

## CFA Society Toronto (“CFAST”)– Proposed Bylaw Changes FAQs<sup>1</sup>

- 1. Why is CFA Society Toronto changing its bylaws?** CFAST is changing its bylaws for two primary reasons. Firstly, Ontario’s *Not-for-Profit Corporations Act, 2010* (“ONCA” or the “Act”), went into force on October 19, 2021, with a three-year transition period from this date for Ontario not-for-profit corporations to bring their governing documents into compliance with the *Act*. CFAST’s existing By-Laws required substantial changes to bring them into conformity with the *Act*. Secondly, the CFAST Board of Directors strongly believes that CFAST and its members would be better served by increasing the director terms from one to two years, and the Board Vice Chair and Chair terms from one year to two years. This will allow the Board to better exercise its governance and oversight responsibilities by providing for better continuity, less turnover, and less time spent onboarding.
- 2. What are the changes under ONCA?** According to the Government of Ontario, “ONCA provides Ontario not-for-profit corporations, including charitable corporations, with a modern legal framework to meet the needs of today’s not-for-profit sector.”<sup>2</sup> Refer to Footnote 2 for a link to a user-friendly guide to ONCA including features of the new *Act*. The *Act* itself can be found at the following link: <https://www.ontario.ca/laws/statute/10n15>
- 3. Has CFAST made prior changes to its bylaws?** Consistent with the practice of sound governance, CFAST has made regular changes to its bylaws over time; which have been approved by the membership at our past annual members meetings. However, a substantive review hasn’t been done for many years. Over time, best governance practices evolved, and CFAST’s existing By-Laws arguably did not keep pace with these best practices.
- 4. Is there a red-line version of the existing By-Laws, showing each change?** No, a red-line (tracked changes) version is not available. The reason for this is that the changes required to our existing By-Laws were so substantive as to make a red-line version unmeaningful. Our counsel, Carters, worked from their own template of ONCA-compliant bylaws template. Carters then incorporated the CFAST-specific terms from CFAST’s existing By-Laws while also incorporating the changes requested by the CFAST Board, as outlined in the Appendix to these FAQs.
- 5. What are the major changes proposed under By-Law No. 2?** Compliance with ONCA drove substantial changes to the proposed bylaws. Other substantive changes were driven by a decision by the CFAST Board to improve its governance model, following consultations with other CFA Societies, the CFA Institute, and other not-for-profit corporations. The CFAST Board also held a strategic offsite in February 2023, and engaged a consultant who is an expert on the best practices of membership societies, to discuss improvements to its governance model. Following the work done by the Board, we are confident that the proposed Bylaw No. 2 reflects best practices in the not-for-profit industry and best serves our members. See the Appendix to these FAQs which outlines the proposed material changes.
- 6. Are the Membership classes and voting rights changing?** There are no changes to the membership classes, membership requirements, or voting rights of members. There are also no changes to the requirements for maintaining membership or for termination of membership. In

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<sup>1</sup> In these FAQ’s, the “existing By-Laws” refers to The Toronto Society of Financial Analysts (o/a CFA Society Toronto) By-Laws Amended and Restated 17 November 2021. “By-Law No. 2” refers to The Toronto Society of Financial Analysts (o/a CFA Society Toronto) General Operating By-Law No. 2.

<sup>2</sup> <https://www.ontario.ca/page/guide-not-profit-corporations-act-2010>

By-Law No. 2, Section 4.08, Discipline of Members, is a new section which reflects mandatory *ONCA* requirements in cases where the NFP has the right to discipline a member or terminate a membership. Under Article II, 13.0 of the existing By-Laws, CFAST has the right to suspend or expel a member who does not fulfill membership requirements. The proposed Section 4.08 provides transparency on the due process for the suspension or termination of a member.

- 7. Is the number of directors changing?** Under the existing By-Laws, the number of directors is 13 directors, although in practice not all director positions are filled or have been filled in the past. Under the proposed By-Law No. 2, the number of directors is unchanged, at 13 directors. Reflecting sound governance practices, CFAST intends to fill all director positions, subject to approval of the members.
- 8. Can non-charterholders become CFAST board directors?** Under both the existing By-Laws and the proposed By-Law No. 2, up to 3 directors may be non-charterholders. We believe this reflects best practices, allows for better diversification of the Board's skills, and better enables the Board to perform its governance and oversight responsibilities.
- 9. Can members nominate candidates for election of directors?** Under *ONCA*, members have the right to nominate candidates for election of directors from the floor at annual meetings. The new section 6.07 in the proposed By-Law No. 2 outlines the process for doing so.
- 10. Can members remove a director?** Under our existing By-Laws, regular members can remove a director by a resolution requiring 2/3 of the votes cast. Under *ONCA* and the proposed By-Law No. 2, removal of a director requires an ordinary resolution, which is a majority vote.
- 11. Can members make proposals at annual meetings?** Subject to the *Act*, voting members may make proposals at an annual meeting. These rights are defined in Part 5, Members of the *Act*. Please refer to <https://www.ontario.ca/laws/statute/10n15#BK61>.
- 12. Are there any optional provisions under *ONCA* that are proposed in By-Law No. 2?** Under *ONCA*, attending members meetings by phone or electronically is the optional default, unless the bylaws specify otherwise. For clarity, our proposed By-Law No. 2 specifically allows for attendance of members meetings and directors meetings via phone or electronically. Similarly, absentee voting by mailed-in ballot or by telephonic or electronic means is optional under *ONCA*, and explicitly allowed under our proposed By-Law No. 2. Lastly, absentee voting by proxy is optional under *ONCA*. Our proposed By-Law No. 2 allows proxy voting.

**Appendix – Major changes (Section and Page references are to existing By-Laws<sup>33</sup>)**

<b>Section</b>	<b>Page</b>	<b>Previous By-Laws</b>	<b>Proposed Changes</b>	<b>Rationale</b>
Article III, 2.3.b	8	Members elect directors and officers	Members elect directors. Board appoints officers from among the directors.	Reflects best practices of other NFPs. Improves flexibility and ability to optimize Board officers according to their skills, expertise and availability.
Article IV, 2.1	9	Directors elected for one-year term	Directors elected for two-year term	Promote continuity and less turnover of board directors.
Article IV, 3.2	9	Directors may be elected for maximum of 3 one-year terms, for a total of 3 consecutive years; except for the following positions: Vice Chair, Chair, Treasurer.	Directors may be elected for maximum of 2 two-year terms, for a total of 4 consecutive years; except for the following positions: Vice Chair, Chair, Treasurer.	Result is that directors (excluding Vice Chair, Chair, Treasurer) serve a total of 4 years, an increase from 3 years. Promotes continuity and less turnover of board directors.
Article V, 2.0	11	Chair, Vice Chair and Secretary/Treasurer are elected by the members	All officers are appointed by the board, from among the directors who are elected by the members.	Reflects best practices of other NFPs. Improves flexibility and ability to optimize Board officers according to their skills, expertise and availability.
Article V, 1.1	11	Officers consist of Chair, Vice Chair, Secretary/Treasurer, Past Chair	Split Secretary and Treasurer officer positions into two separate officers	Spread workload and responsibilities. Promote diversification of skillsets across the Board. Secretary (legal) and Treasurer (accounting) reflect two distinct skill sets. Reflects best practices of other NFPs.
Article V, 2.1	11	Chair and Vice Chair each serve a one-year term.	Chair and Vice Chair each serve a two-year term.	Provides for continuity and less turnover of key officer positions including Vice Chair and Chair; better enables the Board to focus on strategy

<sup>33</sup> This appendix is presented for convenience; please refer to the existing By-Laws (as amended and restated 17 November 2021), and to Proposed By-Law No. 2 for exact details.

				and governance. Reduces time spent onboarding incoming Vice Chairs and Chairs.
Article V, 4.0	12	Secretary/Treasurer is one Officer position	Separate Secretary and Treasurer Officer positions	Spread workload and responsibilities. Promote diversification of skillsets across the Board. Secretary (legal) and Treasurer (accounting) reflect two distinct skill sets. Reflects best practices of other NFPs.
Article V, 5.0	12	Past Chair is automatically appointed for one-year term, following term as Chair	Past Chair is an <i>ex-officio</i> one-year term.	Provides clarification that the Past Chair position is <i>ex-officio</i> , but there is no effective change.
Article VI, 2.0 to 6.0	13-15	Describes the composition and duties of the Executive Committee and Standing Committees including Governance & Nominations, Membership, and Finance & Audit. In addition, CFAST has detailed Terms of Reference for each committee, which are approved by the Board.	Removes Committee composition and responsibilities from bylaws (this is already in the Terms of Reference for each Committee, which are approved by the Board)	Reflects best practices of other NFPs. Removes duplication of governance documents, such that composition and responsibilities of each Committee are specified in more detailed Terms of Reference, which are approved by the Board.