

Minutes GLEIF Board of Directors Meeting

Meeting Twenty-third GLEIF Board of Directors Meeting

Date	2016-04-14	Time	9:00–11:20	Place	GLEIF, Frankfurt a.M., Germany
Present	GLEIF Board of Directors		ROC Observers		
	Gerard Hartsink (Chair)		Joseph Tracy		
	Nabil Abdullah Al-Mubarak		Michael Ritter		
	Jefferson Braswell		Daisuke Yamazaki		
	Bo Chen		Other Attendees		
	Arthur Cousins		Stephan Wolf – CEO		
	Robin Doyle		Thomas Sprecher – Secretary of the Board		
	Hiroshi Kawagoe		Veronika Schoehl – Head of Board Secretariat		
	Wolfgang König		Daniel Goroff (Director-Elect)		
	Hyoung-Seok Lim		Paul Kennedy (Director-Elect)		
	Ravi Mathur		Guests		
	Bruno Schütterle		For item 3 – Report on the 2015 Financial Statements and Report of the external auditor:		
	Tim Smucker		John Alton – External Auditor, Ernst & Young		
	Christopher Taggart		Sam Caddy – Head of Finance and Business Administration		
			For item 3 – Report of the CEO:		
			Virginia Flynn – Head of Compliance and Audit		
			Clare Rowley – Head of Business Operations		
Absent	Sergio Chodos (excused)				

1. Opening and Introduction by the Chair

The Chair determines the presence of a quorum. It is noted that the meeting was duly convened and that the agenda and documentation was provided to the Members in advance.

The Chair clarified why Sergio Chodos was unable to attend the meeting. The Chair welcomed in particular the Directors elect who will join the Board from June 2016.

2. Previous Meeting Minutes Approval

The Board discusses one point of the board minutes. One member introduces wording under point 3 of the minutes. The Board members agree on an adaption thereof and unanimously approve the amended minutes.

3. Topics for information

- **Report of the CEO**
 - **Report on the 2015 Financial Statements**

The CEO, supported by the Head of Finance and Business Administration summarizes, the main points of the final 2015 financial report. It is mentioned that the Audit and Finance Committee

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(AFC) and the Board of Directors was updated on the draft, unaudited accounts in February 2016. In this context, an overview of the final results and a comparison of the draft figures is provided. It is noted that minor adaptations of immaterial nature were made. It is also explained that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). GLEIF also satisfied the criteria of new requirements set out in the Swiss Code of Obligations (CO).

The Chair of the AFC, Robin Doyle, reports on the AFC meeting on 13 April 2016 and related introduced immaterial changes stating that the 2015 financial statements have been considered appropriate.

A short discussion takes place. The members agree with the external auditor, who is present for this agenda item, to make some wording adaptations to the financial statements.

- **Report of the external auditor**

The external auditor highlights the key matters related to the 2015 external audit. EY confirms the appropriateness of the financial statements stating there were no errors found in the financial statements, as well as not any control deficiencies, and not any evidence of bias in the accounting judgments identified. The auditor also confirms its independence as external auditor.

- **Accreditation Update**

The CEO provides a status update on accreditation and presents a recommendation for four accreditation plans, supported by the Head of Business Operations. It is informed that some of the applicants are new LOUs. The members discuss the reports.

Since applications are submitted to GLEIF on a regular basis, and likely earlier than quarterly Board meetings are held, the CEO proposes that accreditation plans be approved by circular letter unless a member asks for a meeting as stipulated in art 23 of the Statutes. One member prefers in person meetings on all accreditation plans. The CEO underlines GLEIF's priority on accreditation in the first half of 2016 and that regular approvals by the Board would be important allowing applicant LOUs to enter into the requirements check phase undertaken by GLEIF by signing the Master Agreement (step 1 of accreditation phase). The member agrees requesting appropriate amount of time to review the plans.

When approving LOUs for the accreditation process (step 1) it is mentioned during the discussion of the members, among other points, that on the one hand, equal treatment and consistency on the evaluation criteria, and on the other hand, cost-effectiveness, commercial feasibility and sustainability, market context, and a case-by-case evaluation would be important.

The ROC Chair underlines the importance to generally encourage LOU application at GLEIF and to expand the overall volume of LEIs.

- **Internal Audit**

The CEO, supported by the Head of Compliance and Audit, informs on the timeframe of an internal audit for 2016 in the areas of Third Party Services/Purchasing, Finance Internal Controls, IT security and GLEIF Policies and Procedures.

- **Lapsed LEIs**

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The CEO informs on the increased numbers of lapsed LEIs and related challenges and possible counter measures to cope with the matter.

- **Strategic update**

The CEO takes stock of key economic factors, strategic objectives and challenges of GLEIF and the GLEIS. The members agree to continue to explore the related strategic direction.

- **LEI Operating Units**

Given the international nature of LEI issuance of most LOU partners the CEO recommends to change the acronym from “Local Operating Unit” (LOU) to LEI Operating Unit (LOU). The Chair states he and the CEO will engage with the LEI ROC on alignment in this matter.

- **Operations Update**

The CEO provides a quarterly Operations Update. He informs, inter alia, on latest public consultations, the status of standardization initiatives, and progress made in implementing services at GLEIF according to available resources. It is also informed on the Level 2 Project. In the light of the LEI ROC’s publication on policy requirements of 10 March 2016 on “Collecting data on direct and ultimate parents of legal entities in the Global LEI System - Phase 1” GLEIF Management launched related actions.

- **Report of the Chair**

- **Report on the 2015 Annual Report including the 2015 Financial Statements**

The Chair briefs on the process of the creation of the 2015 Annual Report. The CEO and Head of Finance prepared the financial statements. The external auditor reviewed the financial statements. The non-financial part of the Annual Report was prepared by the Chair, the CEO and the Head of Secretariat and reviewed by the Committee of Chairs. The Committee of Chairs recommended the non-financial part of the Annual Report for approval to the Board. The AFC reviewed the financial statements in its meeting on 13 April 2016. The Chair of the AFC confirmed appropriateness of the financial statements as confirmed by the external auditor.

- **Succession Planning of Directors and reappointment of Directors for a second term**

The Chair informs on the recommendations made by the Governance Committee following its meeting on 13 April 2016 on the succession planning of Directors and the reappointment of five Directors for a second term in order to make the objectives of the organization a success.

- **Induction Program**

The Chair presents the induction program. The purpose of the induction program is a structured way of providing new board members with all the information and support they need to be confident and effective in their role. The aim is to help them understand the organization, the environment in which it operates, and their role in making the organization a success.

- **By-Laws**

The Chair informed the Board that GLEIF received some comments of the ROC on 12 April on the GLEIF response.

- **Organizational Regulations**

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The Chair informs that a new draft of the Org Regs was reviewed by the Governance Committee with input of the Chairs of the Board Committees for the annual review of the tasks of the committee involved. It was then distributed to the Board. The Chair of the Master Agreement Committee, Bruno Schütterle, notes that respective changes were made in order to allow the closing of the Master Agreement since discussions therein had been resumed successfully.

4. Committee of Chairs Update

- **Governance**

On request of the Governance Committee Chair, Sergio Chodos, the Board Chair, Gerard Hartsink, briefed under item 3.

- **Audit and Finance**

The Chair, Robin Doyle, briefed under item 3.

- **TOPS Technology and Operations Standards**

The Chair, Jefferson Braswell, briefs on the discussions on lapsed LEIs and checks of duplicates.

5. Decisions taken by the Board

- **Accreditation**

The Board unanimously approves that GLEIF's CEO enters into the Master Agreement with Kamer van Koophandel (KvK) engaging with full accreditation.

(0 objection, 0 abstention)

The Board unanimously approves that GLEIF's CEO enters into the Master Agreement with Herausgebergemeinschaft Wertpapier Mitteilungen Keppler Lehmann GmbH & Co. KG (WM Gruppe) engaging with full accreditation.

(0 objection, 0 abstention)

The Board unanimously approves that GLEIF's CEO enters into the Master Agreement with Tokyo Stock Exchange, Inc. (TSE) engaging with full accreditation.

(0 objection, 0 abstention)

The Board unanimously approves that GLEIF's CEO enters into the Master Agreement with Bloomberg L.P. engaging with full accreditation.

(0 objection, 0 abstention)

The Board unanimously approves that decisions on accreditation plans that require approval before a regular Board meeting is held, are taken by means of circular letter (mail vote). A Member can request an ad hoc Board meeting (conference call) to discuss a single accreditation plan recommendation report.

(0 objection, 0 abstention)

- **LEI Operating Unit**

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The Board unanimously approves to change the acronym from LOU (Local Operating Unit) to LOU (LEI Operating Unit). The Board approves that the Chair and CEO request the ROC to endorse this change for communication purposes.

- **Compensation**

The Chair leaves the room for this topic. After a short discussion, the Board approves the compensation for Gerard Hartsink for activities exceeding the usual scope of the GLEIF Chair's role for 2015. It is noted that the ROC also approved the compensation. It is informed that the Annual Report reflects Mr. Hartsink's compensation for 2015.

(12 in favor, 0 objection, 1 abstention)

- **2015 Annual Report**

The Board confirms its approval of the compensation for Gerard Hartsink for activities exceeding the usual scope of the GLEIF Chair's role for 2015. It is noted that the ROC also approved the compensation. It is informed that the Annual Report reflects Mr. Hartsink's compensation for 2015.

The Board unanimously approves the 2015 Annual Report.

(0 objection, 0 abstention)

- **Appointment of new Directors**

The Board unanimously approves two candidates for the Region Europe and the Region Far East to be appointed to the Board as of June 2016. The Board agrees that a mail vote will take place in case the potential candidate of Region North America is considered qualified following an in person interview meeting in May 2016.

(0 objection, 0 abstention)

- **Second term for Directors**

The Board unanimously approves the reappointment of the following five Directors for a second term of two years from June 2016 according to art 17 of the Statutes: Nabil Al-Mubarak, Sergio Chodos, Arthur Cousins, Hiroshi Kawagoe and Hyoung-Seok Lim.

During the voting process the relevant member leaves the room.

(0 objection, 0 abstention)

- **Induction Program**

The Board unanimously approves the induction program.

(0 objection, 0 abstention)

- **Organizational Regulations**

The Board unanimously approves that a mail vote will be undertaken on the upgraded Organizational Regulations.

(0 objection, 0 abstention)

6. AOB

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The Chair takes the opportunity to thank Mr Tim Smucker, who will retire in June 2016 from the Board, for his engagement for the creation of the GLEIF and his services for the Board during the decisive start up period. The Board supports the words of the Chair. Mr Tim Smucker thanks the colleagues of the Board for the cooperation.

22 June 2016

Gerard Hartsink
Chair of the Meeting

Veronika Schoehl
Secretary of the Meeting