

Response Form
for the
Exposure Draft of the
CFA Institute Diversity, Equity and Inclusion Code (USA and Canada)

Diversity, equity, and inclusion (DEI) is critical to the future of the investment industry. We recognize that a diversity of perspectives will lead to better investor outcomes; an inclusive investment industry will better serve our diverse society. Further, we recognize that an organization, with an inclusive culture, awareness and education, and effective working relationships, is a better place to work.

CFA Institute is developing a voluntary, DEI Code (the “Code”), to be launched firstly in the USA and Canada. The purpose of the Code is to drive greater diversity, equity, and inclusion within the investment industry. The Code has been designed for the investment industry, by members of the investment industry. It is intended to meet industry where it is, define the current state, and drive improvement from a realistic foundation. Organizations from across the investment industry are invited to become signatories, including investment managers, asset owners and consultants.

The Code is supported by Implementation Guidance which is based upon tested practice from our industry research. It will be regularly updated to reflect changing DEI practice in the investment industry and elsewhere. We have designed a Reporting Framework to guide signatories in the process of reporting on their progress, which is included [here](#) for information only. Individual signatory reports will be kept confidential by CFA Institute, which will in turn report on industry developments.

The goal for this Exposure Draft is to elicit feedback on the proposed principles and recommendations within the Code. Please refer to the “Providing Feedback” guidelines for submitting comments.

All comments must be received by 4 September 2021 in order to be considered.

Providing Feedback

Public commentary on the Exposure Draft will help shape the final version of the Code, which is expected to be issued in November 2021. Comments should be provided in this Response Form, found [here](#) on the CFA Institute website, and submitted to deicode@cfainstitute.org. Designated spaces for comments appear in the Response Form in the order in which the Principles appear in the Exposure Draft. Questions directed toward the Codes’ intended users are posed in the Response Form, followed by designated spaces for comments related to the Principles and Implementation Guidance. General or summary comments on the Exposure Draft may be provided in the designated section at the end of the Response Form.

When providing feedback on a specific principle, it may be helpful to consider whether the meaning of the principle is clearly stated and whether the principle will add value for users of the Code. You may provide as few or as many comments as you wish.

The deadline for providing feedback is 4 September 2021. **Comments received after 4 September 2021 will not be considered.** Unless otherwise requested, all comments will be posted on the CFA Institute website.

Guidelines for submission

Comments are most useful when they:

- directly address a specific issue or question,
- provide a rationale and support for the opinions expressed, and
- suggest alternative solutions in the event of disagreement.

Positive comments in support of a proposal are equally as helpful as those that provide constructive suggestions for improvement.

Requirements for submission

In order for comments to be considered, please adhere to the following requirements:

- **Insert responses in the designated areas of the response form.**
- **Assign a unique file name to your response form before submitting.**
- **Provide all comments in English.**
- **Submit the response form as a Microsoft Word document.**
- **Submit the response form to deicode@cfainstitute.org by 5:00 PM E.T. on 4 September 2021.**

General Information (required)

<p>Respondent:</p> <p><i>(Please enter your full name if you are submitting as an individual or the name of the organization if you are submitting on behalf of an organization.)</i></p>	<p>Click or tap here to enter text.</p>
<p>Stakeholder Group:</p> <p><i>(Please select the stakeholder group with which you most closely identify.)</i></p>	<p>Investment Manager</p>
<p>Region:</p> <p><i>(If you are submitting as an individual, please select the region in which you live. If you are submitting on behalf of an organization and the organization has a significant presence in multiple regions, please select "Global". Otherwise, please select the region in which the organization has its main office.)</i></p>	<p>North America</p>
<p>Country:</p> <p><i>(If you are submitting as an individual, please enter the country in which you live. If you are submitting on behalf of an organization, please enter the country in which the organization has its main office.)</i></p>	<p>United States</p>
<p>Confidentiality Preference:</p> <p><i>(Please select your preference for whether or not your response is published on the CFA Institute website.)</i></p>	<p>yes, my response may be published</p>

QUESTIONS FOR INTENDED USERS

Questions for Investment Managers, Asset Owners, Consultants, and Investors

1. Do you agree that the investment industry needs a DEI Code to drive change?

NO!

The CFA Institute is completely misguided (wrong) in pursuing efforts in this area for a number of different reasons:

1) It's outside the Institutes "scope". The Institute should stick to its primary business (regarding the objective evaluation of financial data and the accurate, standardized and ethical reporting thereof) and avoid any and all temptations to become embroiled in social conversations that are anything but objective. The CFA Institute Code of Conduct and Standards of Practice are the highest moral and ethical guidelines that I know of in the finance industry and I for one consider them sacrosanct. Adherence to these CFA Principles is more than sufficient for navigating the appropriate scope of work.

2) The search for talent has always been difficult. The ability of any and all firms to survive depends on acquiring competent human resources. To automatically presume that any particular firm is "mistreating/abusing/marginalizing another person or group because you don't like the makeup of its employee base, is wrongheaded and constitutes a direct violation of the objective and moral Code and Standards of the Institute. This is true, because....

3) **There is a reason >80% of nurses are female and >90% of engineers are male.** There are both biological and cultural reasons that dictate how different people make career decisions. This is well documented and is not a matter of opinion. A DEI Code for investment related firms is a waste of the Institute's resources and is in direct contradiction to the science. When I sat for all of my exams, I noticed that the number of females, while not 50%, was substantial, and that the number of races represented was also very high.

4) See pg 2 of the Implementation Guide:

A) Regarding the Definition of Diversity, tell me what are "all" of the perspectives, identities and backgrounds? Have they been counted? Is it possible or even wise to do this?

B) Regarding the Definition of Equity, what is "fairness" and who among you can even define, much less overcome all the so-called barriers. Is my Southern Appalachian dialect a barrier? Would it create legitimate hurdles in various parts of the world as I pursued my career?

Would it be wrong for a potential employer to consider this? Are you “marginalizing” me right now due to this new and personal information I have just given you?

C) Regarding the Definition of Inclusion, what do you mean by safe? How do you advise an employer on how to measure whether an employee is “fully engaged” and if they’re not, why and what’s the solution? Is your idea of a solution to appeal to every single person’s own unique, subjective and very dynamic idea(s) of what fairness is? What do you think is a logical conclusion for all of this? And, as I said at the outset, it’s outside the Institute’s scope.

D) Regarding your various “calls to action” it’s not just the call to adopt a United Nations declaration but the ongoing need to review, survey and measure that is littered throughout each of the principles laid out in the implementation guide. And of course, this sort of ongoing follow-up would be expected, but I ask you, do you have any comprehension of the cost that you would be asking firms to take on? Do you care?

5) For the sake of objectivity and “fairness” **why don’t you consult with – and then publish the findings publicly – the large “wirehouse” firms on the results of all the efforts towards “diversity and inclusion” that have been made over the last 25 years**, way before all this hysteria became vogue? You know that this is not new, right? Yes, this has all been done before - genuinely, without being bludgeoned publicly to pursue such goals. These firms had a vested interest in taking on these efforts – they wanted to tap into every asset base that existed. Look at those results and you’ll find that those efforts were in vain. The folks in the Social Sciences have studied this for decades and the results are clear – as stated above, there are biological reasons that various groups (i.e., males vs females) pursue different career paths. While you’re at it check out what people/groups are pursuing engineering and science degrees in our colleges and universities and come up with a cure for that, assuming you think those imbalances deserve a “cure”.

6) The risk of creating unhealthy and unnecessary division amongst the ranks of the CFA Charterholders is exceptionally high, in my opinion. Again, pointing to science, I believe that the evidence would bear this out. Anytime you break people up into “groups” it is an inevitable consequence that divisions occur.

If my words in this space fall on deaf ears, I believe that strife will be the result. I urge the Institute to not pursue the course of action associated with this “code”. It is a social “minefield” that is anything but objective. Pursue it individually, if one wishes, but leave the Institute out of it. The objective science and facts do not bear out the claims behind such a movement. Clear, unemotional and objective thought supported by equivalent data are among the hallmarks of the CFA Institute. This effort, in my

firm opinion, poses the risk of detrimental, unintended consequences to the Institute. The committee in charge should consider the confirmation bias that undoubtedly supports its' confidence in pursuing these efforts. And speaking of bias, I would point you to the opening sentence of this "response form" that dictates to the responder that this movement is "critical to the future of the investment industry" – so don't bother responding unless it's in support.

The CFA Institute has historically done great work and there is much still to do. These are issues that are totally outside it's purview and the Institute should drop any and all association with this movement.

Respectfully,

<QUESTION_01>

2. Do you consider the Principles cover the key areas for change?

<QUESTION_02>

[ENTER RESPONSE HERE]

<QUESTION_02>

3. Is there a DEI area that you would like to see covered by the Code that is not in the draft Code?

<QUESTION_03>

[ENTER RESPONSE HERE]

<QUESTION_03>

4. Will the draft Code help establish the changes in processes and practices that investment industry organizations need to drive up DEI internally?

<QUESTION_04>

[ENTER RESPONSE HERE]

<QUESTION_04>

5. Will the draft Implementation Guidance help enable the changes in process and practice that investment industry organizations need to drive up DEI internally?

<QUESTION_05>

[ENTER RESPONSE HERE]

<QUESTION_05>

6. To what extent would an investment firm becoming a signatory to the Code help provide the DEI-related information that is typically provided or asked for in Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), other types of questionnaires and in client DEI-related discussions?

<QUESTION_06>

[ENTER RESPONSE HERE]

<QUESTION_06>

7. To what extent are the draft Principles supportive of and complementary with local laws and regulations and other DEI codes and standards?

<QUESTION_07>

[ENTER RESPONSE HERE]

<QUESTION_07>

8. Would an investment organization becoming a signatory to the Code help provide investor reassurance about the investment organization's culture?

<QUESTION_08>

ENTER RESPONSE HERE

<QUESTION_08>

9. Would it be helpful if the Implementation Guidance to the Code is reviewed and updated annually or less frequently?

<QUESTION_09>

[ENTER RESPONSE HERE]

<QUESTION_09>

10. Would your firm be prepared to contribute examples of tested DEI practice to update the Implementation Guidance to the Code?

<QUESTION_10>

[ENTER RESPONSE HERE]

<QUESTION_10>

DEI CODE AND IMPLEMENTATION GUIDANCE FOR INVESTMENT ORGANIZATIONS

General comments section

11. General comments on the Code and Implementation Guidance:

<COMMENT_11>

No, I do not agree that the investment industry needs a DEI Code to drive change!

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Respectfully,

ENTER RESPONSE HERE

<COMMENT_11>

12. Comments on Principle #1 and associated Implementation Guidance:

<COMMENT_12>

ENTER RESPONSE HERE

<COMMENT_12>

13. Comments on Principle #2 and associated Implementation Guidance:

<COMMENT_13>

ENTER RESPONSE HERE

<COMMENT_13>

14. Comments on Principle #3 and associated Implementation Guidance:

<COMMENT_14>

ENTER RESPONSE HERE

<COMMENT_14>

15. Comments on Principle #4 and associated Implementation Guidance:

<COMMENT_15>

ENTER RESPONSE HERE

<COMMENT_15>

16. Comments on Principle #5 and associated Implementation Guidance:

<COMMENT_16>

ENTER RESPONSE HERE

<COMMENT_16>

17. Comments on Principle #6 and associated Implementation Guidance:

<COMMENT_17>

ENTER RESPONSE HERE

<COMMENT_17>