

## Minutes GLEIF Board of Directors Meeting

### Meeting 57. Board of Directors Meeting

Date	2020-10-28	Time	14:00–16:00 CET	Place	Video conference call
<b>Present</b>	<b>GLEIF Board of Directors</b>		<b>ROC Observers</b>		
	Steve Joachim (Chair)		Francois Laurent – ROC Chair		
	Sandra Boswell		Alan Deaton – ROC Vice Chair		
	Hany Choueiri		P. Vasu – ROC Vice Chair		
	Changmin Chun		<b>Other Attendees</b>		
	Daniel Goroff		Stephan Wolf – CEO		
	Salil Kumar Jha		Thomas Sprecher – Secretary of the Board		
	Alfredo Reyes Krafft		Veronika Norman – Head of the Board Secretariat		
	Humaid Mudhaffr		<b>Guests</b>		
	Hiroshi Nakatake		Derek Ryan, Ruchir Dalmia, Del Nadarajah, Tyler Welmans – Deloitte (for the first part of item “3.1 Report of the CEO”)		
	Javier Santamaria		Annette Booth – Head of Finance		
	Monica Singer		Anja Lechner – Head of Service Management		
	Kam Keung Tse		Karla McKenna – Head of Standards		
	Zaiyue Xu		Clare Rowley – Head of Business Operations		
			Christoph Schneider – Head of IT Development & Operations		
			Sven Schumacher – General Counsel		
<b>Absent</b>	Daniel Cotti (Director) – excused				
	Amy Kabia (Director) – excused				
	Elemér Terták (Director)				

No	Topics
<b>1</b>	<b>Opening by the Chair</b>
	<p>The Chair of the Board, Steve Joachim, opens the meeting and determines the presence of a quorum. He informs that the meeting was duly convened, and that the agenda and documentation were provided to the Board prior to the meeting. The Board accepts the agenda at hand.</p> <p>The Chair presents his vision for GLEIF going forward. He emphasizes GLEIF’s goal to dramatically grow the adoption and utility of LEIs to make the LEI ubiquitous. To accomplish this, a united Global LEI System (ROC, GLEIF (Board and staff), LEI issuers) would be key. In this respect, the Chair views accelerated efforts with regard to GLEIS 2.0 and LEI roll out for</p>

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	the digital economy of vital importance while being mindful of the optimal use of scarce resources.
<b>2</b>	<b>Approval of previous meeting minutes</b>
	The Board approves unanimously the minutes of the previous Board meeting on 9 September 2020.
<b>3</b>	<b>Topics for information and resolution</b>
	<p><b>3.1 Report of the CEO</b></p> <p><b>Strategic Update – growth perspectives</b></p> <p>LEI for the Digital Economy</p> <p>The CEO, Stephan Wolf, passes on the word to an external consultancy firm (Deloitte) that provides a presentation on a potential roadmap for a digital verifiable LEI service for a global ecosystem. Back in 2019, the Board had approved a research project in which GLEIF, and several external partners had worked on in the last months in order to form a strategic initiative with which GLEIF seeks to extend the LEI as critical component for the global digital economy. The so called “verifiable LEI” or “vLEI” is a new, digitally verifiable credential for the LEI which can be held by any business with a valid LEI record. The LEI is trusted as number as such. A vLEI (digital LEI) would carry a cryptographic link between the LEI and its holder and thus deliver trust within any digital business transaction. While vLEIs would be integrated as key credentials for the global digital economy they would facilitate the verification of identities overcoming uncertainty while increasing trust in the digital world. Deloitte provides recommendations with regard to the business model and architecture of a vLEI ecosystem. The presentation is followed by a Q&amp;A session for the Board Directors.</p> <p>In summary, the research has confirmed strong demand for the vLEI from existing and potential target markets for the LEI today. GLEIF will consider translating the principles of the LEI into a governance and technical framework to launch the vLEI service on a self-sovereign identity network in 2021. The benefit is that GLEIF is uniquely positioned to deliver a strong governance framework which current utilities in this context generally lack and second, to give data ownership back to the customer.</p> <p>GLEIS 2.0 and other LEI growth perspectives</p> <p>The CEO recalls GLEIF’s objective to decrease significantly the LEI fee to make it even more attractive for market participants. Therefore, GLEIF is continuing to pursue its strategic “zero fee” project. With this, in the future, it will be possible that for example banks and certificate authorities act as LEI validation agents working closely with LEI issuing organizations. Another driver for LEI price reduction but also for increasing LEI adoption worldwide are the facilitation of bulk issuance through authoritative sources (such as business registries). By 2027, GLEIF aims to grow the LEI population to over 20 million thus enabling that the LEI, as broad public good, will generate most value when reaching a critical mass.</p> <p>A short discussion takes place. The Board Chair, Steven Joachim, and the Board Vice Chair, Monica Singer, highlight the importance for GLEIF to move as fast as possible to reach LEI growth and to implant the LEI in the digital space. The Board Chair welcomes Management’s proposals to achieve these goals including on ways to supplement, re-direct or enhance resources to move faster on some of GLEIF’s market penetration fronts. The GLEIF Board</p>

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would then assess the best level for using available funds. The RC Chair, Hany Choueiri, sees the opportunities of GLEIF's use cases as very diverse for which the LEI can add value in many industries and areas and asks the CEO to clarify priorities. The CEO explains that GLEIF's priorities remain GLEIS 2.0 "zero fee project" (fee reduction through the validation agent concept) and GLEIF's digital strategy (verifiable LEIs).

### **Operations**

The CEO further updates the Board on major operational and project milestones for 2021 that will include the implementation of relevant ROC policies in concert with the LEI issuing organizations but also several data governance initiatives such as pre-check mandatory APIs for the LEI issuing organizations.

### **GLEIF Annual Budget 2021**

The CEO provides an outlook with regard to the GLEIF Annual Budget 2021. GLEIF expects a higher revenue by end of 2020 while LEI issuance will see a growth rate as high as approximately 14%. GLEIF will also see increasing levels of its cash reserves. Since neither cash nor profits are the objective of GLEIF as a not-for-profit organization, GLEIF will think on ways on how to re-invest its funds wisely for the wider benefit of the LEI as broad public good. The GLEIF Annual Budget will be presented for approval of the Board in the next Board meeting on 2 December 2020. The AFC Chair, Sandra Boswell, notes that the AFC will assess how to invest funds in a sustainable manner (in the light of GLEIF's aim to be reaching exponential rather than steady growth) and asks the CEO, as supported by the Board Chair, to present the details for spending as well as investment for December. The GLEIF Board will take some additional time to approve the 2021 budget (rather than approving it as usual in October), in order to give new Directors the opportunity to understand better the rationale of the proposed budget. While the budget will have to be approved by 2 December, next year's LEI fee needs to be communicated to the LEI issuers before this date. The GLEIF Board is thus going to decide on the next days the proposal to maintain the fee at 11 USD in 2021.

### **3.2 Report of the Chairs**

#### **Report of the Committee of Chairs**

The Board Chair, Steven Joachim, informs on the discussions he held together with his Board Committee Chairs. Accreditation proposals are planned to be approved by the CEO only and no longer by the Board (in line with the Master Agreement) including given the maturity of the accreditation process. The Chairs also discussed the value of the ambassador role of the GLEIF Alumni Network and the relevance to keep alumni attached to GLEIF for LEI promotion activities in different jurisdictions and across sectors. The Board Chair further informs that the ROC adopted a new charter that includes its new oversight role. From 1 October 2020, the ROC oversees not only the Global LEI System, but also the Unique Transaction Identifier (UTI), Unique Product Identifier (UPI), and Critical Data Elements (CDE).

#### **Report of the Governance Committee**

The Chair of the Governance Committee (GC), Hiroshi Nakatake, informs the Board about upcoming amendments to the Organizational Regulations, among others, to reflect the new Board Committee structure. The changes will be presented at the next Board meeting on 2 December 2020. With regard to the Board's succession planning, the GC informs the Board of 2 open Board seats, and that from June 2021 3 Board Members will end their second

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term. The GC proposed to keep the Board at a membership number of 16 for the time being and recommended to start a search process for 3 new Directors. The GC Chair further informs in this context that the search will be conducted by a professional executive search firm for which a Request for Proposal process will be initiated, following a respective recommendation of the Special Committee in June 2020. The selection of Members will, as usual, be coordinated between the Board Chair and ROC Chair (as required by the Statutes) under the principles of art. 13 of the Statutes and other applicable rules of GLEIF.

Given time constraints for this Board meeting, the Board Chair asks the Board Secretariat to prepare respective resolutions, based on the Committee's recommendations, by means of circular letter vote for the Board. The circular resolutions of the Board will be included in the minutes of the next Board meeting.

### **Report on Audit & Finance**

The Chair of the Audit and Finance Committee (AFC), Sandra Boswell, informs on the key deliberations of the AFC such as the annual review of the Board travel expenses per Board Travel policy which final report has been shared with the full Board. The AFC also reviewed the draft budget for 2021 and proposed to review the final budget proposal for 2021 in the Board meeting on 2 December 2020. The AFC concluded to issue a Recommendation to the Board (for resolution by means of circular letter vote) to maintain the LEI fee at USD 11 for 2021. (The circular resolution will be added in the minutes of the next Board meeting.)

### **Recording of Circular Resolutions**

The Board has passed resolutions on the following subject matters by means of circular letter vote, according to Article 23 of the Statutes, since the last Board meeting and supports to add them to these Board minutes:

- Accreditation Recommendation (step 1 of the accreditation process) for BFS finance GmbH has been approved by means of circular letter (14 votes in favor, 2 abstentions, 0 objection).
- Annual Financial Statements 2019 according to the Swiss Code of Obligations (13 votes in favor, 3 abstentions, 0 objection).

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#### **4 AoB**

No comments are raised.

#### **Closing**

The Board Chair closes the meeting by encouraging all Board Members and the ROC observers to contribute ideas and proposals for GLEIF's growth strategy going forward while leveraging individual experiences and skills (of the public and private sectors) as much as possible and managing GLEIF's resources as effective as possible.

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Steven Joachim  
Chairman of the Board

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Veronika Norman  
Secretary of the Meeting