Minutes GLEIF Board of Directors Meeting

Meeting	58. Board of Directors Meeting				
Date	2020-12-02	**Time**	14:00–16:00 CET	**Place**	Video conference call

Present	**GLEIF Board of Directors**	**ROC Observers**
	Steve Joachim (Chair)	Francois Laurent – ROC Chair
	Sandra Boswell	Alan Deaton – ROC Vice Chair
	Daniel Cotti	**Other Attendees**
	Hany Choueiri	Stephan Wolf – CEO
	Changmin Chun	Thomas Sprecher – Secretary of the Board
	Daniel Goroff	Veronika Norman – Head of the Board Secretariat
	Amy Kabia	**Guests**
	Salil Kumar Jha	Annette Booth – Head of Finance
	Alfredo Reyes Krafft	Anja Lechner – Head of Service Management
	Humaid Mudhaffr	Zornitsa Manolova – Head of Data Quality Management
	Hiroshi Nakatake	Karla McKenna – Head of Standards
	Javier Santamaria	Clare Rowley – Head of Business Operations
	Monica Singer	Christoph Schneider – Head of IT Development & Operations
	Kam Keung Tse	Sven Schumacher – General Counsel
	Zaiyue Xu	
Absent	Elemér Terták (Director)	

No	Topics
1	**Opening by the Chair**

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.

The Chair reviews the proposed vision for GLEIF as outlined at the last Board meeting on 28 October 2020 and asks Members for any comments. He underlines that GLEIF should accelerate its strategic proposal for the vLEI and verifiable credentials. The Chair notes that with any strategy and new technology at this early stage in the development there are risks and GLEIF should be prepared to change directions if indicated. As a result, the GLEIF staff and the Board should monitor progress, determine critical junctures and prepare to modify the strategy if it seemed prudent.   Further, the Chair notes the changes made during last 5 months as well as of the opportunities and challenges going forward and welcomes feedback

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of Board Members in this regard. The Chair indicates that he will conduct one on one sessions in December and January to gather feedback.

2	Approval of previous meeting minutes

The Board approves unanimously the minutes of the previous Board meeting held on 28 October 2020.

3	Topics for information and resolution

3.1 Report of the CEO

Operations update

The CEO, Stephan Wolf, supported by his team, highlights some of the most important projects and operations matters. As an example, he demonstrates a new video on how to ensure data quality with the LEI which is accessible on the GLEIF website. Another new project presented is an additional feature for the LEI statistics to go live in mid-December which services an interactive data map helping users to better analyze LEI data per jurisdiction, LEI issuer or region. Further, GLEIF optimized its search tool that now enables the visualization of relationship data (the so called 'Level 2' data to answer the question of 'who owns whom' which includes legal entity information on the 'direct accounting consolidating parent' as well as the 'ultimate accounting consolidating parent'). This new tool will help e.g. larger holding companies to visualize their corporate structure while managing their LEI population including data quality more accurately.

GLEIF's digital strategy

The CEO recalls Recommendation 6 and Recommendation 31 of the ROC Charter (the annex of the GLEIF Statutes) emphasizing that the purpose of GLEIF's digital strategy is to establish the LEI as value-added part of the infrastructure of the digital economy. With GLEIF's new digital initiative to create a digital LEI (vLEI), GLEIF delivers on its vision "*Each business worldwide should have only one true identity. This identity should include a digital identity.*" In this context, the CEO recalls GLEIF's historical activities to establish the LEI in the digital economy. GLEIF embedded the LEI into digital certificates with GLEIF's Annual Report (first digitally signed report in 2019). Besides, GLEIF participated in several Proofs of Concept (POC) and pilot projects with blockchain technology providers in 2019. GLEIF also assessed verifiable credentials (VC) and Self-Sovereign Identity (SSI) enabling LEI use in any environment (not only in a blockchain environment). After that, GLEIF proposed, as approved by the Board in April 2020, to conduct a research project for the development of a verifiable LEI (vLEI). In October 2020, GLEIF presented its development program for vLEI infrastructure to the Board with the help of an external consultancy firm. In order to remain vendor and technology agnostic providing the best opportunity for success, GLEIF suggested an open source, non-proprietary approach for the vLEI infrastructure. This way, vLEI can be used in any network such as blockchain but also beyond e.g. with cloud applications and APIs enabling a broader use of vLEI across industries.

In the background of the aforementioned developments, GLEIF asks the Board for an investment budget of approx. USD 1 million for 2021 for the implementation of a vLEI ecosystem, as previously presented to the Audit and Finance Committee. The CEO ends his

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presentation by underlining that GLEIF will continue to observe market and technology developments while advancing this program.

One Director updates the Board on promotion activities in the margins of the Digital Standards Initiative (DSI) established under the umbrella of the International Chamber of Commerce (ICC) – a cross-industry effort to enable the standardization of digital trade. This initiative may consider the inclusion of the LEI as universal data point and potentially also a vLEI (digital LEI).

3.2 Report of the Chairs

Report of the Governance Committee

- **Organizational Regulations**

The Chair of the Governance Committee (GC), Hiroshi Nakatake, asks the Board to vote on relevant amendments to the Organizational Regulations as presented in the previous Board meeting. One Member raises an additional amendment which is accepted by the Board.

Resolution:

The Board approves unanimously all amendments presented to the Organizational Regulations that enter into effect on 2 December 2020. The Chair asks the Board Secretariat to circulate the final version of the Organizational Regulations to the Board after the meeting.

Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection

- **Succession planning**

The Chair of the GC informs that the GC has discussed and approved a Request for Proposal and respective process to hire a professional search firm (based on the recommendation of the Special Committee as approved by the Board) to search for 3 new Directors replacing 3 Directors who retire in June 2021. In parallel, the GC will prepare a Call for Applications before end of year to be published on the GLEIF website.

The Chair of the GC informs the Board on other topics discussed in the GC, such as the status of the implementation of other recommendations of the Special Committee. The GC also reviewed the self-assessment form of the Board and Board Committees.

Report of the Committee of Chairs

- **2021 Board Meeting Schedule**

The Chair of the Board, Steve Joachim, presents the 2021 Board Meeting Schedule. In-person meetings will depend on the covid-19 pandemic situation and the Board Committee Chairs recommend holding only virtual meetings (and no in person meetings) during the first half of the year. The Board Committee Chairs approved the schedule for the Board Committee meetings in 2021.   At this occasion, the Chair of the Board thanks the Board Members for attending more Board Committee meetings than usual in the second half of 2020 thus facilitating dialogue on important strategic matters.

Resolution:

The Board approves unanimously the 2021 Board Meeting Schedule.

Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection.

- **GLEIF Board Alumni Network**

The Chair of the Board informs that GLEIF held its second GLEIF Board Alumni Network meeting attended by almost all Members of the GLEIF Board Alumni Network. The group discussed the status of the implementation of the GLEIF strategy. In addition, the group discussed and generally agreed with the operating principles for Alumni and Ambassadors of GLEIF in order to stay aligned on the GLEIF strategic messaging going forward. It was suggested that consideration be given to apply similar principles to the Board and that the Alumni Agreements be reviewed to determine their alignment with the principles.

- **Accreditation**

Resolution:

The Board approves unanimously that all applicant and candidate accreditations can be approved by the CEO without a specific approval by the Board. The staff will prepare and deliver status reports on accreditation at regular Board meetings. Board Members will be alerted on any change of accreditation status for an LEI issuer in its home country.

Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection.

- **Recording of circular resolutions**

Since the last Board meeting, the Board has passed resolutions on the following subject matters by means of circular letter vote, and supports to add them to these Board minutes:

- Amendments to the Director's Agreement (12 votes in favor, 4 abstentions, 0 objection). (The Chair of the Board informs that the new Agreement will be sent to Directors for signature).

- Handling of recordings of meetings of the Board of Directors (13 votes in favor, 3 abstentions, 0 objection).

- Maintain LEI fee at USD 11 for the year 2021 (13 votes in favor, 3 abstentions, 0 objection).

Report of the Business Strategy Advisory Committee

- **Implementation of GLEIF's business stategy**

The Chair of the Business Strategy Advisory Committee (BSAC), Monica Singer, updates the Board on recent discussions of the BSAC with regard to GLEIF's business strategy. Upon request of the BSAC, two Board workshops were convened that were attended by almost all Board Members. One workshop discussed the status of the GLEIS 2.0 "zero fee project" (fee reduction through the validation agent concept). At this occasion, the BSAC Chair congratulates her colleague and fellow Member that her company (J.P. Morgan) became the first Validation Agent in the Global LEI System (enabling financial institutions to improve their customer experience, accelerate client lifecycle management and reduce costs by using know-your-customer (KYC) and anti-money laundering (AML) onboarding procedures to

facilitate LEI issuance for their clients). The other Board workshop targeted GLEIF's digital initiative to create an ecosystem and credential governance framework, together with a technical supporting infrastructure, for a verifiable LEI (vLEI). The BSAC supported the CEO's investment proposal on vLEI. Further, the BSAC Chair encourages Board Members, supported by the Board Chair, to ask questions, specifically on technical aspects of GLEIF's digital strategy while requesting Management to facilitate education, as needed. The BSAC plans to initiate additional Board workshops in 2021.

Report of the Risk Committee

The Chair of the Risk Committee (RC), Hany Choueiri, notes the relevance of the Risk Committee which the Board created recently. Risk management constitutes a key enabler and is fundamental to many organizations, so for GLEIF.

▪ **Risk control**

The RC successfully reviewed the Risk Framework and Risk Policy of GLEIF, mapped the risks to the appropriate PFMI principles and assessed the risk categories included in the Risk Register. The Chair of the RC thanks the RC Members for their active participation and the CEO and the Head of Service Management for their cooperation. The RC will review the Risk Register periodically.

The RC recommends unanimously to the Board to approve of GLEIF's Risk Policy, Risk Framework and Risk Register.

Resolution:

The Board approves unanimously GLEIF's Risk Policy, Risk Framework and Risk Register.

Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection.

Report of the Audit and Finance Committee

▪ **GLEIF annual budget 2021**

The Chair of the Audit and Finance Committee (AFC), Sandra Boswell, informs that the AFC took additional time to review the details of the final Budget proposal for 2021 as presented by the CEO and his team. This included the investment proposal for the digital initiative to build a vLEI ecosystem. The AFC supported the investment strategy for 2021. Despite the deficit forecasted for 2021, the AFC was comfortable with the projected cash balance and the reserves for unforeseen events.   The AFC indicated that the Board should create an explicit investment strategy for GLEIF's cash reserves during 2021.

The AFC unanimously recommends to the Board to approve the annual budget 2021 including the CEO's investment proposal for vLEI.

Resolution:

The Board approves unanimously the annual budget 2021 including the investment proposal for vLEI amounting to approx. USD 1 million for 2021. (The Board already approved to maintain the LEI fee at USD 11 for 2021).

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Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection.

Further, the AFC concluded that a Board Travel Expense testing for 2020 would not be needed given the minimal travel by the Board due to the covid-19 pandemic.

4	**AoB**

The CEO updates the Board on LEI issuer performance.

February 2021

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Steven Joachim   Veronika Norman

Chairman of the Board   Secretary of the Meeting