

## Minutes GLEIF Board of Directors Meeting

### Meeting 39. Board of Directors Meeting

Date	2018-06-25	Time	9:00–12:00 CEST	Place	Paris, France
<b>Present</b>	<b>GLEIF Board of Directors</b>		<b>LEI ROC Observers</b>		
	Gerard Hartsink (Chair)		Michael Ritter		
	Nabil Al-Mubarak		Joseph Tracy		
	Jefferson Braswell		Nanda Dave		
	Bo Chen				
	Robin Doyle		<b>Other Attendees</b>		
	Daniel Goroff		Stephan Wolf – CEO		
	Hiroshi Kawagoe		Thomas Sprecher – Secretary of the Board		
	Paul Kennedy		Veronika Schoehl – Head of Board Secretariat		
	Wolfgang König		<b>Guests</b>		
	Alfredo Reyes Krafft		For item 3 – Report of the CEO		
	Ravi Mathur		Annette Booth – Head of Finance		
	Hiroshi Nakatake		Virginia Flynn – Head of Accreditation & Audit Services		
	Bruno Schütterle		Zornitsa Manolova – Head of Data Quality Management		
	Monica Singer		Karla McKenna – Head of Standards		
	Elemér Terták		Clare Rowley – Head of Business Operations		
	Kam Keung Tse		Sven Schumacher – General Counsel/CCO		
	Henrique Vergara				
<b>Absent</b>	Arthur Cousins (Director) – excused				
	Hyoung-Seok Lim (Director) – excused				
	Christopher Taggart (Director) – excused				

No	Topics
<b>1</b>	<b>Opening by the Chair</b>
	<p>The Chair, Gerard Hartsink, determines the presence of a quorum. He informs that the meeting was duly convened and the agenda and documentation was provided to the Board prior to the meeting.</p> <p>The Chair welcomes the two new Members of the Board, Monica Singer from South Africa, and Hiroshi Nakatake from Japan (who both have voting rights from agenda item 3). The new Members introduce themselves to the Board. The retiring Member, Hiroshi Kawagoe (who has voting rights until agenda item 2 included), attends the second part of the meeting from agenda item 3 as a guest.</p> <p>The Chair informs that the external auditor, EY, has reviewed and approved the Financial Statements 2017 which GLEIF has prepared, as required, according to the Swiss Code of</p>

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Obligations (CO) for submission to the Swiss Supervisory Authority for Foundations by the end of June 2018. The Chair proposes to add this topic after the “Report of the CEO” and the Members agree on the updated agenda.

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### 2 Approval of the Previous Meeting Minutes

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The Members unanimously approve the minutes of the previous meeting including two smaller amendments.

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### 3 Topics for Information

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#### 3 a: Report of the CEO

The CEO welcomes the two new Members of the Board with whom he already had an induction meeting. The CEO also presents his managers attending the Board meeting to the Board.

#### Accreditation

The CEO, supported by the Head of Accreditation and Audit Services, provides an overview on the status of accreditation and the annual accreditation verification process.

- There are currently 26 active LEI ROC endorsed pre-LEI issuers and 27 new organizations participating in the accreditation process of the Global LEI System. In total, 33 organizations were granted a GLEIF accreditation certificate.
- 3 LEI ROC endorsed pre-LEI issuers and 1 new organization completed the GLEIF annual accreditation verification process.
- GLEIF terminated the Master Agreement with one candidate LEI issuer due to non-compliance, however, offered the candidate the possibility to come back to the Global LEI System and to start the accreditation process again with reduced documentation requirements, as appropriate.
- There are around 40 Registration Agents in the Global LEI System that are published on the LEI issuers’ website. The CEO, upon request of one Member, will update the Board accordingly.

#### Operations

The CEO, supported by his management team, informs the Board of relevant operations topics, key projects and business initiatives of GLEIF.

- Data Quality: 50% less data quality challenges were monitored in the previous month and the data quality score remains stable above 99%. In June 2018, GLEIF started a larger project to introduce a new API-facility evaluating the data quality of LEI records before they enter the Global LEI Index thereby further increasing overall data quality. Additional data quality campaigns are planned.
  - Diversity and inclusion: An overview of the GLEIF organizational chart is provided. GLEIF has 36 staff members from 21 countries, of which 53% are female, 47% male and 70% female in management, among other factors of diversity.
  - Legal: GLEIF completed implementation of GDPR requirements. Further, the European Commission prepares a regulation on data protection which targets natural persons and legal entities with regard to confidential data of electronic communications for which GLEIF and LEI ROC consider a possible joint approach.
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- Promotion: GLEIF works on a research project on entity identification regimes operated by U.S. federal agencies and one Member strongly welcomes this project after having participated at a forum dedicated to this topic held in the U.S.
- Standards: GLEIF plans a semantic representation of the LEI across key standards used in the private and public sectors.
- A business update on growth in the Global LEI System including LEI activity trends is provided as well as an update on the GLEIF strategy implementation. The number of LEIs grew rapidly in the second half of 2017, carried by new regulatory requirements, and now exceeds 1,2 million. The LEI covers at least securities with a total value of EUR 95 trillion worldwide as of November 2017 which constitutes an increase by 25% since the end of January 2017. There are currently 91 regulatory actions using the LEIs globally. There are at least 45 jurisdictions that have rules referring to the LEI<sup>1</sup>.

The Board discusses different aspects of the CEO report of strategic importance.

### **3 b: Financial Statements 2017 according to the Swiss Code of Obligations (CO)**

Pursuant to article 957 of the Swiss Code of Obligations (CO), GLEIF is required to apply the Swiss Accounting Law for the financial year 2017 for its statutory financial statements. The Board approved the Annual Report 2017 including the Financial Statements 2017 in its meeting on 15 March 2018. For this Board meeting, additional statutory financial statements were prepared to comply with CO legal requirements.

The Chair of the Audit and Finance Committee (AFC), Robin Doyle, reports the Financial Statements 2017 according to CO would have minor immaterial differences in comparison to the Financial Statements according to IFRS as confirmed by the external auditor, EY.

EY had no significant findings brought to the attention of the AFC and the Board. The AFC recommends approval of the Financial Statements 2017 according to the Swiss CO.

### **3 c: Report of the Chair**

#### **Succession**

The Chair of the Governance Committee (GC), Paul Kennedy, and the Chair of the Board, Gerard Hartsink, update on succession planning for the Board. Three Directors retire from the Board from June 2018 due to the end of their second term and two new Directors start their first term of two years from June 2018. The new Directors will be appointed to Board Committees at the next Board meeting in August 2018. All Directors are expected to serve on at least one Board Committee. The Chair of the BDC will resign as Chair (not as Member) from June 2018, and the BDC Chair position will be free for other Board Members.

#### **Statutes**

The GC concluded, based on the feedback of Directors of the Board, to recommend to the Board the amendment of article 17 of the Statutes with regard to change the term of service for a Board Member from a two-year term to a three-year term, renewable for another

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<sup>1</sup> See "Progress report by the Legal Entity Identifier Regulatory Oversight Committee (LEI ROC). The Global LEI System and regulatory uses of the LEI", LEI ROC, 30 April 2018, source: [https://www.leiroc.org/publications/gls/roc\\_20180502-1.pdf](https://www.leiroc.org/publications/gls/roc_20180502-1.pdf)  
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term of three years. The amendment with regard to the exceptional extension beyond that term of two times three years should be in the interest of GLEIF and would be at the discretion of the Board, and is proposed to change to “one year up to a maximum of three years”. The rationale for the recommended change of the term of service aims at creating more stability in the Board, facilitating an easier rotation process of 3 to 4 Directors from the Board every year and was considered in alignment with the terms of rotation and market practice of FMIs under oversight as well as the LEI ROC Executive Committee, as referenced in the LEI ROC Charter art 10 c, attached to the GLEIF Statutes. Pursuant to article 37 of the Statutes, the Board will request the Swiss Supervisory Authority for Foundations to amend the Statutes in accordance with article 85 and 86b of the Swiss Civil Code.

Besides, and in view of the GLEIF’s Statutes, article 13 on geographic representation, the GC concluded there would be no legal obstacle in the event that a Board Member changes from his/her region during his/her term of service at the Board i.e. the respective Board Member may continue to serve on the Board. Therefore, one Board Member, who changed his jurisdiction from the CSA-A-O-ME Region to the European Region during his first term of service is able to serve for a second term of two years from June 2018. The GC was satisfied, supported by a legal opinion, that the Board had, while considering the two new appointments, in total three Board Members represented from the CSA-A-O-ME Region, thus adhering to the minimum criteria of three Members for that region to ensure the geographical balance of the Board as laid out in article 13 of the Statutes.

### **Competition**

The Ad-hoc Committee on Competition, which is charged to monitor and assess the competition in the Global LEI System, fulfilled its mandate by issuing a competition report to the Board. Based on available facts and numerical analysis, the committee assessed there would be no immediate risk to the competition in the Global LEI System. The Board Chair thanks the Chair of the Ad-hoc Committee on Competition, Elémer Terták, for his key contribution in creating the report.

### **Board Alumni Network**

The GC concluded to recommend to the Board to establish a Board Alumni Network for former Directors of the GLEIF Board since interest by several Directors was expressed. Besides, several Directors had indicated to be prepared to continue to serve as ambassador of GLEIF after their retirement from the GLEIF Board. Board alumni could continue to add value to GLEIF by promoting the LEI in relevant jurisdictions and/or industries according to the approved GLEIF strategy. The ambassador activities should continue to be executed on an unpaid basis according to article 19 of the Statutes. A proposal for the GLEIF Board Alumni Network Charter will be developed for Board resolution on 30 August 2018.

### **Self-assessment**

The Board undertakes a periodic review of its performance by self-assessment, focused on the effectiveness and efficiency of the Board. The GC assessed the 2017 results and the majority of areas scored “exceeded expectations”, the rest scored “met expectations” and no area scored “below expectations” which overall was a stronger result than in 2016. The GC concluded there are no specific recommendations for approval of the Board.

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### **Promotion**

The Chair and Members of the Board brief about their promotion activities including on activities undertaken in cooperation with the CEO.

### **Meeting Schedule 2019**

A new meeting schedule for 2019 was presented as prepared by the Committee of Chairs.

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## **4 Reports of the Committee Chairs**

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### ▪ **Governance**

The GC Chair, Paul Kennedy, adds to item 3 “Report of the Chair”, summarizing relevant resolutions for this Board meeting while informing on action items of the GC and planned GC Recommendations for the next Board meeting in August 2018.

### ▪ **Audit and Finance**

The AFC Chair, Robin Doyle, adds that the AFC reviewed the Financial Statements 2017 according to the Swiss CO, took note of the internal audit report for the third quarter and reviewed appropriate investment proposals of GLEIF.

### ▪ **Technology and Operations Standards**

The TOPS Chair, Jeff Braswell, informs that he would consider focusing the TOPS Committee’s work on the developments of standards.

### ▪ **Business Development**

The BDC Chair, Kam Keung Tse, thanks all BDC Members for their contributions to the BDC and looks forward to the work of the BDC as Member while offering his support to introduce the new Chair of the BDC, upon appointment, to relevant tasks of the BDC.

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## **5 Board Resolutions**

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### **Financial Statements 2017 per Swiss law**

The Board unanimously approves the Financial Statements 2017 in accordance with the Swiss Code of Obligations (CO).

(16 in favor, 0 abstention, 0 objection)

The Board takes note of the Report of the statutory auditor on the Financial Statements as of 31 December 2017.

### **Succession**

The Board approves the interpretation of article 13 of the Statutes, with regard to geographic representation, in the sense that in the event a Board Member changes the region during his/her term, he/she may continue to serve on the Board during his/her term.

(15 in favor, 1 abstention, 0 objection)

The Board unanimously approves the re-appointment to the Board of Paul Kennedy, who left the room during the voting process, for a second term of two years from June 2018. The Board concludes that he will no longer serve as representative from the region Central and

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South America, Africa, Oceania, and the Middle East, CSA-A-O-ME region, (Australia), but from the region Europe (UK).

(15 in favor, 1 abstention, 0 objection)

The Board takes note that the following Members retire from the Board after their second term of two years has ended in June 2018 and thanks them for their service:

- Arthur Cousins, South Africa
- Hiroshi Kawagoe, Japan
- Hyoung-Seok Lim, South Korea

### Competition

Upon recommendation of the Ad-hoc Committee of Competition, the Board unanimously approves to table the "Competition Status of the Global LEI System" for review at least once per year on the agenda of the Board.

### Board Committees

The Board unanimously dissolves the Ad-hoc Committee of Competition and takes note of the resignation of the Chair, Elémer Terták, and the Vice Chair, Daniel Goroff, thanking them for their service.

The Board supports the request of the Board Member, KK Tse, to resign as BDC Chair while continuing to serve as Member of the BDC.

### Statutes

The Board unanimously approves the amendment of article 17 of the Statutes as outlined above under "Report of the Chair".

### Board Alumni Network

The Board unanimously approves to establish a GLEIF Board Alumni Network and tasks the GC to issue a respective Charter for Board approval.

### Meeting Schedule 2019

The Board unanimously approves the Board Meeting Schedule 2019 for the in-person meetings.

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## 6 AOB

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No additional remarks were made.

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30 August 2018

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Gerard Hartsink  
Chairman of the Board

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Veronika Schoehl  
Secretary of the Meeting