

Minutes GLEIF Board of Directors Meeting

Meeting 48. Board of Directors Meeting

Date	2019-10-23	Time	09:00–13:00 EST	Place	Washington D.C.
Present	GLEIF Board of Directors		LEI ROC Observers		
	Gerard Hartsink (Chair)		Alan Deaton		
	Nabil Al-Mubarak		Francois Laurent		
	Elemér Terták		Other Attendees		
	Kam Keung Tse		Stephan Wolf – CEO		
	Sandra Boswell		Thomas Sprecher – Secretary of Board		
	Jefferson Braswell		Veronika Schoehl – Head of Board Secretariat		
	Changmin Chun		Guests		
	Hany Choueiri		For item 3 – Report of the CEO		
	Daniel Cotti		Annette Booth – Head of Finance		
	Robin Doyle		Ines Gensinger – Head of Communications		
	Daniel Goroff		Clare Rowley – Head of Business Operations		
	Salil Jha		Christoph Schneider – Head of IT and Operations		
	Wolfgang König				
	Alfredo Reyes Krafft				
	Hiroshi Nakatake				
	Monica Singer				
	Henrique Vergara				
	Zaiyue Xu				
Absent	-				

No	Topics
1	Opening by the Chair
	The Chair of the Board, Gerard Hartsink, opens the meeting. The Chair 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.
2	Approval of the Previous Meeting Minutes
	The Board unanimously approves the minutes of the previous meeting # 47 of 11 September 2019.
3	Topics for Information
	Report of the CEO
	Operations Update

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The CEO, Stephan Wolf, supported by his team, reports on operations and on relevant projects.

GLEIS 2.0 – project zero

The CEO informs on the final results of the research conducted by McKinsey on behalf of GLEIF. According to that, broader adoption of LEIs could save the global banking sector USD 2-4 billion annually in business clients' onboarding costs alone. The study identified the following pain points for the client lifecycle, where the LEI could add significant value:

- a) Manual linking of entity data from disparate internal and external sources.
- b) Difficulty in assessing entities' legal ownership structure.
- c) Limited transparency into entities' key officers.
- d) Poor customer experience due to having to make multiple round trips to gather client data and documents.

For client lifecycle management, LEIs can dramatically simplify entity identification across different lifecycle stages, such as onboarding, transacting, compliance reporting and risk monitoring. Expanded LEI usage could enable banks reduced time-to-revenue, improved customer retention and the delivery of a better, more efficient customer experience.

This study is the main driver for the GLEIF's project zero. The CEO outlines the project zero aiming at significantly decreasing the LEI fee for registrants, including resource plans and initiatives to be implemented in 2020 and 2021. A dedicated marketing promotion program for the use of the LEI by the private sector was developed to target priority markets. In order to have a greater outreach for LEI adoption globally, more resources will be made available in Asia and the United States. The BDC Chair, Wolfgang König, and TOPS Committee Chair, Jeff Braswell, informed on extensive discussions of the proposals set forward by the CEO within two meetings (in attendance with all available Directors) of their Committee and confirmed that their Committee supported the CEO proposals.

The Board Members discuss several aspects of the CEO presentation.

Budget 2020

The CEO, supported by the Head of Finance, outlines the GLEIF budget for 2020 and provides an overview of the Q4 forecast 2019 compared to the Q3 forecast 2019 and the budget 2019.

- The LEI fee for GLEIF stands at USD 11 for 2019 and 2020 for all newly issued and renewed LEIs.
- The bottom line variance for the Q4 forecast 2019 compared to the budget 2019 is favorable due to the combined effect of increased revenue and decreased total expenditure projections. Revenue projections have been adjusted to account for higher-than-expected LEI renewals but lower new issuance.
- The bottom line result for the budget 2020 is a deficit. The bottom line variance for budget 2020 compared to the Q4 forecast 2019 is unfavorable due to the combined effect of decreased revenue and increased total expenditure projections (mainly for the project cost for the GLEIS 2.0 project zero). With regard to the revenue, there is an unfavorable variance due to the full effect in 2020 of the LEI fee reduction from USD 17 for 2018 to USD 11 for 2019 and 2020.

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- With regard to the expenses, the budget 2020 shows an unfavorable variance compared to the Q4 forecast 2019. Labor expenses for the budget 2020 are higher than the Q4 forecast 2019 due to the full-year effect of 2019 recruitment. Non-labor expenses for the budget 2020 are lower than the Q4 forecast 2019 mainly due to one-off projects carried out in 2019. The net foreign exchange gains/losses for the budget 2020 show a favorable variance against Q4 forecast 2019.
- In addition, the projected LEI activity of new and renewed LEIs is outlined as well as the cash forecast for risk assessment and a 5-years budget outlook.
- The CEO underlines that in 2020, the GLEIS 2.0 project zero will be the center of focus of GLEIF and therefore other major project investments are not planned for 2020. The surplus in 2019, generated as windfall profits, will be used for project zero only.

The CEO makes the following proposals to the Board for resolution.

- The LEI fee for GLEIF will be USD 11 for all newly issued and renewed LEIs in 2020.
- The budget for 2020 amounts to USD 11.5 million.
- An additional budget for the project zero for GLEIS 2.0 amounts to USD 1.98 million and will be taken from the retained surplus.

The Directors have a discussion on the budget 2020 proposal (regular and project budget 2020) inclusive on the LEI fee of USD 11 and anticipated LEI activity.

The Chair of the Audit and Finance Committee (AFC), Robin Doyle, informs that the AFC has made an in-depth review of the forecasts and budget 2020 inclusive the Board budget. The relevance of having adequate resources available to implement GLEIS 2.0 project zero was commonly agreed upon. The AFC was comfortable with the budget proposals and considered these sustainable for GLEIF. The AFC recommends to the Board approval of the budget 2020 inclusive the GLEIF LEI fee of USD 11.

A short discussion takes place on different aspects of the CEO presentation.

Accreditation

There are 8 applicants and 8 candidates in the Global LEI System. GLEIF is on schedule with relevant Annual Accreditation Verification of accredited LEI issuers.

Other operational topics

- GLEIF continues its mapping engagements. Many more NNA members of ANNA have opted in the ISIN to LEI to mapping such as the NNA of the USA and Japan. This mapping creates a lot of value for the public sector and for market participants inclusive for investors.
- Several data accuracy initiatives are being implemented and GLEIF currently runs an API beta test consultation on the LEI search with several of GLEIF's stakeholders involved to simplify LEI usage.
- GLEIF was awarded with the ISO 20000 Service Management certificate considered as a key milestone for the organization. GLEIF is among around 10.000 companies worldwide holding such a certificate.
- GLEIF is implementing several operational and technical requirements according to the policies of the LEI ROC with regard to funds relationships and legal entities events (specific corporate actions). The Board Chair and TOPS Committee Chair

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underline to the LEI ROC the importance to gain more clarity of the implementation plan of the LEI ROC funds policy for the 24 FSB jurisdictions.

A discussion takes place on several above-mentioned topics.

Report of the Chair

Board Governance

The Chair of the Board, Gerard Hartsink, and the Chair of the Governance Committee (GC), Henrique Vergara, inform that the GC held discussions on the main governance topics.

The external governance review concluded that the Board of GLEIF is efficient in performing its duties and compliant with the rules of the foundation. Some minor adjustments to the Board activities have been suggested. These suggestions resulted in GC recommendations that were approved by the Board and are currently being prepared for implementation.

The GC discussed updates of some of GLEIF's policies. The GC concluded, based on a request of the GLEIF CEO, to recommend to the Board to include another manager into the Swiss commercial register with joint signature at two together with the CEO.

Succession

The GC discussed the search for the succession of 5 retiring Directors in June 2020 of the regions of Europe (including Commonwealth of Independent States), North America (including Mexico and the Caribbean) and Central and South America, Africa, Oceania and the Middle East according to article 13 of the Statutes. Candidates will be selected from FSB jurisdictions following the established practice from the start of the foundation and from sectors relevant for the GLEIF strategy. The Vice Chair, Wolfgang König, informs the Board on the progress made with regard to the search process for the Chair, as one of the five new Directors, of the GLEIF Board. The GC will review the candidates selected by the GC Chair and Vice-Chair. The call for candidates is planned to start before the end of year. A short discussion takes place.

Promotion

The Chair and Directors inform on their promotion activities in their regions and sectors including on activities undertaken in cooperation with the CEO. A short discussion takes place.

The Board Chair informs that the Board discussed the 4 functions of the LEI ROC (overseer, policy maker, LEI data user and LEI ambassador/promoter). The Board discussed and supported the suggestion to re-establish a joint promotion committee with the LEI ROC which will be subject to discussion of the Joint LEI ROC Executive Committee and GLEIF Board Meeting in Washington D.C on 24 October.

4 Reports of the Committee Chairs

▪ Audit and Finance

The AFC Chair, Robin Doyle, provides a brief update on the internal audit function.

▪ Business Development and Technical Operations and Standards

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The BDC Chair, Wolfgang König, and the TOPS Committee Chair, Jefferson Braswell, conclude the joint committee meetings had extensive and productive dialogue on the GLEIS 2.0 project zero.

5 Resolutions of the Board

Signatory rights

Upon recommendation of the GC, the Board approves unanimously the inclusion of the Head of Service Management, Anja Lechner, as member of the Executive Management in the Swiss commercial register with joint signature at two together with the CEO. The Board also approves unanimously to make some modifications in so far that it is ensured that all executive managers have always a joint signature at two together with the CEO.

(18 in favor, 0 abstention, 0 objection)

Strategy GLEIS 2.0

Based on the recommendations of the BDC and TOPS Committee, the Board approves unanimously that the CEO investigates the founding a GLEIF office in both, Singapore and the United States (New Jersey). The Board also approves unanimously the 2020 GLEIF marketing promotion program.

(18 in favor, 0 abstention, 0 objection)

2020 budget inclusive GLEIF LEI fee

Upon recommendation of the AFC, the Board approves unanimously the 2020 budget inclusive the 2020 LEI fee at USD 11 as well as in addition the GLEIS 2.0 project zero budget for 2020 funded from the retained surplus.

(18 in favor, 0 abstention, 0 objection)

Succession

Based on the recommendation of the GC, the Board approves unanimously tasking the GC to start a search for candidates in order to replace 5 Directors (including for the Chairman) retiring in June 2020 from the regions of Europe (including Commonwealth of Independent States): one candidates from Russia and one candidate from Italy or Spain, North America: two candidates from the USA and/or Canada) and the Middle East: one candidate from Saudi Arabia, according to article 13 of the Statutes and from the sectors finance, data and technology and of the supply chain.

(18 in favor, 0 abstention, 0 objection)

6 AOB

No further comments are raised.

December 2019

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Gerard Hartsink
Chairman of the Board

Veronika Schoehl
Secretary of the Meeting