

# PRACTICAL GUIDE TO ADVOCACY FOR SOCIETIES

Advocating effectively for members and ethical markets is a key strategic objective for CFA Institute. It is an essential component of delivering member value. Societies are integral to meeting this objective; they are uniquely placed to provide insights, views, and opinions on regulatory and ethical issues facing the investment profession in local jurisdictions. As such, society advocacy can help deliver more member value locally, and thus should be a core element of the society portfolio of activities.

## INTRODUCTION

This guide to society advocacy explains what is meant by advocacy in a practical sense, sets out the different levels of advocacy engagement and the types of activities to pursue, and clarifies the resources and practices needed to sustain an effective advocacy effort. In doing so, it explains the purpose, goals, expectations, and outputs from society advocacy.

A successful and sustainable commitment to advocacy can help societies better serve their members' interests; build the profile of the society and its members; raise awareness of important regulatory and ethical issues in local markets; and position societies to be seen by local policymakers and industry stakeholders as an investor-focused, practitioner-informed source of authority on local capital markets issues.



To find out more please visit [www.cfainstitute.org/ethics](http://www.cfainstitute.org/ethics)

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## WHAT WE MEAN BY ADVOCACY

Put simply, “Advocacy” means speaking up about ethics, trust, and professional standards; supporting fair and transparent financial markets and practices; and protecting the interests of investors. We are encouraging societies and supporting society leaders and other volunteers in:

- › Communicating with members about advocacy initiatives and positions, and
- › Reaching out to local industry groups, regulators, media, and investors.

### What we stand for

- › CFA Institute, a longstanding champion for ethical behaviour and professional excellence in the global capital markets, advocates for fair and transparent markets for all investors.

### Our vision builds on our beliefs that:

- › Financial markets should be free and equitable so that every investor has a chance to earn a fair return
- › The interests of the ultimate investors must take precedence over the interests of all other market participants

- › High ethical principles and self-regulatory standards are as important to market efficiency and fairness as rules and regulations.

Our commitment to professional ethics is at the core of what we do. In order to promote high ethical standards and advocate for financial market integrity and investor protections, we:

- › Set and maintain global standards and professional codes of conduct for the investment profession
- › Promote improved financial reporting so investors receive clear and consistent information
- › Advocate for integrity in the capital markets through research, guidance, and publications on issues such as corporate governance, investment management, and market practices
- › Support investors around the world in ethics workshops and provide input on regional regulatory issues and topical research reports.

Through this booklet and our other society-driven advocacy efforts, we hope to improve member awareness about important market and regulatory issues and expand the reach of our advocacy efforts.

Societies are instrumental in expanding the reach and impact of advocacy on behalf of all members. Indeed, outreach on advocacy-related issues can provide ongoing opportunities for societies to build brand awareness for themselves and for CFA Institute as a whole.

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## LEVELS OF ADVOCACY ACTIVITY

Broadly speaking, advocacy at the society level is defined by three levels of activity. The ability of societies to conduct advocacy – and at what level – will be determined by the size and scale of resources available to them to further advocacy objectives.

### The three levels are:

- i. *Member Education and Information Distribution.* Society advocacy is geared around the distribution and promotion of CFA Institute content and positions, as well as communication about work in the areas of ethics, standards, and research. In this capacity, societies serve as a ‘mouthpiece’ for CFA Institute in their local jurisdictions. The primary target audience for information and education is the society membership.

- ii. *Industry Awareness and Partnership.* Societies engage in promoting CFA Institute codes, standards, the value of the CFA charter, and the ethical values of CFA charterholders, as well as work collaboratively with CFA Institute to develop advocacy activities. Examples include promoting the adoption of CFA Institute codes and standards by local employers and other firms; co-sponsoring local events with other industry groups; and building media and public awareness through opinion editorials, expert interviews, and press releases on CFA Institute research.

- iii. *Policy Maker Advocacy and Autonomy.* Societies develop their own advocacy positions, content, and activities as they relate specifically to their local jurisdiction, with support from CFA Institute as needed. Their objectives are to build relationships with local policy makers and to offer input geared around their own local issues, laws, and regulations.

There will of course be regional differences, but each and every society can participate in advocacy. Indeed, every society can help disseminate and promote CFA Institute content, and many societies are already more active than this. Some societies are able to work autonomously by forming advocacy committees or interest groups, developing local expertise on issues, and communicating directly with local regulators.

In general, society advocacy should encompass a combination of the first two levels. Societies that are relatively small, with limited resources, might be expected to weight most of their activities towards level 1, whilst medium to large societies might be expected to weight most of their activities toward level 2. National societies, in particular, should also develop the ability to deliver level 3 activities, making a key contribution to expanding the global reach of CFA Institute and its advocacy voice.

## TYPES OF ADVOCACY ACTIVITY

Advocacy activities should be designed to further the interests of members, investors, and the investment profession. To that end, it involves the promotion of ethical principles and standards of professional conduct that are consistent with CFA Institute codes and standards, and promulgation of positions relating to financial market integrity. The following is a non-exhaustive list of advocacy activities:

- › Holding events to promote ethical practices, codes and standards, and advocacy content and positions and to engage key stakeholders.
- › Meeting with local employers and the leaders of investment industry firms to promote adoption of CFA Institute codes and standards, such as the Asset Manager Code of Professional Conduct, Global Investment Performance Standards (GIPS®), Endowment Code of Conduct, and Pension Trustee Code.
- › Inviting local policy makers and industry leaders to speak at society events to build awareness and relationships, and to promote ethical practices and professional standards.
- › Providing commentary through the media and undertaking wider public awareness activities.
- › Developing member surveys to elicit feedback and opinion from local investment professionals on issues that concern the industry.
- › Meetings with local regulators and legislators to set forth positions and views on relevant matters.
- › Responses to local regulatory consultations and comment letters to local policymakers, standard setters, and legislative representatives of the society's local jurisdiction.
- › Drafting of research reports and position papers to advance views.

**All societies should commit to undertaking at least four of these initiatives per annum.**

## ADVOCACY SUSTAINABILITY AND RESOURCES

The clarity and sustainability of arguments are strengthened when they align with CFA Institute positions. A consistent message reinforces our collective voice on advocacy issues. To build consistency in their advocacy messaging, societies should refer to the resources at the bottom of this section when developing views and positions. The following are considered best practice towards a successful and sustainable advocacy program:

- › **Make advocacy part of the Society strategic plan.** Define areas of opportunity for impact and establish a goal for the local advocacy efforts. Determine the level of resources available and appoint an advocacy leader or Chairperson.
- › **Form a committee.** Establish an advocacy committee with two to three like-minded volunteers for the designated Chair and Vice-Chair, and at least one other member volunteer. Ideally, the committee should be comprised of seasoned and articulate practitioners from the investment community who can provide insights based on industry experience. Meet regularly and discuss the local market drivers and issues.
- › **Build contacts.** Identification and development of relationships with key regulators, legislators, media, trade associations, think tanks, and other stakeholders can help maximise the impact of any advocacy initiative. Development of an advocacy network of contacts, both externally and internally (amongst the membership), is necessary to get the most out of society advocacy resources.
- › **Make a plan.** Identify at least four projects or ideas to pursue and establish specific targets and goals. Collaborate with CFA Institute staff and align your messages and positions. Identify local topic area experts and specialists and ask them for help with input on projects, events, and speaker opportunities, etc.
- › **Recruit a spokesperson** by identifying like-minded industry leaders as well as those who have permission to speak out on issues. Educate them on issues and goals, and offer them up to the media and policy makers.
- › **Find partners to build society public awareness and programming.** Reach out to other local industry groups that share common issues and jointly approach regulators and government agencies.
- › **Use our online tools for support,** including the Society Leadership Resource Center and the 'Ethics' section of the CFA Institute website for content and materials to assist the development of local advocacy content, positions, and activities, and to achieve consistency in advocacy messaging. The following are useful links:
  - › **CFA Institute website – "advocacy" home page:** <http://www.cfainstitute.org/ethics/>
  - › **Society Leader Resource Center:** <http://www.cfainstitute.org/slrc/private/programming/ethics.html>
  - › **Market Integrity Insights Blog:** <http://blogs.cfainstitute.org/marketintegrity/>
  - › **CFA Institute Codes, Standards, and Position Papers:** <http://www.cfapubs.org/loi/ccb>
  - › **Twitter:** @MarketIntegrity

We support fair, ethical and transparent global financial markets.



## DOS AND DON'TS FOR LOCAL ADVOCACY


- › **Do** communicate with your own board and your own members about what you are doing to advocate locally – keep them up to date and engage them whenever possible.
- › **Do** promote the value of the CFA charter and the ethics and professionalism of CFA charterholders in your communications – building brand awareness is a part of what we do.
- › **Do** provide a concise summary of who you represent when you communicate – the members, the society, and CFA Institute.
- › **Do** encourage ethical conduct by all industry participants by offering our codes and standards, our policy positions, and our research to a broad audience – it is helpful to reach beyond our members to provide ethical leadership and to have a real impact.
- › **Do** utilize the resources provided for local advocacy from CFA Institute – consult our online resources and ask our staff for advice and assistance.
- › **Don't** contradict the policy positions of CFA Institute – it is important that we speak with 'one voice' on the issues.
- › **Don't** direct criticism of specific individuals and firms – it is better to address the actions taken, or not taken, rather than those who engaged in the activities.
- › **Don't** direct criticism of regulators and other policy makers – it is more effective to critique the proposed regulations or laws and to offer your expertise and advice towards improving the end product.

We actively promote the value of the CFA charter and the ethics and professionalism of CFA charterholders in our communications.

## NEED MORE INFORMATION

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