

MINUTES OF THE
TENTH ANNUAL GENERAL MEETING OF CFA SOUTH AFRICA
HELD ON
WEDNESDAY 13TH MARCH AT 17H30
AT
INVESTEC SANDTON M13 – V – INVESTEC CT 4M5

PRESENT

PHILIP KNIBBS (PK)
ARTHUR THOMPSON (ADT)
PHILIP BRADFORD (PB)
ERIKA VAN DER MERWE (EVDM)
MARTIN POOLE (MP) (Video)
ANDREW CANTER (AC) (Video)
YUNUS KARODIA
NERINA VISSER
CRAIG SMITH
JULIAN GRIEVE
THATO MASHIGO
ABDULAH MIRZA
IAN POGGENPOEL (Video)
NOELENE NOONE (Video)
JAMES MONTGOMERY (Video)
SCHALK MARAIS (Video)
MELVILLE DU PLESSIS (Video)

APOLOGIES

NIGEL SULIAMAN
MARCO EFTSTATHIOU
HUGH HACKING
NICK ORTON
MCDONALD CHIGUMBA

WELCOME

PK opened the Annual General Meeting and on behalf of the board of CFA South Africa welcomed those attendees who made themselves available to join the meeting. He thanked the members of the Society who had taken the trouble to attend and made special mention of those who had joined as volunteers.

It is through the support of our venue sponsor Investec that we are able to enjoy this facility and he extend the Society's thanks for this and the use of similar facilities during the year.

MINUTES

The minutes of the previous AGM were read. There was one correction on page 1 where the Minutes incorrectly recorded that last year's AGM was the EIGHTH. This was duly corrected to read – NINTH.

Thereafter the minutes were agreed and signed.

REPORT BY THE SOCIETY PRESIDENT

CFA South Africa was officially accepted as an affiliated country Society in November 2001. Our current membership is in the region of 1 100 and the typical Candidate body is about 3 500 spread over the three Exam Levels in June and December.

CFA South Africa is affiliated to CFA Institute, Charlottesville, Virginia USA and furthers the objectives of CFA Institute in the region. The only other African societies are Egypt, Mauritius and Nigeria, the newest African society. Kenya is attempting to get a society started to serve their respective regions.

Although an independent body, we represent CFA Institute in South Africa and thus what we strive to achieve is naturally similar, but with a local flavour, adapted to local conditions and based on what is most relevant to South African members. Our Mission, Vision and Values are listed below:

Mission

- To represent CFA Institute in South Africa and specifically to lead the investment profession in South Africa by setting the highest standards of ethics, education and professional excellence.
- To build the “CFA[®] Brand” in South Africa among our constituency (Members and Candidates, investors – institutions and private, regulatory environment).
- To deliver to our Members, potential Members and the institutions they represent educational and networking opportunities that will additionally support the above statements.

Vision

To foster a CFA South Africa Society that:

- All serious investment professionals aspire to be a part of;
- That is top-of-mind for investment professionals seeking credentials and continuing education;

- Leads the local industry's thinking in the area of ethics, integrity, and excellence of practice.

Values

- We conduct all our activities on an ethical basis
- We support the activities and principles of the CFA Institute and apply these as appropriate in South Africa
- Our overriding objective is to support, encourage and bring educational opportunities to current and future CFA Charter holders in South Africa
- Be representative of constituents (i.e. gender, cultural diversity, etc)
- We endeavour to treat all Members and Candidates equally irrespective of geographic location.

Funding model

The Chartered Financial Analysts Society of South Africa (CFA South Africa) is a registered Section 21 not-for-profit company. Financial profitability is not a key objective of the society but the directors have a responsibility to ensure the company is financially sound. We undertake an extensive budgeting exercise annually in an effort to ensure that society member dues are reasonable and offer value for money. The current society membership fee is \$65 a year which compares favourably to many societies of a similar size. As an indication of this, the following society dues were levied by the following societies last year:

Egypt	\$60
United Kingdom	\$160
Switzerland	\$75
Denmark	\$295

Events and Activities

Our fiscal year coincides with that of CFA Institute and runs from September to August. During the 2012 financial year we had a busy year and the following is a list of activities that we organized for the benefit of Members, Candidates and interested parties. Virtually all of our activities have a bias towards education and often emphasise appropriate Ethics and Standards of Practice. CFA South Africa does not charge members for these activities.

Event	Johannesburg	Cape Town	Pretoria
Live Presentations	4	2	0
Webcasts	4	4	0
Level III Candidate lunches	1	1	0
CFA Program Introduction Presentations	2	2	0
Candidate Post-Exam Drinks	2	0	0
Global IRC	2	0	0
Ethics Workshop	1	1	0
CFA South Africa Conference (2 days)	0	0	0
Representing CFA South Africa at CFA Institute Events:			
Society Leadership Conferences	Chicago and Hong Kong		
Annual Conference	Chicago		
EMEA Regional Meeting	Edinburgh		

Continuing Education (CE)

The events that we organise provide our members with opportunities to earn Continuing Education Credits. The CFA Institute Continuing Education program is not mandatory, preferring attraction and enhanced member value rather than forced participation. Annual completion of the program requires at least 20 Credits (hours) of which at least two are designated SER, an acronym for Standards, Ethics and Regulation.

University Partnership Program

In 2006 CFA Institute started the CFA Program Partner initiative and reached out to prominent universities worldwide. The essence of the Program is to allow harmonisation of the CFA Program Candidate Body of Knowledge syllabus with that of the investment courses that Universities offer. This mutual recognition adds value for both parties and should build a stronger and more ethical investment-professional community in the future. It bears mention that the sole path to becoming a CFA Charter holder is to pass the exams for each level and obtain the appropriate work experience.

We have 3 program partners in South Africa: Stellenbosch University, the University of Cape Town and the University of Pretoria.

Global Investment Research Challenge (Global IRC)

The Global IRC is a global program that involves University students in the analysis of a Company's results, report writing and the presentation thereof. This activity's cycle is spread over 2 financial years. Last year the management of Discovery kindly agreed to be the listed company analysed. We express our appreciation to the Executives of Discovery and the volunteers that participated in this event. The winners in 2011/12 were a team from the University of Cape Town and they will represent South Africa in the regional finals in London.

Our Constituency and Affiliations

Since inception in November 2001, CFA South Africa has been closely associated with the Investment Analysts Society of Southern Africa (IASSA). While the two Societies are institutionally independent, we often work harmoniously to the mutual benefit of our separate but overlapping constituencies and also that of the investment community at large.

We have also established relationships with bodies such as the Faculties of Actuaries and the South African Institute of Chartered Accountants (SAICA) and the Financial Planning Institute (FPI). When appropriate we invite the members of these organisations to our events, believing that a more inclusive model will serve our constituency better. It is a strategic initiative to foster and grow the relationships with these professional bodies, especially where there is obvious membership overlap.

Recently CFA South Africa has facilitated discussions between The Association for Savings and Investment South Africa (ASISA) and CFA Institute in advancing the advocacy initiatives of both organisations in a collaborative manner. These discussions are on-going and the collaboration is certainly bearing fruit for our membership.

Advocacy

The Advocacy team on the board of South Africa South have prioritised the following key areas in the society's development plan.

CFA Trustee Code of Conduct: With ASISA they decided it would be a good idea to promote the Trustee Code to domestic retirement funds and, to that end, they sent the Code and their offer of assistance to the FSB. However, they have also reviewed PF130 ("Good Governance of Retirement Funds") which was first issued in 2007 and which is now being updated/reviewed. At this point their view is that Regulation super cedes the CFA Trustee Code, so they intend to review the new PF circulate when it is put out for public comment early in 2013 to ensure the CFA Code's key principles are embedded. Following that they do not think its necessary to get funds to adopt the CFA Code.

CFA Asset Manager Code of Conduct (CFA-AMC): They are of the view that some of the undertakings in the CFA-AMC are not embedded in regulation and, being aware that the CFA Institute is promoting the CFA-AMC, they intend to do some promotion of this document. They think the best way to get traction is to explain it to consultants who then may request it from managers. This is a project for 2013.

Professional Conduct Program (PCP): The CFA Institute's Professional Conduct Program (PCP) is charged with assisting the CFA community in maintaining the integrity of our membership by investigating any allegations of breaches of the CFA Institute's Code of Ethics and Standards of Professional Practice.

We all have a role to play in protecting our collective reputation. We can each assist by ensuring that any alleged wrong-doing by CFA charter holders, members, or CFA candidates are reported. Reports can be made in utmost confidence directly to the Professional Conduct Program office.

CFA South Africa has prioritised the Advocacy and Governance objectives of the society and at all times has an elected Advocacy Chair. The chair has identified that there was an increase in the work of the PCP officers during the year and they we saw a few incident reports and allegations during 2012. Due to the confidential nature of the process we are unable to confirm exact details of any CFA South Africa charter holder involvement but there are indications that there were a couple of South African CFA Charter holders who resigned from CFA Institute while under investigation. Further details are available on the CFA Institute website. The board of CFA South Africa wishes to send a message that there is a fair, objective process in dealing with PCP investigations, but the investigation committee and CFA Institute takes seriously the duty to protect the investing public and our collective reputation and will not waiver in sanctioning members if found guilty.

The following statistics as reported by the PCP office are interesting.

DISCIPLINARY STATISTICS

2000 – 2Q2012

Professional Conduct Cases Involving Industry Matters

CLOSED CASE DISPOSITION (BY YEAR)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (thru 6/30/12)
Closed with No Action	171	154	70	95	130	299	175	135	168	180	263	255 ²	120
Cautionary Letter	2	26	17	5	6	30	25	12	19	8	14	31	21
Private Reprimand	6	7	1	0	4	0	1	14	9	14	6	8	1
Censure	3	0	0	0	0	0	0	1	1	5	3	1	0
Timed Suspension of Right to use the CFA Designation/Membership/CFA Program	4	1	1	0	0	0	0	1	4	3	8	7	0
Revocation of Right to use the CFA Designation/Membership/CFA Program	1	0	0	0	0	0	1	0	2	1	2	4	0
Prohibition from Participation in CFA Program	0	0	0	1	0	0	0	0	0	0	0	1	0
Member Resigned during Investigation	1	3	0	2	1	0	0	0	3	1	5	5	6
Summary Suspension	2	3	2	0	2	1	1	0	6	3	17 ¹	15	10
TOTAL CASES CLOSED BY YEAR	190	194	91	103	143	330	203	163	212	215	318	327	158

¹ Includes one matter that was closed as a Summary Suspension Non-Cooperation in 2Q10, reopened in 3Q10, and closed with no action in 1Q11.

² Includes the matter mentioned in footnote 1 as well as a matter relating to a reinstatement which followed a Summary Suspension for Non-Cooperation imposed in 2Q10.

STANDARDS INVOLVED in CLOSED CASES (BY YEAR) ** An inquiry can involved alleged violations of more than one standard	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (thru 6/30/12)
Fundamental Responsibilities	24	50	17	10	6	32	26	14	52	52	45	92	33
Professional Misconduct	10	14	6	12	19	42	20	30	46	44	86	130	58
Duty to Employer	20	22	9	4	4	18	10	11	17	22	50	85	32
Responsibilities of Supervisors	0	6	1	4	7	8	8	2	11	15	16	11	7
Reasonable Basis	20	43	14	22	28	86	25	36	38	27	21	46	29
Research Reports	3	5	3	0	2	3	4	1	0	7	9	31	17
Independence and Objectivity	1	2	1	1	1	10	5	0	6	7	4	6	4
Fiduciary Duty	26	17	10	18	25	95	36	11	18	23	34	106	58
Recommendations & Actions/Suitability	19	20	18	20	32	107	47	25	34	26	40	78	35
Performance Presentation	3	6	2	0	0	1	0	0	1	1	7	5	1
Other	18	24	7	20	43	57	33	51	54	41	72	173	70
Not Industry Related/Disclosure in Error	46	29	21	32	48	93	61	58	52	60	45	27	17

ORIGIN OF CASES OPENED (BY YEAR)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (thru 6/30/12)
Self Disclosure	147	130	192	237	252	217	176	134	201	252	252	212	68
Complaint by Public	8	7	4	12	3	2	4	4	6	14	14	26	1
Complaint by Fellow Member or Candidate	9	9	8	6	13	5	4	9	3	12	22	8	4
Professional Conduct Program Discovered	4	1	2	6	15	5	9	11	8	61	27	47	32
TOTAL CASES OPEN BY YEAR	168	147	206	261	283	229	193	158	218	340	315	293	105
% of CFA Institute Membership Represented by Cases Opened	Less Than 1%												

TOTAL Industry-Related Cases Pending as of 30 June 2012: 441

If you would like to volunteer to assist CFA South Africa with advocacy or other matters, please contact Martin Poole, Andrew Canter, or Ann Marie at info@cfa.ac.za.

Challenges

While we believe we continue to deliver on the society's goals whilst maintaining financial discipline and managing scarce volunteer capacity, we recognise there are a couple of strategic priorities that are going to require enhanced focus in the next couple of years. These would include:

Board transformation and representation – ensuring we attract active volunteers and potential board members more representative of our country's demographics,

Member attendance – ensuring that a higher percentage of our society membership attends and benefit from the activities of the society,

Louder voice – ensuring the society becomes more vocal in the areas of ethics and advocacy,

Operational Sustainability – ensuring we have developed and implemented a framework for operational sustainability. This will be challenged with the expected adoption of the plain language guidelines currently being considered by the CFA Institute Board of Governors.

FINANCIAL ACCOUNTS

These were distributed and the Accounting Officer's (NS) report was attached as well.

CFA South Africa

Accounting Officer's Report to the Annual General Meeting **13 March 2013**

Balance Sheet

CFA South Africa ended the financial year at 31 August 2013, with total assets of R445,412 compared with R502,035.

The assets were all in the form of cash whereas in the prior year, an amount of R97,057 related to amounts owing by CFA Institute.

Retained surplus for the year at R435,812 was approximately R50,000 lower than the prior year, due to an operating loss incurred during the year.

Income Statement

As mentioned above, CFA South Africa incurred an operating loss of R49,323 during the financial year.

This loss was caused by both a decline in income and an increase in expenditure.

Income declined predominantly due to the fact that CFA South Africa did not host an annual conference during the financial year, and accordingly, did not receive income normally associated with this conference.

Expenditure rose predominantly because CFA South Africa spent more money on educational events (such as Margin Call) than in the prior year, therefore incurring significantly higher expenditure than the prior year.



Nigel Suliaman, CFA

APPOINTMENT OF AUDITORS

It was agreed to reappoint Ransome Russouw.

CFA SOUTH AFRICA NAME and SECTION 21 STATUS

The name of the Society was recently amended and registered with the CIPC as:

CHARTERED FINANCIAL ANALYSTS SOCIETY OF SOUTH AFRICA

The Society is officially registered as a Section 21 Company – not for gain. The relevant documents had been submitted and approved by CIPC and SARS.

ELECTION OF OFFICE BEARERS

The resignation of N WAISBERG was officially accepted.

The following board members retire by rotation but are eligible for re-election and offer themselves for consideration.

ANDREW CANTER

ARTHUR THOMPSON

PHILIP BRADFORD

All 3 were unanimously re-elected.

The following board members were co-opted on to the board during 2012 and their election as board members was ratified at the meeting.

ERIKA VAN DER MERWE

MARTIN POOLE

The remaining board members are

PHILIP KNIBBS

NIGEL SULIAMAN

MARCO EFSTATHIOU

The following nominations for new board members were received and approved at the meeting.

YUNIS KARODIA

NERINA VISSER

GENERAL

The following items were discussed under GENERAL.

ADT briefed attendees with proposals by CFA Institute under their Plain Language initiative. In effect, the CFA Institute will be adopting a new level of transparency in their communication to members about the by-laws not requiring membership of a local society as a condition of CFA Institute membership. This is obviously a very sensitive and important issue to all Societies around the world. While it is unquestionably the correct approach from a governance perspective, the impact on local Society funding and membership is at this stage unknown. It is imperative that local Societies begin evaluating their current business models and plan to absorb any potential loss of revenue by implementing a new strategic approach to raising the awareness of being a member of CFA South Africa. The implementation of the plain language policy is June 2013.

On the back of this potential membership challenge, Ian Poggenpoel felt it would be a good step to engage the membership base with topics relevant to the industry and attractive to younger members/candidates.

PK thanked the volunteers who were already on the database and welcomed Craig Smith, Thato Mashigo and Abdula Mirza. Abdula had had offered to assist with CFA South Africa's social media strategy on the back of his involvement in this for the CFA Society of the UAE.

AC mentioned that the challenge to volunteers was creating a sense of mission and purpose and to make a difference.

Ian Poggenpoel questioned developments related to the FAIS examinations and possible exemptions granted to CFA Charterholders. PK explained that thanks to the work undertaken by former board member Terence Berry, the FSB had been extensively engaged and CFA Charter Holders would receive exemption from the majority of Level 2 category exams under FAIS.

AC offered thanks on behalf of the board to ADT, PK and AMW for all their hard work

There being nothing further to discuss the meeting was closed.