

One-Year Anniversary Note to Members and Charterholders

Colleagues,

This week marks my one-year anniversary as president and CEO of CFA Institute.

In the days and weeks leading up to starting this role a year ago, I had a lot on my mind and much to ponder. I was excited to begin this next chapter in my career and felt a keen sense of pride and responsibility in leading an organization that has meant so much to me and all of us.



I have had a long association with CFA Institute from my early days of earning the charter, to my deep involvement with my local society in Toronto, and from my days on the Board of Governors. I felt incredibly energized at the opportunity and the challenges that I saw ahead.

Of course, I did not foresee all of the challenges. And what a first year it has been.

My early days were marked by much travel and taking a deeper dive into our organization and our place in the industry. I learned much from my early travels to our offices, society events, and other gatherings around the world, and I hope we can get back to meeting in person sometime in the not-too-distant future.

Prior to travel restrictions, I had the opportunity to meet with many important stakeholders and influencers in our industry, such as Hiro Mizuno, Mark Carney, and Janet Yellen, to name a few. I always knew about the convening power of CFA Institute, but the experience over this first year has crystallized that and brought it to the fore.

Our neutrality—our focus on investor outcomes for the ultimate benefit of society as opposed to a particular commercial outcome—combined with the high regard in which our credentials are held, puts us in a position of real strength. Our global reach is unparalleled for an organization such as ours. Prior to arriving at CFA Institute, I also knew about the passion of our people—our members and charterholders, volunteers, and staff—but that is so readily apparent to me now. I continue to be impressed by the enthusiasm of everyone in our ecosystem.

That said, in late 2019 I took greater note of the winds of change in our industry, which challenge us all to adapt and question our assumptions. Our industry faces real threats to business-as-usual—as anyone who reads our Future of Finance research will surely know—issues such as: automation and artificial intelligence; passive fund growth; fee compression; industry consolidation; changing investor expectations, particularly in the realm of ESG investing; and much more.



So we launched a strategy review in order to guide how we should adapt CFA Institute to these changing circumstances. And then the circumstances changed indeed: a global pandemic.

I am proud of how our organization adjusted. Our staff transitioned to working from home in short order and have continued to deliver during this long and challenging period. By way of example, we quickly pivoted to all-virtual events, including holding our annual conference online. Please keep our roster of [virtual events](#) on career management, executive perspectives, and client strategies in mind.

There were some things, however, that we could not overcome. The COVID-19 pandemic forced the first-ever postponement of our exams, and we deferred our June candidates to December or dates in 2021. The postponement of the June exams represented an extraordinary business decision with material impact to CFA Institute. The organization's financial support for societies and for everything we do depends on candidate revenues and the successful administration of the exams, so this dramatic turn of events posed significant challenges.

In response, our attention and efforts focused on helping our candidates not lose momentum and rebook for the exams. Though we always had a longer-term plan to evolve all three levels to computer-based testing, we accelerated this transition and thus December will mark the final paper-based exams.

While this marks the end of an era for CFA Institute, technological advances in computer-based testing enable us to meet the growing global testing demands of candidates and will improve their experience with a wider selection of test venues and more flexible scheduling options. This will also help mitigate our risks since we only offered testing twice a year—and we have seen what can happen when one of those dates becomes unviable.

Our teams are working diligently to ensure a seamless transition and superior exam experience for our candidates. It goes without saying that we will uphold the rigor of the passing standard to earn the charter; I assure you that this transition will not make the exams any easier. I, like my fellow charterholders, care deeply about what those three letters mean, not just historically but going forward.

Our updated strategy, which has now been approved by the Board of Governors, will further our acceleration. We will seek to: increase our influence; increase and diversify our constituent base; and scale and diversify our product portfolio.

Part of our new strategy entails building a modern, fresh professional learning and development experience. We have a compelling opportunity to serve a broader investment and financial services global audience with our newly imagined strategy to create a digital learning platform and instructor-led learning. Our plan is ambitious, and there will be more news to come on this as we advance.



We will also be bringing a new and special focus to the member, candidate, and wider audience experience, using data, analytics, and technology to provide a holistic view of all of their interactions with us and our programs.

And we will continue to be vociferous advocates for professional excellence and investor protection. This remains core to our mission and central to our influence.

The budgetary impact of the exam postponement and the implementation of the new strategy will necessitate some changes within our organization. We must become leaner, more nimble, cost-conscious, and forward-looking. This has not been an easy exercise, but those plans are underway.

I mentioned ESG investing earlier. The pandemic has brought an even greater focus to what was already more than a trend. I have two exciting initiatives to report:

- There is strong interest and global demand for an ESG Certificate, and we are partnering with CFA Society United Kingdom to globalize access as quickly as possible to the very successful program they initiated.
- Also, we have launched an effort to define an ESG product standard. Setting global industry standards to ensure transparency and safeguard trust remains an integral part of our mission. With growing interest in ESG investing, we found widespread support to develop a standard to reduce confusion and facilitate better alignment of investor objectives around such products.

We recently published a Consultation Paper seeking feedback on the proposed scope, structure, and design principles for this voluntary standard. Our [ESG hub](#) will keep you informed. Ultimately, we hope that ESG Disclosure Standards for Investment Products will add to our current offerings, which include the Global Investment Performance Standards (GIPS®) and the Asset Manager Code.

As I look to the future, I remain an optimist. I look forward to the administration of the December exams and our full transition to computer-based testing in 2021. I am excited about the future role of our societies and members in conjunction with the roll-out of our new organizational strategy.

I have confidence in the industry and our leadership role in it going forward. And I give my commitment to our charterholders and members that we will remain good stewards of our organization and uphold our global "gold standard" brand reputation.

Thanks for your support, and be well.

Margaret Franklin, CFA
President and CEO