succeeded by Richard Dunbar, CFA, ASIP. The proposal was agreed.

viii. Volunteer strategic orientation group update

The volunteer strategic orientation group update paper was taken as read and noted.

It was noted that the group had some more work to do to finalise its recommendations and these would be brought back to the November board meeting. It was agreed that it would be useful to receive input from members of the staff office and committee chairs.

One recommendation, to combine the professionalism steering and ethics committees, was discussed. It was agreed that this would first need to be discussed with the members of the committees and account taken of skills and the time commitment expected of volunteers if individual committee remits were expanded. The purpose of any changes should be clear.

The board liaison initiative was noted to be an important tool to communicate and drive the society's strategic direction and objectives throughout the committees and down to the membership.

It was confirmed that a master terms of reference for committees was being drafted.

It was requested that any feedback on the recommendations proposed so far be emailed to the working group.

It was proposed that the vice chair's leadership of the group be transferred to the successor vice chair following the AGM in November and this was agreed.

ix. Board induction and board guide

The board induction plan and board guide were reviewed and noted. The board induction plan would be implemented with the new directors to be appointed at the AGM.

It was agreed that the nominating committee section of the board guide should be amended to include the officer succession planning work.

It was queried whether directors were required to sign confidentiality agreement or NDA's and it was confirmed that confidentiality was covered in the volunteer agreement.

The board guide was approved, subject to the amendment to the nominating committee section.

x. Investment committee chair

A verbal update was provided on the process to nominate a new chair of the investment committee. It was noted that the treasurer was responsible for making a recommendation for the chair following an open recruitment process run by the staffed office and canvassing of the board, senior staff and members of the Investment Committee. This was in progress and the treasurer would make a recommendation to the board at the November meeting.

The treasurer would consider the role of an advisory group comprising Katerina Kosmopoulou and Sylvia Solomon put in place during an earlier part of the succession process.

xi. Board paper process improvements

The board paper process improvement paper was reviewed and noted.

The proposed use of a board paper cover sheet was supported.

The findings of the research exercise to compare board portals were noted and weighed up against the option of continuing to use CFA UK Connect.

After discussion, it was agreed that a free six month trial of Convene, a platform that could be used on licence through Indigo, would be a useful exercise to assess the benefits and continued use of a board portal. The company secretary would arrange for the free trial to begin for all board members but a pdf of the pack would also be produced for the trial period.

**1457 Chief executive's report**

The chief executive's report was taken as read and noted.

i. Certificate in climate & investing

The changes to the study materials for the certificate in climate & investing were noted.

The feedback received from firms in relation to the certificate was summarised by the director of outreach. The changes to version 2 of the certificate, which would address the feedback received, were summarised and were noted to include reducing the learning materials and technical detail and therefore study time commitment. Based on interest in the pilot, the size of the market for the certificate was still considered to be promising but it was acknowledged that many firms were still focused on the ESG certificate and perhaps the certificate in climate & investing was therefore launched a little prematurely.

ii. Certificate in climate & investing and discussions with CFA Institute

The negotiations with CFA Institute for the sale of the certificate in climate & investment were discussed. It was hoped that the launch of version 2 would increase volume of registrations and sittings therefore it would be prudent to wait to ascertain the true potential of the certificate before negotiating a sale of the certificate.

iii. Values at CFA UK

The values report produced by the staffed office was reviewed and noted. These values would be incorporated into internal operations. Once these had been more refined and embedded into staffed

office practices, consideration would be given to publishing them on the website under a 'work for us' section.

iv. Office move

It was expected that the landlord would serve notice on the society to vacate the office property due to redevelopment plans for the whole building. It was likely that the society would need to vacate the office by the end of June 2023. Alternative office options were being explored and a proposal would be brought back to the board in due course.

**1458 Finance report, management accounts and KPIs**

The finance report, management accounts and KPIs as at 31<sup>st</sup> August 2022 were taken as read and noted.

The society had made an operating surplus of £236k as at the end of August 2022 versus budget of £66k. The positive variance against the reforecast of £171k year-to-date, was partly due to the timing difference of the ESG IP payment, lower direct and employee costs, offset by lower revenue for the certificate in climate & investing and IMC.

It was noted that registrations for the certificate in climate & investing were 49% lower than forecast and sitting volumes were also 63% lower than forecast.

IMC registration volumes were 11% higher than forecast but sittings remained below budget.

It was confirmed that transition costs were being tracked separately, as requested. £123k had been spent year-to-date out of the full £1.2m budget for FY23.

**1459 Any other business**

i. Nomination process

It was confirmed that suggestions made by Weiyen Hung regarding the directors' nomination process had been fed back to the nominating committee and had been discussed.

**1460 Date of next meeting**

It was noted that the next board meeting would be held on the day of the AGM, Tuesday 22<sup>nd</sup> November 2022 at the Chartered Accountants' Hall, 1 Moorgate Place, London, England, EC2R 6EA.

There being no other business, the meeting was closed at 8.22pm.

4<sup>th</sup> Floor, Minster House  
42 Mincing Lane  
London EC3R 7AE

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_