

**MEMO**

To: Clayton Gall, CFA, Presidents Council Representative, Canada  
Sonia Gandhi, CFA, Board Member, CFA Society India  
Daniel Dagen, CFA, CEO, CFA Society New York  
Deepika Sharma, CFA, Secretary, Board of Directors CFA Society New York

Date: 19 July 2018

From: The Society Partnership Advisory Council

RE: Society Presentations to the Society Partnership Advisory Council

---

During the society presentations at the 13 May 2018 Society Partnership Advisory Council meeting in Hong Kong, you shared challenges you faced reducing your local membership gap. We have compiled the summary below to connect those challenges with CFA Institute action. Our intention is to ensure there is awareness of the efforts underway by CFA Institute to address society membership concerns.

**CFA SOCIETIES CANADA**

**Challenge:** Charterholders do not command a competitive advantage in the private wealth sector

**CFA Institute Action:** A comprehensive market and strategy research project is underway with Kantar Consulting to guide private wealth management strategy for CFA Institute, aimed at positioning CFA Institute to have greater impact and value for wealth management practitioners in North America. The research will include focus groups and surveys of CFA charterholder and non-charterholder private wealth practitioners and high net worth investors in Toronto, San Francisco, and New York to identify the value proposition we offer practitioners and that differentiates CFA charterholder practitioners in the marketplace among high net worth investors. The results will be used to align our overall private wealth strategy in the region, including messaging and positioning to guide an advertising campaign targeting high-net worth investors in Canada and the United States in Spring 2019.

Separately, we are awaiting final approval by the Investment Industry Regulatory Organization of Canada (IIROC) to formally announce to the market that CFA Level I is being recognized as an equivalent to the Canadian Securities Course (CSC) and the CFA designation as an equivalent to the Wealth Management Essentials Course (WME). It is expected that in Q1 FY2019, we will be able to make a joint press announcement with IIROC and that member communications will be delivered. This regulatory waiver will allow greater opportunity for CFA charterholders in the private wealth space and better awareness of the value of the charter among high net worth investors in Canada.

We would note that, while the charter may not yet command a distinct competitive advantage in Canada in the private wealth space in general, a distinct disadvantage exists for non-charterholders. Most large employers require the charter for those working in asset management on the private or institutional sides. Our institutional relations team is engaging regularly with C-Suite and line managers of the top five banks, who are interested in our support on diversity and inclusion, building trust in the industry among retail and HNW investors, and ESG.

**Prepared by: Elaine Cheng, Managing Director and Chief Information Officer, CFA Institute; Stephanie Gibbons, Paralegal, Professional Conduct, CFA Institute; Lauren Greenwood, CAE, Project Administrator, Board Services, CFA Institute; and Randi Tolber, CFA, Head, Global Society Relations, CFA Institute**

## **CFA SOCIETY NEW YORK**

**Challenge:** Establishing a collaboration model to share content with other societies

**CFA Institute Action:** CFA Society New York is a leading society in the area of content development and has a keen interest in establishing itself as a key contributor to the global continuing professional development content library, and as a source for, and partner to, other societies around the globe. The society has leveraged its deep network of volunteer and institutional relationships to build a robust programming calendar driven by member needs and interests.

Society Relations and Member Value are working closely with society leadership to provide resources and support development of processes that will help the society effectively share both web-based and live event content. Regular joint-planning meetings with the society board include discussion of the society's content strategy, and the society will participate closely in the development of the Continuing Professional Development competency framework and on the future CPD design council.

CFA Society New York has also launched a collaborative effort with other societies to support expansion of the Asset Owner Series to other CFA Societies globally. To date, they have worked with the Hong Kong Society, the Atlanta Society and CFA Society Japan to support events in those areas. Several other societies are working with CFA Society New York, who helps secure speakers, venues, and sponsorship for these popular events. The series addresses the member gap indirectly but in an important way – building the society's relationships and content with leading global asset owners raises their profile as a leading industry organization and brings their members' key clients to the society. The society aims to benefit members by building connections with and learning from these leaders, and by their affiliation with the CFA Society New York brand. This will continue to attract membership gains over time. For more information about the Asset Owner Series visit this link:

<https://www.cfany.org/cfany-asset-owner-series/>.

Strategic grant funding in FY2018 and FY2019 is supporting the following society infrastructure projects related to content:

- New video and recording equipment for high quality recording and editing of live events;
- The hiring of a Content & Multi-media Director;
- Support of the CFA Society New York Asset Owner Series, including dedicated staffing; and
- Development of the Asset Owner Series Federation, a council to encourage global society collaboration and to provide support and advice to local societies hosting AOS events. The society aims to support a total of five global events in 2018, and ten each in 2019 and 2020.

## **CFA SOCIETY INDIA**

**Challenge:** High supply of candidates versus small industry size

**CFA Institute Action:** Low industry recognition and low employer support of the charter were mentioned at the May SPAC meeting as contributing factors in the growing unaffiliated and charter pending populations in India. We believe these are among many of the potential contributing factors, and not unique to India.

Data collected by our staff in India indicate that many employers in India prefer CFA charterholders and candidates, but the industry is unable to absorb the population. There has been a rapid and disproportionate growth of CFA Program candidates over the last decade vis-à-vis growth of the investment industry and core industry role in the country.

We do not have clear evidence that employer recognition is lower in India than in other developing markets. While the percentage of employers paying CFA Institute membership dues, exam fees, and society dues is

relatively low, this may not be directly correlated with lack of recognition but rather with lack of understanding or value of the charter itself (i.e., professional designation and membership).

Our institutional relations, services delivery, and India office staff are working to build awareness of the charter in India through direct employer engagement and investment in the global brand campaign. Dedicated campaigns are in place to better engage with our Level III candidates and recent charter pendings to improve awareness and help them complete the membership process. Given the sheer size of the candidate and charter pending populations, the society and its chapters are challenged in their capacity to serve these individuals. As part of the Candidate Journey initiative, we are actively considering ways in which CFA Institute can support societies in engaging these populations without undue burden. This work will be critical to supporting and leveraging the ongoing rapid growth of the CFA Program in India and throughout Asia Pacific.

**Challenge:** Misuse of designation

**CFA Institute Action:** Following a bylaw change implemented on 1 December 2015, the Professional Conduct team created the Misuse Project to search lapsed members to find those individuals who may be misusing the CFA designation.

As of 31 May 2018, the team has conducted more than 28,000 searches and found more than 9,700 cases of misuse by charterholders who lapsed their memberships between 2012-2016 or those with a charter pending between 2014 and 2015. This has resulted in over 4,500 reactivations; approximately 56% of which also reactivate their local society membership. Moving forward, Professional Conduct will annually conduct a search of charterholders who lapsed the year prior and remain lapsed at the time of the search. For example, starting in July 2018, Professional Conduct will search all charterholders who lapsed their membership in 2017 for cases of misuse.

If individuals are not compliant with initial warnings, they are summarily suspended, and their name is published in the CFA Institute Magazine and on the CFA Institute website. The Summary Suspension can be rescinded if they agree to comply with our investigation and requests, i.e., stop misusing the designation. In total, 21 names have been published in the CFA Institute Magazine and the CFA Institute website. Of the 21, only one individual was from India.

Historically, there have not been many individuals who have reached this stage as Professional Conduct works to return these individuals to active member status. As noted, over 4,500 lapsed charterholders reactivated their membership following Professional Conduct's communication.

## **SHARED**

**Challenge:** Difficult, and lengthy, reactivation and activation process

**CFA Institute Action:** In the next few months we will launch a new Membership Application and Membership renewal digital experience. The technology was re-engineered to provide vast improvements to members' experiences and dramatically increase the visibility of societies through the application and renewal processes. Although voluntary to maintain society membership, we expect these changes will raise awareness of the importance of belonging to a society and move us closer to our Societies 2.0 goal of delivering member value.

**Challenge:** Dealing with a younger candidate and member population, one with differing needs than previous generations of charterholders

**CFA Institute Action:** The average age of CFA Institute members globally has fallen steadily over the past decade as our candidate base has grown and as younger populations enter the program. It is important that these populations be engaged early as data indicates that higher Millennial populations in a society positively correlate with lower retention rates and higher lapse rates. There is a clear need to find ways to reach, engage, and retain this younger generation.

Candidate and member journey initiatives are underway to engage future and current members across the span of their careers, including from the early stages of their entering the industry and the CFA Program. Raising standards of professionalism among our membership requires improving engagement in their local membership bodies, i.e., societies, and encouraging lifetime learning via continuing professional development. Services Delivery has created a prospect-to-member customer journey aimed at fostering a deeper connection with the CFA Institute community, including with societies.

Many societies serve their candidate populations already, both with exam preparation and networking and career events. A handful have dedicated candidate membership categories. Recent consultation with societies validates our plans to communicate the concept of professionalism to candidates and begin exploring potential society offerings to better serve this community.

Millennials tend to engage through technology more than their older peers. The Member App; our future CPD platform; robust society and CFA Institute websites; social media; and communications and marketing tailored in style and tone to a younger audience are each part of our strategy for engaging this group. We will be closely collaborating with societies and conducting further study of the needs of this group across the industry and within the various geographies and cultures in which we operate.