

Minutes GLEIF Board of Directors Meeting

Meeting 32. Board of Directors Meeting

Date	2017-06-28	Time	9:00 – 12:00 CET	Place	Frankfurt, Germany
Present	GLEIF Board of Directors Gerard Hartsink (Chair) Wolfgang König (Vice Chair) Nabil Al-Mubarak Jefferson Braswell Bo Chen Arthur Cousins Robin Doyle Daniel Goroff Hiroshi Kawagoe Paul Kennedy Alfredo Reyes Krafft Ravi Mathur Bruno Schütterle Christopher Taggart Elemér Terták Kam Keung Tse	ROC Observers Joseph Tracy Michael Ritter Other Attendees Stephan Wolf – CEO Thomas Sprecher – Secretary of the Board Veronika Schoehl – Head of Board Secretariat Guests For item 3 – Report of the CEO John Alton – External Auditor (EY) Christian Hecht – Financial Administrator Annette Booth – Head of Finance Virginia Flynn – Head of Accreditation & Audit Services Anja Lechner – Head of Service Management & QM Clare Rowley – Head of Business Operations Meral Ruesing – Head of Communications Christoph Schneider – Head of IT Development & Operations Sven Schumacher – General Counsel			
Absent	Hyoung-Seok Lim – excused Daisuke Yamazaki – excused				

No	Topics
1	Opening by the Chair The Chair, Gerard Hartsink, determines the presence of a quorum. He informs that the meeting was duly convened and that the agenda and documentation was provided to the Board prior to the meeting. The Members agree to the agenda at hand. The LEI ROC Chair, Joseph Tracy (Federal Reserve Bank of New York), announces the rotation of the LEI ROC Chairs. From August 2017, the Vice Chair Michael Ritter (Deutsche Bundesbank) will take over the duties of the LEI ROC Chair and Joseph Tracy will continue as LEI ROC Vice Chair. Due to a changed occupation, the Vice Chair Daisuke Yamazaki (Financial Services Agency Japan) will be replaced from July 2017 onwards.

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2	Approval of the Previous Meeting Minutes
	The Chair proposes an amendment to the minutes under “Any other Business”, and the Members accept it. The Members unanimously approve the minutes of the previous meeting.
3	Topics for Information
	<p>Report of the CEO</p> <p>2016 Financial Statements according to Swiss law</p> <ul style="list-style-type: none"> ▪ The CEO presents the new Head of Finance to the Board. ▪ It is explained that the Board already approved the 2016 Annual Report (including the financial statements) according to International Financial Reporting Standards (IFRS) during its meeting on 5 April 2017. ▪ However, additional statutory financial statements were prepared for approval by the Board in order to comply with requirements of the Swiss Code of Obligations. ▪ The Board is informed by the CEO, supported by the Head of Finance, on the marginal difference between the audit results of the financial statements according to IFRS and according to the Swiss Code of Obligation (CO). ▪ The external auditor, EY, conducted the audit in accordance with Swiss law and Swiss Auditing Standards as required. Those standards require that an audit to obtain reasonable assurance whether the financial statements are free from material misstatement is undertaken. ▪ On request of the Chair, the AFC Chair informs the Board that the Audit and Finance Committee (AFC) reviewed the draft report and accounts for 2016 concluding that the audit was substantially complete and that no material weaknesses had been identified. <p>Report of the External Auditor to the Board</p> <ul style="list-style-type: none"> ▪ The external auditor, EY, states the objective of the audit was to issue an opinion as to whether the GLEIF financial statements comply with Swiss law and the Statutes and to confirm the existence of an internal control system, designed in accordance with the instructions of the Board for the preparation of financial statements. ▪ The external auditor states that the financial statements for the year ended 31 December 2016 comply with Swiss law and the foundation’s Statutes. ▪ The external auditor states that no significant findings and no material weaknesses have been identified for the attention of the Board. EY has issued a comprehensive report of the auditor and a representation letter to the Board. ▪ EY confirms that there are no circumstances incompatible with the external auditor’s independence. The audit work has not resulted in any material adjustments to the financial statements and EY is not aware of any uncorrected adjustments relating to the current financial statements. There are no management letter points to raise in respect of the current year. EY confirms to the Board the existence of an internal control system (ICS) as required by article 728a Swiss Code of Obligations. ▪ The Board takes note of the key matters related to the external audit as well as independent auditor’s report with regards to the financial statements of 31 December 2016.

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Q2 Forecast and Cash Forecast 2017

- The AFC Chair reports on the analysis undertaken of the Q2 forecast and cash forecast 2017 in the AFC meeting of 27 June.
- The CEO, supported by the Head of Finance, provides a summary on the main outcomes.
- The Board asks Management to incorporate revenue estimations with regards to LEI activity in terms of new issuance and renewals.

Update on Internal Audit

- The CEO, supported by the Head of Accreditation and Audit Services, provides an overview about the current and planned internal audit activities for the year 2017.
- The AFC Chair states that the AFC has reviewed the internal audit plan and supports it.

Update on Accreditation

- The CEO, supported by the Head of Accreditation and Audit Services, provides an overview on accreditation of pre-LEI issuers and new LEI issuers. To date, there are 30 operational LEI issuers, of which 8 fully accredited and 22 are candidates. There are 10 applicants enrolled in the accreditation process.
- The Members discuss one accreditation case to grant an accreditation certificate. The CEO, supported by the Head of Accreditation and Audit Services, explains in more detail one applicant case for accreditation and potential associated opportunities and risks. A short discussion takes place. It is agreed that the CEO submits the final documentation to the Business Development Committee and the Competition Committee for review.
- The CEO informs on the status of Level 2 data collection and the implementation of Common Data File (CDF) 2.0 formats of LEI issuers and related impacts on the accreditation program. The CEO informs that several LEI issuers do not yet comply with the implementation deadlines for both, CDF 2.0 and Level 2.
- Several members express concern about the delays which might affect the Global LEI System if not addressed. Several members ask for specific delay cases and for more details on consequences for accreditation.
- The LEI ROC Chair informs that the ROC Plenary agreed on 19-20 June 2017 to prepare a letter to the Pre-LOUs addressing the completion of the accreditation of LEI Issuers through GLEIF, the required collection of information on direct and ultimate parents of legal entities (Level 2 project) and the required implementation of the new CDF which is of overarching importance for the Global LEI System. If deadlines are failed, LEI issuers would be prohibited from issuing new LEIs as well as porting of LEIs to other LEI issuers which comply with standards, policies and principles, would be initiated.

Update on Operations

The CEO provides an update on Operations highlighting relevant information and projects including in the areas of Service Management and Data Quality, Business Operations, IT and Operations and Communications, and Public Consultations and Compliance.

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- **Level 2 and Data Quality:** Level 2 statistics show the LEI issuers that deliver Level 2 data, the number of child legal entities that report Level 2 data and error relationship records (direct and ultimate parent are the same) contributing to ensuring high data quality during the incorporation period of Level 2 data. The members discuss details on this topic.
- **Communications:** A new LEI promotion video will be published from July 2017 and be available on www.gleif.org.
- **Business:** The first quarter business update highlights the LEI system status incorporating estimated LEI growth rates with regards to impacts of the implementation of MiFID II by January 3, 2018. The GLEIF Business Report is published on www.gleif.org. GLEIF will continue to be pro-active with LEI issuers to raise awareness on MiFID II and encourages LOUs to make use of the Registration Agent partnerships. The Board is also informed of the feedback of LEI issuers on MiFID II & MiFIR preparedness and the outcome of the GLEIF-LOU meeting in the second quarter.

The Members discuss MiFID II impact and share information from their different jurisdictions.

Update on Level 2 and CDF 2.0

The CEO briefs about the status of implementation of CDF 2.0 and Level 2 data which 31 LEI issuers are required to implement. 71% have successfully implemented the CDF 2.0 format (98% managed LEIs), and 58% have successfully implemented Level 2 (86% managed LEIs) as of 08 June 2017. The main challenges are outlined in more detail. The core discussions points were addressed by the Board already under 3. "Update on Accreditation", see above.

GLEIF plans a post-implementation program for continuous improvement of the Level 2 data collection. GLEIF will engage with the LEI ROC, LEI issuers, and its stakeholder groups for a structured feedback program.

Report of the Chair

Promotion

The Chair and Members of the Board brief about their promotion activities. The Chair informs that the Annual Report 2016 will be distributed to several partners of the C-suite of GLEIF, in particular, to the leaders of the public and private sector engaged in the capital and money markets.

Governance: Update Board candidate from South America

The Chair of the Board and the Chair of Governance Committee update on the search for a candidate for the Board from South America within an open application process. Three selected candidates will be interviewed and the process of nomination will follow upon Recommendation by the GC.

Board T&E Policy

Upon Recommendation of the AFC, the Board T&E Policy was revised to allow Board Members to select their preferred currency for reimbursement to decrease the burden of

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currency fluctuations, including given that Board Members are unpaid. Also, the procedure of Board expense reports was made more efficient.

4 Reports of the Committee of Chairs

▪ Technology and Operations Standards & Business Development

The TOPS Chair, Jefferson Braswell, and the BDC Chair, KK Tse, inform on the previous, very effective joint TOPS/BDC meeting focusing on core, jointly relevant objectives for the implementation of the GLEIF strategy related to business and technical aspects. Several topics such as the outlook for Level 2 data quality management, mapping projects and messaging and communication were discussed. If deemed necessary, further joint TOPS/BDC meetings will be organized.

▪ Audit and Finance

The AFC Chair, Robin Doyle, informs that all major items with regards to the CO Financial Statements, Forecast and T&E Board Policy were already mentioned under 3. Report of the CEO and the Chair.

▪ Governance

The GC Chair, Paul Kennedy, briefed under agenda item 3. Report of the Chair. He adds that the succession planning of the Board will be reviewed.

▪ Competition

The CC Chair, Elemer Tertak, that a fruitful discussion and exchange of ideas took place in the previous CC meeting. The CC agreed to meet more frequently to resume discussions on the core principles on competition.

5 Decisions taken by the Board

▪ GLEIF 2016 Financial Statements per Swiss law

The Board unanimously approves the 2016 Financial Statements in accordance with the Swiss Code of Obligations.

The Board takes note of the Report of the Statutory Auditor on the Financial Statements as of 31 December 2016.

▪ Reappointment of the Secretary of the Board for a second term (Art. V. By-laws)

The Board Chair, Board Vice Chair and GC Chair have reviewed the contract and a division of duties was considered recommendable. The Board agrees to transfer more operational tasks from the Secretary of the Board to the Board Secretariat and General Counsel.

Upon Recommendation of the CoC, the Board approves the reappointment of Thomas Sprecher as Secretary of the Board for a second term.

▪ Change of GLEIF domicile in Basel

The Board approves to change the GLEIF domicile as per 1 September 2017, as follows:

- Existing domicile: Bäumleingasse 22, 4051 Basel
- New domicile: St. Alban-Vorstadt 5, PO Box, 4002 Basel

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- **Board Travel & Expense Policy**

Upon Recommendation of the AFC, the Board unanimously approves the revised Travel & Expense Policy of the Board.

- **Meeting Schedule 2018 – Board meeting in San Francisco**

Upon Recommendation of the CoC, the Board unanimously approves to hold the first in-person meeting of the year 2018 of the GLEIF Board in San Francisco, USA.

The members agree to aspire to a yearly Global LEI System (GLEIS) Forum where members of the Board, the LEI ROC and the LEI issuers participate.

- **Accreditation Certification (step 2)**

The Board confirms approval of the issuance of an accreditation certificate for the Japan Exchange Group, Inc./ Tokyo Stock Exchange, Inc. (“JPX/TSE”)

(16 in favor, 1 objection, 0 abstention)

6 AOB

No points are raised.

30 August 2017

Gerard Hartsink
Chairman of the Board

Veronika Schoehl
Secretary of the Meeting