



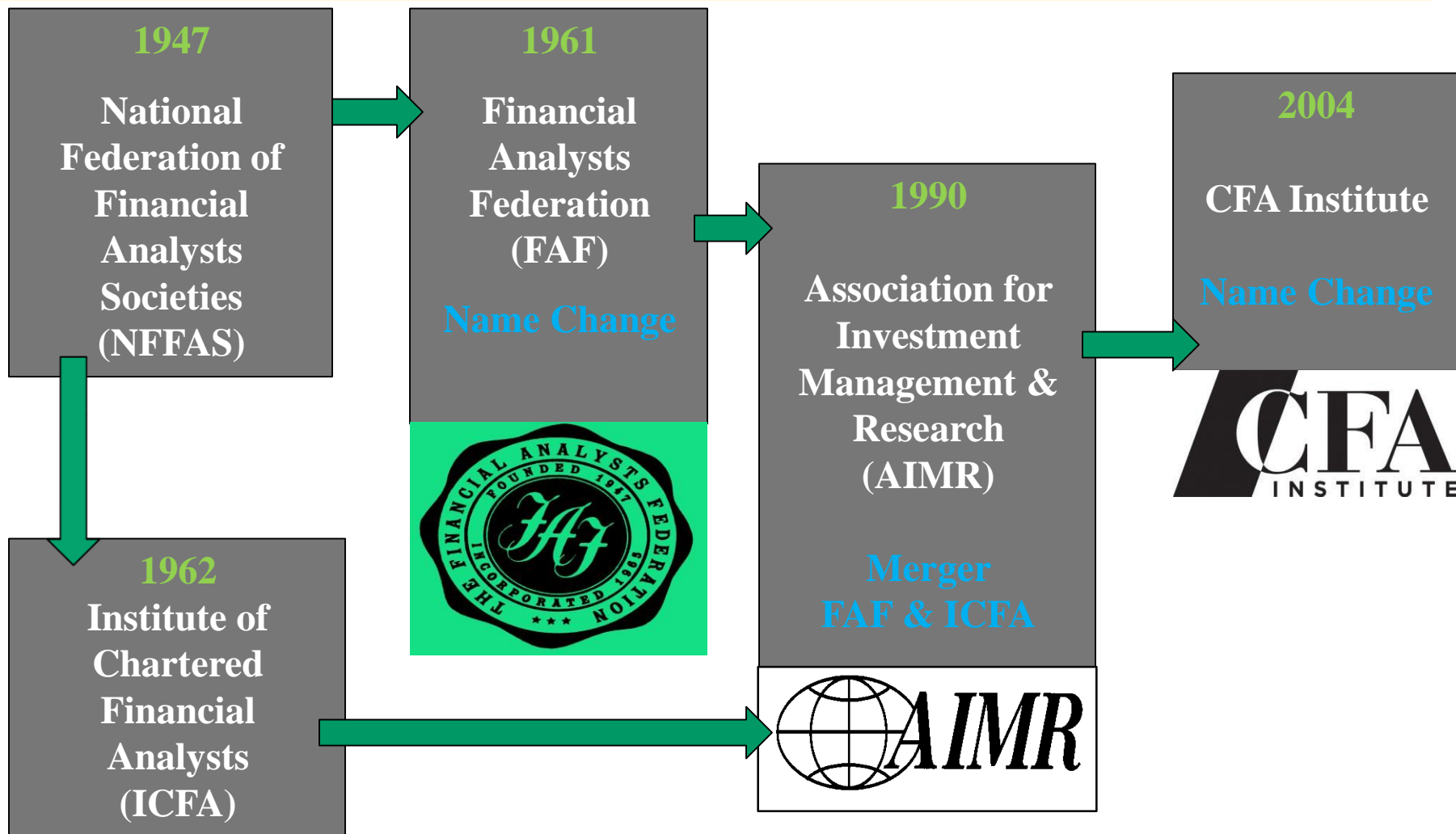
**CFA Institute**

**CFA Institute**

**Investor Organization Contribution to IFRS  
Development & Education**



# CFA Institute Raison d'Être: Creating the Investment Professional



# Profile of a Global Organization

- Offices in Charlottesville, New York, London, Brussels, Mumbai, Beijing and Hong Kong
- 300K candidates (Up from 16k in 1990)
- 135,000 Members across 150 Countries (Up from 17K in 1990)
- 130+ Societies including large societies such as CFA (UK)
- 51% Non-US Members (Up from 10% in 1990)
- 22% Portfolio Managers, 15% Research Analysts

# Training Investment Professionals: IFRS a Core Part of Curriculum

| Topic Area                               | Level 1     | Level 2     | Level 3     |
|--|-------------|-------------|-------------|
| Ethical & Professional Standards         | 15%         | 10%         | 10%         |
| Investment Tools                         | 50%         | 30%-60%     | 0%          |
| Corporate Finance                        |             |             |             |
| Economics                                |             |             |             |
| Financial Reporting and Analysis (IFRS)  |             |             |             |
| Quantitative Methods                     |             |             |             |
| Asset Classes                            | 30%         | 35%-75%     | 25%-65%     |
| Alternative Investments                  |             |             |             |
| Derivatives                              |             |             |             |
| Equity Investments                       |             |             |             |
| Fixed Income                             |             |             |             |
| Portfolio Management and Wealth Planning | 5%          | 5%-15%      | 45%-55%     |
| <b>Total</b>                             | <b>100%</b> | <b>100%</b> | <b>100%</b> |

# Investor Protection: Standards & Advocacy Division

- Financial Reporting Policy
- Capital Markets Policy
- Investment Performance Standards
- Standards of Practice

## *IFRS and US GAAP Development*

- Comment letters
- Policy Publications
  - 8 Policy Publications in last 5 years
- Seats at the Table
  - IFRIC
  - CMAC
  - Advisory Council

## *IAASB, PCAOB, SEC, ESMA, EFRAG, FRC*

- Comment Letters
- Committee Participation

## *Member Outreach and Education*

- IFRS Education Update
- Conduct Member Surveys
- Outreach to Specialist Users
- Facilitate Investor Engagement

## *Strategic Partners and Other Stakeholders Engagement*

- Professional Associations (FEE)
- Audit Firms
- Media
- Treasury Select Committee, Congress

# History of Involvement: Significant Financial Reporting Changes

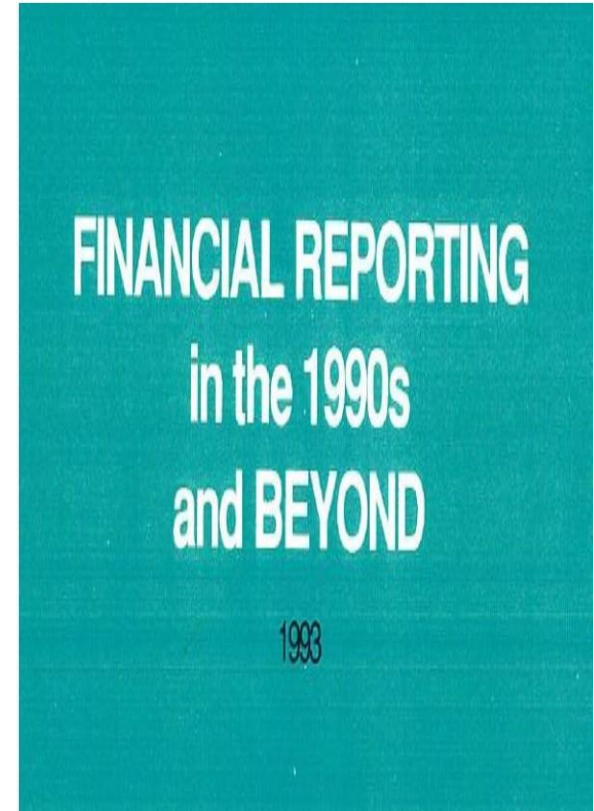
- 1970s Leases:** Advocated reporting of lease obligations on balance sheet. Lessee and lessor accounting should be the same.
- 1980s Employee Benefit Plans:** Advocated transparent reporting of economic position in financial statements (e.g. all liabilities on balance sheet, fair value for assets, elimination of smoothing, better assets & liability disclosures).
- Cash Flows:** Supported separate reporting of operating, investing, and financial cash flows. Advocated for direct cash flow statements.
- 1990s Debt and Equity Securities:** Debt and equity securities should be measured at fair value.
- Stock Based Compensation:** Supported expensing of stock-based compensation.
- Derivatives:** Derivatives should be fully disclosed and accounted for at fair value.
- 2000s Acquisitions:** Supported elimination of pooling of interest method that suppressed economics of acquisitions.

# Flagship Publications: Articulating Investor Expectations

A Comprehensive  
Guide to  
Modern

*Financial Reporting for Investors*

July 2001



## Examples of Partnership with IFRS Foundation

- Investor Education Webcasts
  - IFRS 7, 10, 11, 12 and IAS 19 R
  - OCI
  - Revenue Recognition and Financial Instruments
- Co-hosting of Investors in Financial Reporting Anniversary
- Facilitating Member Access
  - IFRS Agenda Consultation
  - French Society Outreach
- IFRS Education
  - Education Advisory Group