

Proposed merger of VBA beleggingsprofessionals and CFA Society Netherlands

To: Members of VBA beleggingsprofessionals
Members of CFA Society Netherlands
CFA Institute

Amsterdam, 7 August 2017

Dear member,

VBA beleggingsprofessionals (VBA) and CFA Society Netherlands are both well-established professional associations, recognized by their members and others throughout the investment industry for how they contribute to shaping the industry. An industry that is continuously changing due to globalization, governance, information technology and robotics. At the same time, it is facing challenges, such as restoring the public's trust. Both associations put great effort into guiding investment professionals in general, and their members in particular, through these changes and challenges. They both do so by promoting professional excellence, by offering (continuing) education programs, through research, and through engagement with industry associations, policy makers, and regulators. They both do so with the help of their members, who volunteer time and effort.

Notwithstanding the accomplishments of both societies, they aspire to be of more value to their members, and to have a positive impact on the industry and the whole of society. A close cooperation of the two associations is a logical way of doing so.

Since 2014 the boards of CFA Society Netherlands and VBA have been actively exploring the benefits of closer cooperation. This exploration has led to the belief that to be strong enough to face the challenges in today's industry and to provide the best level of added value to members, VBA and CFA Society Netherlands should merge. The boards have been actively working on a merger proposal since early 2016. The prospect of a merger is both exciting and promising, but a merger is also irreversible and complex. Regular consultations between the boards and (committee) members was needed to ascertain that all stakeholders were on board. The boards have now come to a stage where it is time to share the proposal with a wider audience of members, the boards of the individual societies, and with CFA Institute, in preparation of a formal approval by the boards and the members of the associations later this year.

This document sets out to explain:

- the rationale for the merger from the perspective of the associations,
- the benefits of the merger for current members, and
- the design of the new association such that the sought-after benefits are indeed created

This document is a starting point for further development of the merger proposal. Please feel free to contact one of the board members to share your thoughts.

On behalf of VBA beleggingsprofessionals and CFA Society Netherlands,

Alfred Slager, RBA, Chairman VBA beleggingsprofessionals

Gerben Jorritsma, RBA, Vice-Chairman VBA beleggingsprofessionals

Hikmet Sevdican, RBA, Treasurer VBA beleggingsprofessionals

Bas Bosma, Board Member VBA beleggingsprofessionals

Jens van Egmond, RMFI, Board Member VBA beleggingsprofessionals

Melinda Rook, MBA, RBA, Board Member VBA beleggingsprofessionals

Anisa Salomons, Board Member VBA beleggingsprofessionals

Jacco Heemskerk, CFA, Chairman CFA Society Netherlands

Jeroen Bos, CFA, CAIA, Vice-Chairman CFA Society Netherlands

Alex Morozov, CFA, Treasurer CFA Society Netherlands

Joost Calje, CFA, Career Development Chair CFA Society Netherlands

Cees Harm van den Berg, CFA, Programming Chair CFA Society Netherlands

Pieter van Putten, CFA, Advocacy Chair CFA Society Netherlands

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1 A changing industry demands one strong professional association

More people than ever rely on financial advisors, asset managers and pension professionals to help them with the major financial decisions in their lives, as an ageing population must save, in one way or another, for a stable financial future.

Recent developments demand that investment professionals have the knowledge and skills to work in their clients' best interest, according to the highest standards of integrity, are well educated, have an eye for the future and all for the benefit of society. Investment professionals need to be prepared and agile in order to meet shifting and growing expectations, with educational requirements in relation to MiFID 2 being a case in point.

The role of professional associations is vital to both restoring trust and to developing skilled and competent professionals who are passionate and serious about their profession, and willing to work for and help their clients and society.

VBA beleggingsprofessionals (VBA) and CFA Society Netherlands are strong and vibrant societies in the midst of this changing world. Both aim to improve and set a standard for the quality and integrity of the investment profession, and to lead the industry's thinking in the area of ethics, integrity, and excellence of practice. In the Dutch industry both VBA and CFA Society Netherlands pursue professional excellence, by offering (continuing) education and research and through engagement with industry associations, policy makers and regulators.

One established, strong and credible professional association will facilitate the investment professional to prepare for and master these new challenges.

2 Rationale for a merger

Faced with similar challenges, desiring to do more for their members and working for the same target audience, the rationale for a merger of VBA and CFA Society Netherlands is convincing:

- **Bigger impact.** Both associations act as ambassadors for the industry, maintaining relations with regulators, industry associations, employers, policy makers and academia. They voice the concerns and wishes of members to further improve the profession and help clients. Operating as one party, increases the influence and impact of the association.
- **More to offer.** Activities and services now uniquely provided by both associations to their own members can be unlocked by a merger. For instance, the knowledge and international network of CFA Society Netherlands will be open to VBA members and the national network and roots of VBA will be made available to members of CFA Society Netherlands.
- **Economies of scale.** With their objectives being so heavily aligned, both associations direct their efforts towards similar activities (i.e. events, industry outreach). Bundling these activities frees up precious time and funds that can be spent on improving the quality of these activities, or on adding new activities and services for members.
- **Global reach.** Due to the continuous and irreversible globalization of the finance industry, alignment with the global organisation CFA Institute adds an essential third dimension.

3 What members stand to gain

The members of VBA and CFA Society Netherlands have much in common in terms of profession, interests and values. At the same time, they are a diversified group in terms of their career phase, (inter)national focus, educational background and employer. The merger advances the goals of both associations, while simultaneously boosting benefits for members. This is why 'inclusiveness' is a leading principle for the new association. All VBA and CFA Society Netherlands members will feel welcomed and valued by the new association.

The following will help both former VBA and CFA Society Netherlands members to become better, smarter and more trustworthy investment professionals:

- More live events on a wider range of topics and a broader speaker pool
- More written and on-line content, webinars and research, in English and in Dutch on both local and global content
- More opportunities for educational content, courses and workshops
- More skills-oriented and career management resources
- More members with more diverse backgrounds to expand networks
- More knowledge and experience to share
- More chances to participate through active committees, working groups and volunteering
- More content, contacts and resources through association with CFA Institute (Appendix B)

Mergers benefit different stakeholders to different degrees. Members will notice changes in the way things are done, in the people they meet at events, and in the way information and content is delivered:

- VBA members will participate in a larger global community rather than a local organisation. And their interfaces for websites, membership procedures and communications will look different.
- CFA Society Netherlands members will engage in more initiatives and activities take place within a more extensive committee structure. They will experience more activities and communications occurring in Dutch as well.

The boards of both CFA Society Netherlands and VBA are aware that there might be hurdles but are committed to ensuring that the transition is as smooth as possible, that communication lines are open and that all members reap the rewards of the merger, while inconveniences are minimised. The merger is a work in process; processes will evolve over time while we learn more about each other and our individual best practices.

Both boards recognise that cultural differences do exist and need to be addressed. Therefore, the boards have agreed to explore the shared values of the two organisations as a basis for our future mission, vision and strategy. From a strategic perspective, we will proactively balance and blend the two cultures and to draft a combined mission statement and vision for the new organisation. Pragmatically, measures will be taken and policies will be updated to address the structural integration of members through activities/programming, committees and volunteering. The CFA Society Netherlands Mentoring program is one example of a practical and logical way to connect members from both organisation. Finally, the new board of the new association will be a visible example of cooperation and will show leadership by taking ownership of the integration process and monitor it continuously.

4 Design of the new association

To realize the sought-after benefits for the associations and their members, a design was drafted for the new association. The design focuses on determining the best practices of either or both organisations and combining them under the Design Principles (Appendix A). This chapter outlines the main components of the proposed combined organisation.

4.1 Profile of the new association

The mission and vision of CFA Society Netherlands and VBA are currently very much aligned and are based on shared values with regards to professional excellence, ethics and conduct. A new mission, vision and strategy will be defined by the board of the new association, but will remain loyal to our original shared purpose.

The new association comprises:

- Over 4,400 investment professionals located in the Netherlands, including
 - 1,650 investment professionals with a CFA, RBA or RMFI title
 - 550 other investment professionals
 - 70 CIPM holders and candidates
 - 150 Investment Foundations certificate holders and candidates
 - 2,000 CFA program candidates
- An educational offering that is both wide (diversity of topics), deep (spanning several career stages) and of high quality
- A balanced program of events and career development activities
- A wide range of committees and working groups covering different topics and themes (Appendix D)
- The capacity to act as a strong and visible interlocutor for policy makers, industry associations, journalists, universities and employers in the Dutch market
- The benefits a strong international network and the services of membership in CFA Institute

It is the design that determines how well this profile can be executed. The new association will be a non-profit organisation, aiming for a balanced budget and creating maximum value for its members. The board of the new association will start with equal representation from both associations. Operations will be supported by the merged staffed offices of VBA and CFA Society Netherlands. The legal structure is discussed in more detail below.

The design builds on the existing strengths of VBA and CFA Society Netherlands. The highly structured and active committee structure of VBA will remain intact (see Appendix D) and will be expanded and diversified by adding CFA Charterholders to the committees. CFA Society Netherlands members will also now have access to VBA's well-established, and professional Permanent Education courses and the quarterly magazine VBA Journaal. Young CFA candidates and Charterholders can be mentored by a larger group of experienced VBA members who are active in the association and the profession.

The new association will be a member society of the 149-strong network of CFA Institute societies worldwide. CFA Institute is a global community of investment professionals dating back to 1947. Being a part of the CFA family brings with it a vast array of content, speakers, knowledge and research as well as the logistical and strategic support that comes with being

part of a global organisation. See Appendix B for more about benefits of partnering with CFA Institute.

4.2 Name and branding

Initially, the new association will carry a new combined name **CFA Society | VBA Netherlands** and both brands will be represented equally in the name and logo (a sample shown above in the header) so that each entity is easily identifiable to its stakeholders. After a period of four years the VBA brand will be aligned with the CFA Institute brand under the name of CFA Society Netherlands. Resources will be made available to communicate the introduction of the names/brands at each stage through means of media brand campaigns targeting all stakeholders.

The VBA brand will retain its value and reputation as a leading local provider of investment education programs and continuing education by renaming, and reinforcing its two foundations (more in section 4.4.3 below).

4.3 Educational offering

The new association will offer a broad package of educational programs and continuing education modules that encompasses the current combined offering of CFA Society Netherlands and VBA. Features of the programs are:

- Variation in investment topic, specialization and level of depth offered
- Something for each career stage (including the ‘experienced professional’)
- Complementary to each other with minimal overlap
- Caters to MiFID 2 requirements in terms of education
 - Builds on the well-established programs of VBA and CFA Society Netherlands
- Makes use of strategic relations with local universities and CFA Institute

4.4 Educational programs and designations

The new association will offer the following educational programs and designations for the following target groups.

- CFA Program (CFA Charter)
- VU-IM Education (RBA)
- CIPM Program (CIPM Certificate)
- Master Risk Management for Financial Institutions (RMFI)
- Investment Foundations Program (Investment Foundations Certificate)

The current Master Investment Management (VBA-IM) offered in collaboration with the VU University is part of VBA’s current education program. This program in its current shape is sometimes perceived as having significant overlap with the CFA program. The merger provides an opportunity to reposition this VU-IM program into a new “VBA program” that is clearly distinguished from the CFA program and will fit seamlessly into the educational product suite of the new society.

4.4.1 The new 'VBA Program'

The new 'VBA Program' will be aimed at the more experienced investment professionals. The content focusses on European and Dutch market structure, client set-up, best practices, application of investment knowledge, laws and regulations and management skills and competencies. The VBA program will be a multi-year program leading to the RBA designation. In addition, it will be possible to follow specialisation tracks and modules from the full program resulting in individual VBA certificates that could potentially also match MiFID 2 requirements. In terms of content, target audience and learning format the new VBA program clearly distinguishes itself from the CFA Program while complementing it, by adding local market elements and fulfilling local requirements in the case of MiFID 2.

The VBA Program will be developed over the course of the next two years. During the development phase of this new program, the VU-IM program will continue to be offered and enrolled students will be able to complete the full program.

4.4.2 Continuing Education

The new association will continue to offer Continuing Education (CE) in the form of local events, articles and other qualifying activities. The CE offering will be expanded by the addition of career development opportunities and the vast array of content offered by CFA Institute, available on-line and through international publications and conferences (see Appendix B).

The new association will adhere to the CE guidelines of CFA Institute and will continue support and administer the continuing education activities of its members. A minimum of 20 hours of earned CE is strived for on a yearly basis.

4.4.3 Educational Foundations

The two foundations that are part of the VBA realm as the board of VBA is also the board of the foundations. The structure was set-up to develop educational activities in ring-fenced not-for-profit entities. The board of the new association will also serve as the board of the two foundations and hence have control over these entities.

Stichting VBA Opleidingsinstituut Morreau and Stichting Register Risk Manager for Financial Institutions – will remain. They are aimed at offering education possibilities in the field of investments and the area of risk management respectively. They monitor the quality and integrity of respectively the RBA and RMFI title and will continue to do so after the merger. Finally, these foundations keep the registers of designation holders.

The foundations may be renamed after the merger for marketing purposes, but parties agreed to continue to use the VBA as it has strong brand recognition and will help market the new modules/program.

4.5 Programming

4.5.1 Events Calendar

Members will enjoy a larger, broader, higher-profile and more specialised events offering. With regards to programming and continuing education (CE) events, the objectives of the new association are:

- A programming calendar balanced in terms of content, location, language, membership category, timing and price
- A minimum of 40 CE points through live CE events
- A reasonable number of events, commensurate with the resources available
- An increase in the number of local CE content and event offerings for all member demographics
- Most CE events free of charge; exceptions apply to CE/PE modules and large/flagship events
- Career Development activities which are also eligible for CE points
- Extended CE/PE modules, courses and workshops

4.5.2 Non-CE Events and Services

Investment professionals are also encouraged to manage their careers and professional development. The merged association has valuable tools available including mentoring, networking events, career counselling and an (international) job board. In addition, training opportunities for 'soft skills' will be offered as will opportunities to develop diversity efforts through the Women in Investment Management initiative.

4.5.3 Universities and third parties

The new association will continue to work closely with several Universities through the CFA Institute University partnership program and Universities closely tied to VBA by encouraging extensive cooperation on events, sharing educational content, interactions with students, the CFA Institute Research Challenge, CFA Program scholarships, the VBA Program and more. In addition, the new association will continue to work with third parties to provide additional and more varied quality content to our members. Examples of these are CAIA, Amsterdam Institute of Finance, or the Actuarial Society (AG).

4.6 Membership Framework

4.6.1 Membership categories and benefits

Current regular members of VBA and CFA Society Netherlands will automatically become regular or affiliate members of the new association and of CFA Institute. All current members will fit into the new membership category structure and all members will enjoy the same benefits per category. For a detailed description of the proposed membership framework please refer to Appendix C.

After two years, the structure of the membership categories and benefits will be reviewed by the board to assess if they are still relevant to the membership demographics at hand. The board may decide to add or restructure categories and benefits to accommodate changes in member needs and demands.

The new association will make use of the membership categories framework and member administration (registration and invoicing) of CFA Institute. All current VBA members will fit into the new framework. VBA's special category memberships (honorary, senior, etc.) will also fit into the new framework. With the exception of signing CFA Institute's codes of conduct, the application requirements for CFA Institute will be waived for VBA regular members.

4.6.2 Membership fees

All members should be treated equitably: they should experience the same benefits for the same price at the outset of the new organisation. The annual regular/affiliate membership fee for the new association will be set at the prevailing rate of CFA Society Netherlands: \$400.

The current fee for VBA regular members is €300. This divergence in fees will need to converge over time. Because the boards of both associations feel it is important that VBA members experience the benefits of the new association and of CFA Institute before being subjected to a price increase, the initial gap in membership fees will be bridged for two years, through use of part of the reserves of both current societies.

After two years, the board will review the membership fee structure and current financial situation, to determine to what degree membership fees need to be adjusted. At that point, fees for all former VBA and CFA Society Netherlands members will be equalised.

4.7 Organizational structure

4.7.1 Legal Association design

The new legal entity will be formed through a legal merger in which VBA is the acquiring entity and CFA Society Netherlands the acquired entity. This route was chosen due to practical arguments largely related to the more complex legal structure of VBA. This is related to the existence of two Foundations for which the VBA board, as stipulated in the bylaws of both foundations, also perform the role as board. In addition, VBA has several contractual obligations, most importantly employees with open ended contracts.

The new association will sign a licensing agreement with CFA Institute for use of the CFA brand name and logo and to become part of the CFA network.

CFA designation holders will remain members of CFA Institute and become members of the new legal entity.

All assets and liabilities of CFA Society Netherlands will transfer to VBA. VBA's two existing foundations will continue to operate as they currently do, by supporting the education portfolios of the new VBA Program, the Risk Management program and the continuing education program.

The merger structure is also being reviewed by tax specialists to identify any adverse tax situation which may arise by combining the two organisations.

4.7.2 Board design

The first board of the new association will consist of eight board members; four from CFA Society Netherlands and four from VBA.

In the initial stage the board will focus on the implementation of the merger and the integration of the two cultures. The new board will be visible, exhibiting leadership, show a proactive commitment to the merger and directly monitor the integration progress. Given the work at hand the board will closely monitor the available capacity of the staffed office. This enables the staffed office to work on the implementation aspects of the merger and resume the ongoing activities in parallel.

In time the board will function as a strategic board, with a professional staffed office and an integrated, involved, hands-on, committee structure. Such a structure allows for senior professionals to serve as board members of the new association while allowing a larger group of members more opportunities to contribute through serving on committees.

The first new board of the association will be selected by the two existing chairmen in consultation with a sounding board of past presidents. Existing board members can indicate their interest in roles, interviews will be held and the board selected based on interest, length of service, board experience and balance. Both VBA and CFA Society Netherlands will have four board seats. A roll-over scheme will be determined to ensure continuity over time.

The initial board will have following the positions:

1. Chairman: chairs the board meetings and appoints committees; guides the Society in attaining its short-term and long-term objectives.
2. Vice-chairman/Secretary: supports the chairman, assists the board in internal governance / decision making.
3. Treasurer: manages the financial affairs of the society.
4. Integration & implementation: monitors the integration of the society on a strategic and organizational level, respond to members' inquiries
5. Programming: manages the Events budget and event-related sponsoring, collaborate with other CFA societies, partner organisations or University partners
6. Education: increases awareness of the programs amongst students and professionals, keeps members abreast of new developments, stimulates discussion.
7. Advocacy & Ethics: increases communication about ethics, trust and professional standards, in order to support fair and transparent markets, better serve members' interest.
8. Membership & Career: promotes the advantages and benefits of membership through recruitment, assists potential members through the application process, respond to membership inquiries, and manage existing memberships

The Chairman will also serve as spokesperson for the organisation. The Vice-Chairman/Secretary will focus on governance of the new association. A separate chair is foreseen to manage the integration & implementation following the merger.

The statutes of the new association will address the structure and nomination and selection procedures of future boards. The main principles being:

- Minimum of six board members
- The bylaws stipulate the permanent roles of President, Secretary and Treasurer
- Representative of the member demographics in age, gender, designation
- All regular and affiliated members will be eligible
- Terms of two years with a maximum of three terms
- No compensation for board members
-

4.7.3 *Bureau design*

The staffed office:

- Supports the board in its statutory duties (strategy, finances, decision making)
- Is responsible for the vitality of the organisation
- Is the main point of contact for committees and members (events, membership inquiries)
- Is the first point of contact for stakeholders (CFA Institute, regulators, industry organisations)
- Coordinates and manages the merged organisation (committees, working groups)
- Ensures that the organisation lives up to standards of professionalism.

The bureau (staffed office) will be headed by the Chief Executive officer. Reporting to the CEO will be the Head of Business operations, the Head of General Secretariat and Head of Communications & PR. Where possible staff will be employed by the association. Developments regarding the Act DBA will be closely monitored as CFA Society Netherlands staff is currently being contracted.

4.7.4 *Committee Structure, working groups and volunteers*

The new association can only accomplish its goals through its committees, working groups and volunteers. The new association continues the established committee and working group structure of VBA with the added project volunteer groups of CFA Society Netherlands. In the initial stages focus will be on inclusion of all members into the committees. Committees fulfil a key role in the association by forming content expertise groups, organising events, publishing content and writing opinions and advice. Committees will operate autonomously within an established operational framework. A description of the committee framework can be found in Appendix D.

4.8 Language

The new association has a diverse member base with many nationalities. Inclusion is one of the design features of the new association and as such the language in which our offering is being made available to our members will be carefully considered. We anticipate a blend of Dutch and English content and the board will evaluate regularly if our offering suits our member demographics. Directives for the language used are:

- Members as well as stakeholders will be addressed as much as possible in their native language
- Written communication to members is bilingual or where possible in the preferred language of the member

- Events should aim for the best balance possible so that all member demographics receive the number of event/CE offerings that they experienced in the past.

4.9 Finances

4.9.1 Introduction

Both CFA Society Netherlands and VBA Beleggingsprofessionals are financially healthy in terms of their operations and reserves. By merging and joining CFA Institute the member dues will be collected by CFA Institute and partly rerouted in cash. The resulting gap will be bridged by CFA Institute. Overall the benefit of the merger are largely non-monetary benefits provided by CFA Institute.

4.9.2 Income statement

The new association should operate at break-even, the underlying assumption being that as much value as possible should be delivered to its members. From a statutory- and tax perspective we operate as a not-for-profit organisation. Notwithstanding the not-for-profit character the new organisation aims to have a minimal buffer to cope with unexpected expenses and be able to continue to pay its staff.

Main contributors to the income statement are

membership dues, royalties from the educational program with VU-University and sponsorship income. Key expense categories are salaries, event programming and continuing education, and the *VBA Journal*.

A business plan with 10-year financial projections was written. We expect the new CFA Society | VBA Netherlands to be break-even within 5 years. The board believes our financial assumptions are prudent. CFA Institute will provide strategic funding to help fund the merger, implementation cost and provide a bridge to the break-even scenario.

Revenue Projections	Combined 16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Usage reserves (equal contributions by VBA/CFA)			58.301	58.301	0	0	0	0	0	0	0
Society Membership Revenue	244.048	221.816	229.305	236.401	242.968	249.061	254.729	260.016	264.963	269.606	273.976
Operational funding CFAI	80.000	73.214	75.078	76.849	78.493	80.025	81.455	82.794	84.053	85.239	86.360
Previously committed Strategic funding CFAI	40.000	25.000	0	0	0	0	0	0	0	0	0
Programming and Events	86.199	87.061	87.932	88.811	89.699	90.596	91.502	92.417	93.341	94.275	95.217
Candidate Education	13.793	13.931	14.070	14.211	14.353	14.497	14.642	14.788	14.936	15.085	15.236
Continuing education	80.000	104.000	109.200	114.660	120.393	126.413	132.733	139.370	146.338	153.655	161.338
Sponsorship	79.608	75.000	75.000	105.000	105.000	120.000	120.000	120.000	120.000	120.000	120.000
Interest income	8.793	2.500	2.375	2.256	2.143	2.036	1.934	1.838	1.746	1.659	1.576
Other income	1.987	2.000	2.020	2.040	2.061	2.081	2.102	2.123	2.144	2.166	2.187
Publications	21.391	21.605	21.821	22.039	22.260	22.482	22.707	22.934	23.163	23.395	23.629
Royalties	10.000	10.000	10.000	10.000	15.000	20.000	25.000	25.000	25.000	25.000	25.000
Total revenue	€ 665.818,62	€ 651.131,73	€ 641.805,50	€ 689.772,80	€ 709.875,60	€ 747.196,18	€ 766.809,80	€ 781.286,33	€ 795.690,96	€ 810.084,74	€ 824.525,14
Costs Projections	Combined 16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Board Admin	17.071	17.412	17.761	18.116	18.478	18.848	19.225	19.609	20.001	20.401	20.809
Accounting/Consulting	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Programming and Events	115.000	115.000	117.300	119.646	122.039	124.480	126.969	129.509	132.099	134.741	137.436
Staff cost	348.142	349.883	351.632	353.390	355.157	356.933	358.718	360.511	362.314	364.125	365.946
Office expenses and technology	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000
Marketing and Communication	19.801	20.000	20.400	20.808	21.224	21.649	22.082	22.523	22.974	23.433	23.902
Continuuous education	78.897	80.000	81.600	83.232	84.897	86.595	88.326	90.093	91.895	93.733	95.607
Chair at VU University	16.393	16.557	16.722	16.890	17.059	17.229	17.401	17.576	17.751	17.929	18.108
Publications (VBA Journal)	50.000	45.777	47.796	49.767	51.661	53.487	55.251	56.962	58.626	60.250	61.838
EFFAS/ACI/A membership	16.395	16.395	16.395	16.395	16.395	16.395	0	0	0	0	0
Comissions	3.499	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Website	1.925	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Other costs	19.299	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Total costs	€ 726.422,00	€ 728.024,06	€ 736.605,95	€ 745.244,35	€ 753.910,25	€ 762.614,49	€ 754.972,14	€ 763.782,65	€ 772.659,83	€ 781.611,97	€ 790.646,88
Surplus/deficit (base case)	€ -60.603,38	€ -76.892,33	€ -94.800,45	€ -55.471,54	€ -44.034,65	€ -15.418,30	€ 11.837,65	€ 17.503,68	€ 23.031,13	€ 28.472,77	€ 33.878,26

4.9.3 High level balance sheet

The association can operate at a minimum reserve level needed to cover fixed costs, including staff cost.

Both CFA Society Netherlands and VBA Beleggingsprofessionals will partly use their reserves to help fund the merger. Both will equally contribute to bridging the gap in membership dues over a two-year period.

VBA and CFA Society Netherlands will both contribute equally to the remaining reserves. The remaining reserves of VBA, built up either in the association or foundation, will be earmarked as a designated reserve or transferred to the foundations for clearly defined education and research purposes, following VBA general meeting approval.

4.9.3 Sponsors

The new association welcomes sponsors which it recognizes as important long-term relationships and sources of financial support given the society's non-profit nature. The sponsorship policies of the two organizations will be aligned and the policy of strictly limiting commercial influence of sponsors will be upheld.

4.9.4 Membership dues, funding and benefits received through CFA Institute

CFA Institute is a non-profit organisation and aims to invest as much in its members as finances allow. Most of the membership dues going to CFA Institute are ploughed back into the local Societies via investments in branding, advertising, conferences, events, research, publications, advocacy, the Research Challenge, technology in the form of CRM databases and marketing platforms, social media and Apps, support to network of societies, strategic/project funding and its representation in Brussels to engage with policy makers and regulators throughout the EU.

The annual dues invoiced by CFA Institute amount to \$ 400, comprising of \$ 275 membership dues for CFA Institute and \$ 125 membership dues for the new association (re-routed directly to the local society). In addition, CFA Institute contributes a lump sum of \$ 15k plus \$ 30 per member and \$ 5 per candidate. CFA Institute can also grant strategic and project funding on an as-requested basis to the local societies, as it has done consistently to CFA Society Netherlands in the past. Former members of VBA will be compensated for the difference in membership fees, for the first two years, from the general reserves of the combined entities.

4.10 Codes and quality

4.10.1 Code of ethics and standards of professional conduct

High ethical principles and self-regulatory standards are important for the merged association in order to reinforce customer trust, and to improve market efficiency and fairness as well as rules and regulations. As there is a great deal of similarity between the Codes of Conduct and the disciplinary process of CFA and VBA, the new association will follow the codes of CFA Institute which are recognised as a global standard.

- Code of Ethics
- Standards of Professional Conduct

Alleged violations of the code and standards are investigated according to the CFA Institute Bylaws and Rules of Procedure for Professional Conduct. The Professional Conduct Program investigates both exam- and industry-related conduct.

The disciplinary process is a multilevel peer review process (which includes input from and coordination with the local society) governed by the CFA Institute Bylaws and Rules of Procedure for Professional Conduct. These documents provide guidance for conducting investigations into allegations, determining violations, imposing sanctions, conducting disciplinary proceedings, and disclosing violations.

4.10.2 Quality of Educational programs and content

To set policy, monitor, implement improvements in quality, the society has several committees and advisory bodies which oversee educational content and programs. All of these committees and individuals work to ensure a high-quality and coherent education program.

4.11 Targeted planning for the proposed merger

The merger will require the approval of both the VBA and CFA Society Netherlands boards, and the members of their respective associations as well as approval of the CFA Institute Leadership Team and its Board of Governors.

The current timeline for the merger is as follows:

Board of VBA beleggingsprofessionals to approve	10 July
Board of CFA Society Netherlands to approve	10 July
CFA Institute management team to review	11-12 July
CFA Institute Board of Governors review	22 July
AGM VBA beleggingsprofessionals approval	19 September
AGM CFA Society Netherlands approval	19 September
CFA Institute Board of Governors formal approval	October
Filing merger intention with Chambers of Commerce	October
Legal merger (earliest)	November

A fully worked-out project plan should be available shortly, including a communication plan (members/stakeholders/media), transition of administrative systems, member invoicing etc.

Worth mentioning is the huge amount of volunteer and staff time that has gone into the research, negotiations and structuring of this merger. The boards have allocated €100,000 in merger costs to the budget, which covers additional project management, legal and communications support, and the additional hours incurred by both bureaus.

Appendix A. Design Principles

	What it means	What it implies for the proposal
Inclusiveness	Current VBA and CFA Society Netherlands members feel welcomed and valued by the new association	<ul style="list-style-type: none"> The new association will endeavour to be as inclusive as possible to achieve the greatest good All members will experience the added value of the merger Members experience the transition as hassle-free as possible with a minimal amount of disruption
Best of both	The new association combines the strong international orientation and network that CFA Society Netherlands brings, with the local reputation and network of VBA	<ul style="list-style-type: none"> Look for best practices and make sure these are part of the new association Make sure both member groups recognize their former association in the new one An opportunity to take the best of both to forge something new, progressive and forward looking in meeting a wider mission
Unity, simplicity	CFA Society Netherlands and VBA merge to become one new association that is robust and efficient	<ul style="list-style-type: none"> Simple membership structure Choose solutions that work for all members, rather than tailoring One association with a simple compact and coherent structure
Long term	We believe in the success and potential of the merger, so in our decision we work for the long term	<ul style="list-style-type: none"> Move to end state as fast as possible Be financially sound
Shared values	Both associations share a deeply rooted belief in professional excellence, ethics and conduct	<ul style="list-style-type: none"> Reinforce core values to serve as the bedrock for the new association

Appendix B. Benefits of membership of CFA Institute

Membership in the new association comes with the added benefit of being part of an internationally-recognized community of investment professionals, CFA Institute. But what does this mean practically?

Network

Access to a global network of more than 135,000 investment professionals

Members can volunteer in one of the many CFA Institute-led initiatives such as 1) developing policy positions, curriculum, codes and standards; 2) promoting Ethics and Standards and supporting the professional conduct program; 3) serving on one of the active global committees dedicated to developing the CFA Program, the CIPM Program, organizing global educational events and programs, the Future of Finance initiative; 4) contributing to publications; and more.

Content

Access to thousands of financial publications, education resources, and research. Members receive *exclusive* access to resources like:

- FAJ: Financial Analysts Journal
- Refresher Readings; updated CFA curriculum to help you renew your understanding of concepts learned as a candidate and to keep current on how the curriculum evolves
- get Abstract; excerpts, summaries and abstracts of financial books *and* scientific journals (e.g. Journal of Finance, Journal of Portfolio Management, etc.)
- Selections Monthly Newsletter; Monthly newsletter with the latest educational content from CFA Institute
- Research papers by CFA Institute Research Foundation
- A host of content-specific newsletters including: Financial News Brief Global Edition, Policy Alert, Private Wealth Management Newsletter, Investment Risk and Performance Newsletter and GIPS Newsletter, plus additional blogs and alerts
- An extensive library of reviews, research, articles, webcasts/podcasts and videos produced by CFA Institute's product and content experts.
- Preferred member pricing for select publications and online courses.
- Preferred member pricing for CFA Institute's global and regional conferences, which feature world-known, top-quality speakers and experts and up-to-date content
- Via the Global Passport, access to events and activities at participating societies worldwide, at the local member rates, so you can attend local events while travelling.

Continuing Education

All of the above CFA institute content is eligible for Continuing Education Credit. Members make use of an extensive CE diary, managed and updated via an online tracking tool on the

CFA Institute website. Members receive recognition of both annual achievements and significant milestones of ongoing CE.

Career Resources

Exclusive career services and content for members in the Career Center.

- JobLine: an exclusive job board service to apply for and post top investment jobs throughout the world. Access to a worldwide job database.
- Members-only access to tools that can help define your career goals and execute an effective job search
- Career Resources Library: podcasts, webcasts, articles, presentation slides, and blog posts on job search strategies and career management for finance careers

Influence

Membership in CFA Institute comes with a number of 'intangible' benefits as well. The Institute engages in regulatory and industry-related initiatives which have an indirect benefit to the member and a direct benefit to the industry as a whole.

- Representatives on the ground in the U.S. and Brussels to advocate for the investment profession
- Extensive marketing campaigns to increase recognition of the designations under the CFA umbrella and to promote designation-holders as knowledgeable, reliable and ethical employees
- Informing and educating the press on a variety of issues concerning the industry
- Promoting integrity and standards within the industry and championing ethical behavior to restore trust
- Participating in regulatory reform, promoting sound corporate governance and writing policy papers
- CFA Institute Research Foundation; a not-for-profit organization that sponsors independent research for investors and investment professionals around the world
- A rigorous Professional Conduct Program (and disciplinary process) to protect the integrity of CFA Institute and its designations and uphold the standards of the industry as a whole

Future of Finance

CFA Institute's Future of Finance initiative is specifically aimed at thinking about and shaping the investment industry of 10 years-time and how investment professionals can best prepare and align themselves and their clients for the future.

Appendix C. Membership Framework

	Charterholder Member	Regular Member	Affiliate Member	Candidate Member (new)
Profile	CFA Charterholders	Investment Professionals with an CFA or RBA title	Investment Professionals without an CFA or RBA title	(Junior) Investment Professionals enrolled in one of the society's programs
Member of	Member of CFA Institute (mandatory) <i>and</i> local association	Member of CFA Institute <i>and</i> local association	Member of CFA Institute <i>and</i> local association	Member of local association
Who	CFA Charterholders	RBA holders CIPM members Experienced Industry Professionals	Investment Professionals	CFA Candidates RBA Candidates RFMI Candidates CIPM Candidates Charter Pending
Cost	\$ 400	\$ 400	\$ 400	EUR 100
Conditions	CFA Charter holder	>48 months relevant experience Signs CFA codes of conduct 3 References Level 1 or Standards of Practice	>12 months relevant experience Signs CFA codes of conduct 2 References	Currently enrolled in CFA, VBA, RFMI or CIPM Signs CFA codes of conduct
Professional conduct and disciplinary process	Applicable	Applicable	Applicable	Applicable
Retired/ Unemployed status	Reduced rate \$175	Reduced rate \$175	Reduced rate \$175	Not applicable
Honorary member status	Not applicable	Free	Free	Not applicable

Appendix D. Committee Structure

Committees fulfil a key role in the association by forming content expertise groups, organising events, publishing content and writing opinions and advice. Members will have a wide array of options with which to get involved in the new society and to contribute energy and knowledge to improving the industry. The committee structure within the new association will consist of *content* and *process* committees.

Content committees focus on a specific investment-related topic and are a key feature of the VBA organisation. The current content committees of VBA will remain in place within the new association and will naturally evolve over time based on changing interests of members and topical priorities. The merger will add a further expansion of the knowledge, expertise and background within the committees when CFA Society Netherlands members join. Joining the committees will be a gradual process as CFA Society Netherlands members need to be informed and familiarized with the possibility of joining content committees.

The general goals of the content committees are:

- Transfer and exchange of knowledge and information between and among members and third parties
- Propagating the subject of the committee
- Setting "standards" in the field
- Voicing recommendations, concerns and opinions on the subject
- Organising events related to the topic (where applicable)

Both VBA and CFA Society Netherlands operate with *process* committees, which are project, activity or operations-based. All process committees will be reviewed based on new policies and processes.

Values, governance and quality control

Important values relating to the committees are

- Diversity in committees and working groups (content, organisation, output, etc.)
- Autonomy of committees
- Initiatives for new committees and working groups
- Clear arrangements with the board with regards to budgets, external communication and independent profile of the committee

Every committee has a charter or business plan on its objectives and organisation. With board approval on the charter/strategy, the committee can make use of the infrastructure and finances of the association and the support of a dedicated board member.

Actively integrate CFA Society Netherlands members

The committee structure is now an important and highly developed part of the VBA organisation. In the merged society, it is important to include the CFA Society Netherlands members in the committees as much as possible. More diversity (background, network, age, gender) make the committees stronger and more relevant to the members and the sector. Therefore, all the committees will review their current status to ascertain how many additional members they can take on to proactively include CFA members. The board will proactively monitor the integration of the committees.

Content Committees

1. Accounting Committee
2. ALM Committee
3. Behavioural Economics Committee
4. Ethics & Integrity Committee
5. Equities Committee
6. Fixed Income / Dutch Commission on Bonds Committee
7. Investment Performance Measurement Committee
8. Private Banking Committee
9. Private Equity Committee
10. Real Estate Committee
11. Risk Management Committee
12. Sustainability/Responsible Investment Committee
13. Tactical Asset Allocation Committee
14. Technical Analysis Committee

Process Committees

1. Programming Committee, including
 - Ad hoc CE events
 - Annual Dinner Committee
 - Best Practices Committee
 - Future of Finance Committee
2. Career Management/Mentoring Committee
3. CFA Institute Research Challenge
4. CFA European Quant Awards
5. Women in Investment Management
6. University/Student relations
7. Editorial Board Committee (currently VBA Journal Board)
8. Treasury/Audit
9. Disciplinary process and Appeals
10. Accreditation Committee
11. Curatorium (Education Advisory Committee)

In addition, there are working groups which are temporary in nature or in the initial stages of forming a committee (for examples Active management and Risk standards).