Minutes GLEIF Board of Directors Meeting

Meeting	51. Board of Directors Meeting				
Date	2020-04-22	**Time**	13:00–15:45 CET	**Place**	Video conference call

Present	**GLEIF Board of Directors**	**LEI ROC Observers**
	Gerard Hartsink (Chair)	Francois Laurent
	Nabil Al-Mubarak	
	Sandra Boswell	**Other Attendees**
	Jefferson Braswell	Stephan Wolf – CEO
	Hany Choueiri	Thomas Sprecher – Secretary of Board
	Changmin Chun	Veronika Norman – Head of Board Secretariat
	Daniel Cotti	
	Robin Doyle	
	Daniel Goroff	**Guests**
	Salil Kumar Jha	For item 3 – Report of the CEO on the financial statements 2019 and Report of the Chair on the Annual Report 2019
	Wolfgang König	
	Alfredo Reyes Krafft	John Alton – External Auditor (EY)
	Hiroshi Nakatake	Daniel Rohrer – External Auditor (EY)
	Monica Singer	Annette Booth – Head of Finance
	Elemér Terták	_____
	Kam Keung Tse	For item 3 – For the second part of the Report of the CEO
	Henrique Vergara	
	Zaiyue Xu	Ines Gensinger – Head of Communications
	_____	Karla McKenna – Head of Standards
	Steve Joachim (Director-elect)	Zornitsa Manolova – Head of Data Quality Management
	Amy Kabia (Director-elect)	
	Humaid Mudhaffr (Director-elect)	Clare Rowley – Head of Business Operations
	Javier Santamaria (Director-elect)	Christoph Schneider – Head of IT Development & Operations
		Sven Schumacher – Head Legal and Compliance

Absent	-

No	Topics
1	**Opening by the Chair**

The Chair of the Board, Gerard Hartsink, opens the meeting.

The Chair determines the presence of a quorum. He informs that the meeting was duly convened, and the agenda and documentation were provided to the Board prior to the meeting.

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The Chair welcomes to three new Directors-elect who attend the Board meeting as observers. The three Directors (Amy Kabia, Humaid Mudhaffr and Javier Santamaria) give a short introduction outlining why they decided to serve the GLEIF purpose and its Board.

In order to ensure an efficient flow of the meeting discussions, the Chair proposes to discuss the presentation of the Annual Report 2019 including the financial statements 2019 and the external auditor's report as first topics in the presence of the external auditor, EY, followed by the report of the CEO and the governance related agenda items of the Board.

The Board accepts the proposed order of the agenda accordingly.

2	Approval of the Previous Meeting Minutes

The Board approves unanimously the minutes of the previous meeting # 50 of 5 February 2020 held in Amsterdam, Netherlands.

3	Topics for Information

Report of the CEO

GLEIF Financial Statements 2019

The CEO, Stephan Wolf, supported by the Head of Finance, reports on the draft financial statements 2019 and provides a short update of the 4Q forecast versus the 2020 budget.

In 2019, GLEIF's revenue amounted to US$ 14.5 million generated from fees of issued LEIs. GLEIF's LEI fee per issued LEI was kept unchanged at US$ 11 for 2019. A net surplus of US$ 2.9 million is planned to be added to the organizational capital. The Board discusses the year-end results presented.

The Chair of the Audit and Finance Committee (AFC), Robin Doyle, informs the Board that the AFC reviewed the draft financial statements 2019 in its previous meeting. The final financial statements 2019 were made available to all the Board members before the Board meeting. The AFC Chair concludes there were no material issues identified with regard to the final notes to the financial statements 2019 and that the financial condition of GLEIF including its reserves are appropriate. The AFC concluded that the financial statements 2019 could be presented to the Board for approval. The AFC recommends the adoption of the financial statements 2019 to the Board.

Report of the External Auditor (EY)

The external auditor, John Alton, reports to the Board that the audit was conducted according to IFRS stating that the audit was complete and there were no significant findings identified. He confirms that no adjustments were required to the accounting estimates and disclosures in the financial statement due to subsequent events, including due to the Covid-19 pandemic. EY will issue a standard unqualified opinion on the financial statements according to IFRS.

The Chair of the Board informs Directors on the opportunity to raise any questions to the external auditor in absence of the CEO and its management team (who leave the meeting for this particular point). A short discussion takes place.

The Chair of the Board thanks the external auditor for his report.

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Board Conclusions

The Board concludes to add the net surplus of US$ 2.9 million for the year 2019 to the organizational capital in line with GLEIF's purpose as a not-for-profit organization.

The Board takes note of the key matters related to the external audit as well as the independent auditor's report with regard to the financial statements of 31 December 2019.

The Board endorses that the Chair of the Board and the Chair of the AFC sign the Letter of Representation to be provided to the external auditor.

The Chair thanks EY for its opinion and delivered services.

Compliance report 2019

The Board has received the compliance report 2019 issued by the Chief Compliance Officer (CCO) of GLEIF. From the Chief Compliance Officer's perspective, in 2019, the Global LEI System, GLEIF and the LEI issuers met the compliance standards of GLEIF. The AFC Chair informs the Board on one aspect of the report.

The Board takes note of the report provided.

Business and operations update

The CEO, supported by his management team, provides an update on the implementation of relevant projects associated to the GLEIS 2.0 scale up strategy updating the Board on progress made and results achieved so far. A short update is provided on LEI adoption developments in the first quarter 2020 which relates to LEI activity in terms of issuance and renewal rates. At the end of the first quarter of 2020, the total LEI population was around 1.56 million. Over 76,000 LEIs were issued during this quarter, compared to approximately 60,000 in the previous quarter. This represents a quarterly growth rate of 5.2%.

The CEO also provides an impact analysis on the pandemic of Covid-19. Generally, the impact remains limited given the nature of the predominantly digital business of GLEIF, among others. GLEIF and its LEI issuing partners make every effort to maintain the highest levels of service in the Global LEI System, which is continuing to operate without disruption. There are currently no significant risks identified besides the slowing of business relations with some of GLEIF's partners. The Board shortly discusses potential risks for GLEIF, and the scenarios associated to Covid-19 ongoing crisis.

The CEO reports on the successful results with regard to establishing a representation office in the United States as planned and that GLEIF made progress with regard to preparations to establish a representation office in Asia. Updates are also provided on other projects, business relations and operations of GLEIF.

Project proposal

The CEO, supported by the Head of Standards, provides an update on a research proposal on LEI and verifiable credentials ("GLEIF as a Trusted Entity for Digital Legal Entity Identification on a Blockchain Network"). The Joint Business Development Committee (BDC) and the Technical Operations and Standards (TOPS) Committee of the Board has reviewed the proposal and supported a respective joint recommendation to the Board. The project budget may be funded by using allocated but up-to-now not yet devoted funds out of the regular GLEIF budget 2020.

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The Board discusses different topics of the above Report of the CEO.

Report of the Chair

Annual Report 2019

The Chair outlines that the non-financial part of the Annual Report 2019 was prepared by the Chair, CEO and Head of Secretariat and was reviewed by the Committee of Chairs (CoC). The CoC recommends to the Board to approve the non-financial part of the Annual Report 2019.

The Annual Report 2019 will be published in iXBRL and PDF format on the GLEIF website. The Annual Report 2019 will be published, as the Annual Report 2018, in a machine-readable format (iXBRL) as a unique example for business reporting and signing of the GLEIF officials and the external auditor that will be associated to GLEIF's LEI (LEI embedded in a digital certificate). A press release is planned by GLEIF for this financial innovation together with XBRL.org.

Governance

The Chair of the Board informs that updates of the Memorandum of Understanding (MoU) of 23 September 2015 regulating the relations between the GLEIF Board and ROC have been submitted to the Board for resolution based on a dialogue among Board members at the last in person workshop in February 2020. The proposed changes include among others the deletion of art. 3 of the interim System and the inclusion of the 4 functions of the GLEIF relations with the ROC: a. Oversight function, b. Policy-making function, c. the LEI ROC as the user committee for its members, and d. Ambassador function to promote the LEI.

The Directors of the Board had a dialogue on the Board Committee structure as follow up of the adoption of the GLEIS 2.0 strategy in order to continue to function as an effective Board. The change of the structure of the Board Committees was concluded from 24 June 2020 onwards.

The Governance Committee recommended three candidates for the profiles included in the Call for Applications from the Region North America (United States), Region CSAAOME (Saudi Arabia) and Region Europe (Spain) for approval of the Board. The Board approved the appointment of those three candidate members by circular resolution in accordance with article 23 of the Statutes. The LEI ROC delivered its "no-objection declaration) for all three candidates on 15 April 2020 as required in article 31 of the Statutes. A candidate for the Region Europe (for the non-financial sector) was not yet recommended by the Governance Committee to the Board. The Governance Committee recommends pausing the Call for Applications dated January 2020 with regard to the search of a candidate from the Region Europe for the non-financial sector which the Board takes note of.

As follow up of questions by two Board members, the Board agreed to form a Special Committee to review the process for the election of new Board members and the recommendations of the Governance Committee to the Board. The Chair of the Governance Committee informed the Board not to be available anymore as GC Chair. As consequence, the GC will formulate a recommendation for this vacancy.

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Voting process

The Chair explains the recommendation of the Governance Committee on the voting process for seven resolutions on which Board members are requested to cast their vote within a secret ballot with a respective voting form before 25 April 2020 to be made available to the two vote collectors. All seven resolutions are explained to the Board members. The GC recommended this voting process (including the voting form and the recommended vote collectors) given the fact that within a video conference it would be too difficult to organize a confidential voting process on seven Board members in their absence.

4	**Reports of the Committee Chairs**

There are no further reports by the Committee Chairs.

5	**Resolutions of the Board**

Project proposal

Based on the recommendation of the Joint BDC and TOPS Committee, the Board approves unanimously the CEO's research proposal "GLEIF as a Trusted Entity for Digital Legal Entity Identification on a Blockchain Network" and the respective project budget to be financed by using allocated but up-to-now not net devoted funds out of the regular GLEIF budget 2020.

(18 in favor, 0 abstention, 0 objection)

Annual Report 2019

The Board takes note of the key matters related to the external audit as well as the independent auditor's report with regard to the financial statements of 31 December 2019.

The Board endorses that the Chair of the Board and Chair of the AFC sign the Letter of Representation.
The Board approves unanimously the Annual Report 2019 including the financial statements 2019.

(18 in favor, 0 abstention, 0 objection)

Memorandum of Understanding (MoU)

The Board approves unanimously the amendments of the MoU and to present the amended MoU of 23 September 2015 to the LEI ROC.

(18 in favor, 0 abstention, 0 objection)

Board Structure

The Board approves unanimously to dissolve the Business Development Committee (BDC) and the Technology, Operations and Standards (TOPS) Committee as per 24 June 2020.

(18 in favor, 0 abstentions, 0 objection)

The Board approves unanimously the formation of a Risk Committee, a Financial Industry Committee and a Digital Economy and Logistics Committee from 24 June onwards.

(18 in favor, 0 abstentions, 0 objection)

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Voting process and seven Board resolutions

The Governance Committee recommends to the Board to vote on the seven Board resolutions with support of a voting form after the Board meeting and before 25 April 2020. All members are requested to cast their vote on the seven resolutions by sending their voting form to the two appointed vote collectors who will report to the Board on the results of the anonymous vote.

The Board approves unanimously the GC recommendation on the voting process.

(18 in favor, 0 abstention, 0 objection)

The following seven resolutions were concluded by the Board:

1. Appointment of the Chair of the Audit and Finance Committee: Sandra Boswell
(13 in favor, 5 abstentions, 0 objection)
The member accepted the appointment.

2. Appointment of the Chair of the Risk Committee: Hany Choueiri
(13 in favor, 5 abstentions, 0 objection)
The member accepted the appointment.

3. Appointment of the Chair of the Financial Industry Committee: Monica Singer
(13 in favor, 5 abstentions, 0 objection)
The member accepted the appointment.

4. Appointment of the Chair of the Digital Economy and Logistics Committee: Daniel Cotti
(13 in favor, 5 abstentions, 0 objection)
The member accepted the appointment.

5. Appointment of the Chair of the Board: Steve Joachim
(12 in favor, 6 abstentions, 0 objection)
The member accepted the appointment.

6. Appointment of Member for a second term of Henrique Vergara
(8 in favor, 8 abstentions, 2 objections)
This resolution did not pass.

7. Appointment of Member for a second term of Alfredo Reyes Krafft
(12 in favor, 5 abstentions, 1 objection)
The member accepted the appointment.

Board composition

The Board approves unanimously that the Chair and the incoming Chair will jointly consult the LEI ROC Chair to understand the LEI ROC's willingness to consider modifications with regard to the Board structure.

(18 in favor, 0 abstention, 0 objection)

Circular resolution

The Board confirms that the following circular resolutions will be added to these minutes:

- The Chair of the Board recommendation: Terms of reference for a Special Committee of the Board to review the process of the GC recommendations to the Board (15 in favour, 2 abstentions, 1 objection)

- The CEO recommendation: Information Security Policy (unanimous approval)

- The CEO recommendation: Accreditation Certification (step 2) | Xerius (Belgium) (unanimous approval)

- The Committee of Chairs recommendation: The CEO bonus and the Bonus Pool of the staff for 2019 (unanimous approval)

- The Governance Committee recommendation: Appointment of three Directors for a three-years term from June 2020 listed below, approved by a two-third majority vote in accordance with art. 15 of the Statutes, including the received LEI ROC's "no-objection declaration":

    1. Amy Kabia: (Region North America, USA) for the position Data & Technology: (14 votes in favor, 4 abstentions, 0 objection)

    2. Humaid Mudhaffr (Region CSAAOME, Saudi Arabia) for the position Financial Sector: 17 votes in favor, 1 abstention, 0 objection)

    3. Javier Santamaria (Region Europe, Spain) for the position Financial Sector: 16 votes in favor, 2 abstentions, 0 objection)

6	AoB

No further comments are raised.

June 2020

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Gerard Hartsink
Chairman of the Board

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Veronika Norman
Secretary of the Meeting