

## Minutes GLEIF Board of Directors Meeting

### Meeting Twenty-sixth Board of Directors Meeting

Date	2016-10-27	Time	09:00 – 12:00	Place	Tokyo, Japan
<b>Present</b>	<b>GLEIF Board of Directors</b> Gerard Hartsink (Chair) Wolfgang König (Vice Chair) Nabil Al-Mubarak Jefferson Braswell Bo Chen Arthur Cousins Robin Doyle Daniel Goroff Hiroshi Kawagoe Alfredo Reyes Krafft Hyoung-Seok Lim Ravi Mathur Bruno Schütterle Christopher Taggart Elemér Terták Kam Keung Tse	<b>ROC Observers</b> Joseph Tracy Michael Ritter Daisuke Yamazaki  <b>Other Attendees</b> Stephan Wolf – CEO Thomas Sprecher – Secretary of the Board Veronika Schoehl – Head of Board Secretariat  <b>Guests</b> For item 3 – Report of the CEO Virginia Flynn – Head of Accreditation and Audit Services Sam Caddy – Head of Finance and Business Administration Clare Rowley – Head of Business Operations			
<b>Absent</b>	Paul Kennedy – excused				

No	Topics
<b>1</b>	<b>Opening</b> The Chair, Gerard Hartsink, 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 announces that an item on the updated By-laws would be added to the agenda. The members accept the agenda.
<b>2</b>	<b>Previous Meeting Minutes</b> The members unanimously approve the minutes of the previous meeting.
<b>3</b>	<b>Topics for information</b> <b>Report of the CEO</b> <ul style="list-style-type: none"> <li>▪ <b>Budget 2017 (including Q3 Forecast 2016)</b></li> </ul> The CEO, Stephan Wolf, supported by the Head of Finance and Business Administration, presents the Draft Budget 2017 and Q3 Forecast 2016 figures underlining the following aspects.

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- The bottom line variance for the Draft Budget 2017 compared to Q3 Forecast 2016 is unfavorable due to decreased projected revenue, as a consequence of fewer issued LEIs and more lapsed LEIs than planned, to the total cost projections.
- The variance of the Draft Budget 2017 compared to the Historical Outlook 2017 is unfavorable due to decreased projected revenue from Historical Outlook 2017 to Budget 2017.
- 2017 LEI Revenue is based on USD 19 of GLEIF fee per LEI and not yet at a lower fee as originally suggested in the Historical Outlook.
- Revenue: Overall there is a favorable change in Budget 2017 total revenue relative to Q3 Forecast 2016 total revenue. The main drivers are new LEI issuance and LEI renewals showing a favorable variance compared to Q3 Forecast 2016. Increases in LEI activity result in a Budget 2017 LEI fee revenue amount of approximately USD 7.2 million.
- Expenses: Overall, the Draft Budget 2017 total expenses increased compared to Q3 Forecast 2016 mainly due to higher labor expenses for Budget 2017. This variance is due primarily to postponement of recruitment from 2016 to 2017 for some open positions.

The CEO mentions certain savings in labor costs. The Chair announces savings in the Board budget.

A short discussion takes place. The AFC Chair, Robin Doyle, expresses satisfaction on behalf of the AFC with the Budget 2017 presentation and the 3Q Forecast 2016. The AFC Chair states that the AFC recommends approval of the Budget 2017 and 3Q forecast 2016.

- **Accreditation Update**

The CEO, supported by the Head of Accreditation and Audit Services, provides a status update on the accreditation of ROC-endorsed pre-LOUs and the new applicants. The handling of the documentation phase after signing the Master Agreement (step 2 of the accreditation process) is explained. Also, the methodology for accreditation certification of candidates is described to the Directors.

The CEO informs that two candidates which already signed the Master Agreement asked to continue full accreditation with their subsidiary and the Board sees no obstacles for continuing with the next step of the accreditation process.

A discussion takes place. The majority of Directors agree with the degree of reporting for the second step of the certification of candidates. Two Directors express that they would appreciate more information on the evaluation of candidates which are to be granted a GLEIF accreditation certificate and the CEO states that he will deliver it.

- **Operations Update**

The CEO updates on GLEIF Operations. The 'Check for Duplicates' service is available constituting a milestone achieved to increase data quality by avoiding duplicates. Regarding Level 2 implementation, GLEIF undertakes a prototype exercise together with five volunteering 'first mover' LOUs for starting the rollout of Level 2 data by the end 2016 to demonstrate the end-to-end process of Level 2 data collection, validation and

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publication. The CEO informs also on ongoing and closed consultations as well as on projects in the area of mapping and related to registrant agents. A discussion takes place.

- **GLEIF Strategy**

The CEO informs on the GLEIF strategy focusing on the private sector which is based on I. Full coverage of capital market globally, II. Pilot projects in adjacent markets (supply chain management), and III. Research projects for GLEIS 2.0 for KYC. The aim is to increase LEI issuance numbers and renewal rates while reducing the number of lapsed LEIs.

The CEO also presents a messaging and communication plan. One member underlines that LOUs should be part of the communication strategy and the CEO confirms that this has been taken into account. Finally, a new vision statement is presented by the CEO.

The members discuss selected elements of the strategy. The BDC Chair, Kam Keung Tse, outlines the main aspects of the discussion held in its last BDC meeting on the proposed strategy. The BDC Chair recommends approval to the Board of the presented GLEIF strategy including the vision statement.

### Report of the Chair

- **Additional term as Board Member**

The Vice Chair of the GC, Robin Doyle, informs that the GLEIF Statutes require in article 17 that the Board has a staggered rotation. The Board analyzed the availability of the Directors whose term will come to an end in June 2017. All those eight Directors have indicated to be available for a second term from June 2017 until June 2019.

The Chair of the Board informs that the Director, Mr. Sergio Chodos, decided to retire from the Board in compliance with article 21 of the Statutes. The Board will consider a replacement from the region concerned. The Board thanks him for the delivered services to the Board.

- **Nomination of a Vice Chair for the Business Development Committee**

The GC Vice Chair informs the Board on the GC recommendation to nominate a Vice Chair for the BDC. The Chair of the Board presents an overview of the current composition of the Board inclusive the Chairs and Vice Chairs of the Board and its Committees.

- **By-laws**

The Chair informs the Board on the ROC request to delete the words “based on the CPMI-IOSCO Principles” in the draft version of the By-laws. The members briefly discuss the suggested update.

- **Org Regs**

The GC Vice Chair informs on the new version of the Org Regs.

- **Self-Assessment**

The Chair updates the Board on the self-assessment process. The Board undertakes a periodic, at least bi-annually review of its performance by a formal self-assessment.

- **Ambassador’s role and Promotion**

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The Chair informs the Board that the ROC Chair and him concluded that a review of the effectiveness of the ambassador function of ROC members and GLEIF Directors is required to understand if upgrades are needed. The joint Discussion Paper will also be presented to the ROC Plenary for review.

The Chair and Directors inform on their activities in the area of promotion.

- **Meeting schedule 2017**

The Chair informs on the updated meeting schedule for 2017.

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### 4 Decisions taken by the Board

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- **Accreditation**

The Board unanimously approves that in case for two candidates, which already signed the Master Agreement, the subsidiary is taken as contractual party and that GLEIF proceeds with the accreditation process for full accreditation.

(17 in favor, 0 abstention, 0 objection)

The Board unanimously endorses the methodology for granting accreditation certification while requesting that Management will return to the Board with additional documentation on the individual accreditation proposals submitted for Board review and vote in order to enable all Directors to make an informed decision.

(17 in favor, 0 abstention, 0 objection)

- **GLEIF Strategy**

The Board unanimously approves the GLEIF vision statement. The Board unanimously approves the GLEIF Strategy 2020, including the proposed set of strategic initiatives and pilot projects of mapping certification program, pilot projects in adjacent markets with selected partners and the launch of the research project "GLEIS 2.0". The Board also unanimously approves the messaging and communications plan.

(The Strategy Plan will be presented to the ROC as required in Article 31 of the Statutes).

(17 in favor, 0 abstention, 0 objection)

- **Budget 2017**

The Board unanimously approves the GLEIF Budget 2017 which includes the Board Budget 2017 and the Forecast for the third quarter 2016.

(17 in favor, 0 abstention, 0 objection)

- **Additional term as Board Member**

The Board appoints eight members for an additional term of two years from June 2017 until June 2019. As required by article 15 of the GLEIF Statutes the concerned Director "shall abstain from voting on his/her renewal". The concerned Directors, whose term is renewed, left the meeting and abstained from voting during the voting process on the renewal of their term.

(16 in favor, 0 objection, 1 abstention respectively for each nominated Director)

- **Nomination of a Vice Chair for the Business Development Committee**

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The Board nominates Daniel Goroff as new Vice Chair of the BDC.

(16 in favor, 0 objection, 1 abstention of the nominated candidate)

- **By-laws**

The Board approves the By-laws.

(16 in favor, 1 abstention, 0 objection)

- **Org Regs**

The Board unanimously approves the new version of the Org Regs which are valid as of 27 October 2016.

(17 in favor, 0 abstention, 0 objection)

- **Self-Assessment**

The Board unanimously approves to start a self-assessment of the Board in 2016. The Board asks the GC to prepare the documentation for approval in the next Board meeting.

(17 in favor, 0 abstention, 0 objection)

- **Meeting Schedule 2017**

The Board unanimously approves the updated Meeting Schedule for 2017.

(17 in favor, 0 abstention, 0 objection)

- **Recording of mail vote recommendations**

The Board requests that the following five circular resolutions are included in the minutes.

CEO Recommendations for signing the Master Agreement for Accreditation of the following candidates:

- Strate Pty Limited (16 in favor, 1 abstention, 0 objection);
- CSD Prague (unanimous approval);
- Korea Securities Depository (unanimous approval);
- LuxCSD S.A. (15 in favor, 2 abstentions, 0 objection);

CEO Recommendation for updating the Appendix 06 - Service Level Agreement of the Master Agreement (15 in favor, 1 abstention, 1 objection).

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### 5 Reports of the Committee of Chairs

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- **Governance**

The GC Vice Chair, Robin Doyle, briefed under item 3, Report of the Chair.

- **Audit and Finance**

The Chair, Robin Doyle, informs that the Internal Auditor delivered a status update on audit to the AFC and that no material findings were reported. The AFC Chair particularly welcomes the latest Level 2 policies related to finance presented by the CEO, discussed by the AFC, to further strengthen the Governance framework of the organization.

- **Business Development**

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The Chair, Kam Keung Tse, briefed under item 3, Report of the CEO.

- **Technology and Operations Standards**

The Chair, Jefferson Braswell, updates on the latest developments and outcomes of the TOPS Committee meeting.

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**6 AOB**

No points are raised.

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21 December 2016

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Gerard Hartsink  
Chairman of the Board

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Veronika Schoehl  
Secretary of the Meeting