

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>	Certified Financial Planner Board of Standards (CFP Board)
<p>Stakeholder Group:</p> <p><i>(Please select the stakeholder group with which you most closely identify.)</i></p>	Investment Professional
<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>	North America
<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>	United States
<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>	yes, my response may be published

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?

<QUESTION_01>

[ENTER RESPONSE HERE]

<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:

Certified Financial Planner Board of Standards (CFP Board) appreciates the opportunity to provide comments on the Code and Implementation Guidance. We believe CFA Institute is headed in the right direction on issues related to diversity, equity and inclusion and applaud you for taking this important step.

Before we comment on the DEI Code and Implementation Guidance, we offer for consideration our own experiences in addressing issues around diversity and inclusion in the financial planning profession. CFP Board is committed to increasing gender and racial diversity in the financial planning profession and have made it an organizational strategic priority. In 2015, CFP Board established the Center for Financial Planning as a distinct initiative focused on, among other things, creating a more diverse and sustainable financial planning profession. For more information on the work of the Center, please see the [2020 Annual Report](#).

CFP Board holds itself accountable by setting goals and measuring our success in meeting those goals for achieving increasing the diversity of the financial planning workforce. The results of our work are made public in annual reports. While progress can seem painstakingly slow, the data helps us evaluate the programs and initiatives designed to attract and build a more diverse workforce. As of December 31, 2020:

- The number of CFP® professionals reached an all-time high of 88,726, a growth of 2.7% over 2019 numbers.
- The number of Black and Latino CFP® professionals increased in 2020 to 3,688 – a percentage growth of 12.6% over 2019’s number of 3,274. This increase is nearly five times the growth rate of all CFP® professionals.
- The number of female CFP® professionals increased to an all-time high of 20,633 – 23.3% of all CFP® professionals — reflecting growth of 3.1% since 2019.

It is this experience that informs our more specific comments on the DEI Code and Implementation Guidance.

The DEI Code has the potential to make a significant contribution to the increased diversity of the investment segment of the broader financial services industry. The Working Group assembled by CFA Institute identified a key challenge in making progress in this area: *The Group shared a common belief that progress required commitment from the senior leaders at investment organizations who would have to both lead by example and hold their organizations accountable.* We agree. One way to solidify this commitment would be to have the organization's chief executive officer (CEO) sign "The Code" and embed the key principles in the performance objectives of their teams.

The components of the Code – pipeline, talent acquisition, promotion and retention, leadership, influence and measurement – make a great deal of sense as principles to increase diversity, equity and inclusion and the guidance is helpful. However, what is missing is any connection to business outcomes. Social impact is just part of the story; positive business impact is the other part of the story. While many organizational leaders want to do the right thing, what motivates them to act is impact on the bottom line. The positive business impact of a more diverse workforce should be part of the narrative.

CFA Institute recognizes the many dimensions of diversity in its identification of diverse groups. While such an inclusive list can be helpful, we would caution that if you focus on everything, you risk focusing on nothing. Perhaps an approach might be to select primary focus audiences and demonstrate how success among those groups is good for business, and for society. Over time, you can add in more audiences.

Finally, we applaud you for including measurement as one of the six principles. In fact, we might argue that measurement is the most important principle, behind, of course, the commitment to increase diversity. We know that measurement is a critically important aspect to making progress in increasing diversity, equity and inclusion in the financial services industry. Absent data, it is impossible to know where you are and what additional steps may be necessary to achieve success.

CFP Board wishes you every success in launching this initiative in the investment industry and would be pleased to work with you to achieve the critically important goal of increasing diversity and inclusion in the financial services sector.

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>