

Minutes GLEIF Board of Directors Meeting

Meeting 59. Board of Directors Meeting

Date	2021-02-24	Time	12:00–14:10 CET	Place	Video conference call
Present	GLEIF Board of Directors		ROC Observers		
	Steve Joachim (Chair)		Francois Laurent – ROC Chair		
	Sandra Boswell		Alan Deaton – ROC Vice Chair		
	Daniel Cotti		Other Attendees		
	Hany Choueiri		Stephan Wolf – CEO		
	Changmin Chun		Thomas Sprecher – Secretary of the Board		
	Daniel Goroff		Veronika Norman – Head of the Board Secretariat		
	Salil Kumar Jha		Guests		
	Amy Kabia		<u>GLEIF:</u>		
	Alfredo Reyes Krafft		Annette Booth – Head of Finance		
	Humaid Mudhaffr		Ines Gensinger – Head of Global Corporate Communications		
	Hiroshi Nakatake		Anja Lechner – Head of Service Management		
	Javier Santamaria		Zornitsa Manolova – Head of Data Quality Management		
	Monica Singer		Karla McKenna – Head of Standards		
	Kam Keung Tse		Clare Rowley – Head of Business Operations		
	Zaiyue Xu		Christoph Schneider – Head of IT Development & Operations		
			Sven Schumacher – General Counsel		
			<u>External:</u>		
			Paul Rogers, Liz Fletcher of isepr to agenda item 3.2 Report of the CEO		
Absent	-				

No	Topics
1	Opening by the Chair
	The Chair of the Board of Directors, Steve Joachim, opens the meeting and determines the presence of a quorum. He informs that the meeting was duly convened, and that the agenda and documentation were provided to the Board of Directors prior to the meeting. The Board of Directors accepts the agenda at hand.
2	Approval of previous meeting minutes

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The Board of Directors approves unanimously the minutes of the previous Board of Directors meeting held on 02 December 2020.

3 Topics for information and resolution

3.1 Report of the Chair

The Chair of the Board of Directors, Steve Joachim, reviews the Vision Statement of the Board of Directors as approved at the previous Board of Directors meeting on 02 December 2020. He highlights the importance of the GLEIS (ROC, GLEIF, LOUs) acting as one in order to make the LEI initiative successful by dramatically growing the global LEI adoption rate. This should be achieved not only by legislative and regulatory mandates which is a slow process by nature but should also focus on accelerating efforts with regard to GLEIS 2.0 (banks acting as validation agents) and implementing the use of LEIs for verifiable credentials and other digital use cases.

The Chair further proposes for consideration by the Board of Directors the following goals for 2021:

- 1) Adopt a new pricing plan for LEIs
- 2) Agree on a high level economic approach/model for vLEIs
- 3) Assess our progress on the Verifiable Credential Strategy and determine if any mid-course corrections are required
- 4) Assess our overall progress on GLEIS 2.0, review any experience from the bank and registrant perspective and determine if any mid-course corrections are required
- 5) Monitor the the success of the core LEI product including:
 - Quality of information collected to date
 - Regulatory and legal initiatives

A discussion takes place with regard to common GLEIS goals and LEI growth expectations. One Member stresses the importance of a smooth Board succession and transition with several Members leaving and new Members joining in June 2021 in order to ensure that the changes don't disrupt progress on GLEIF's goals.

One Member requests that the ROC periodically provides input to the full Board of Directors on GLEIF/GLEIS common goals. This is especially important when we are holding only virtual meetings. The ROC Chairs underline that the relationship of the ROC and GLEIF is critical to the GLEIS' collective success. The ROC Chair further explains that the ROC Chairs attend Board of Directors meetings as observers and therefore their intervention remains generally limited. The ROC Chairs continue to hold regular meetings with GLEIF's leadership (Chair and CEO) as well as joint ROC Executive Committee/GLEIF Board of Directors meetings are convened twice a year which helps to synchronize joint efforts for LEI implementation.

Upon request of the Chair of the Board of Directors, the ROC Chair provides an update on ROC activities. In this context, the ROC Chair informs that the ROC has recently assumed responsibility for the oversight of the UTI (Unique Transaction Identifier), UPI (Unique Product Identifier) and other Critical Data Elements (CDE) for OTC derivatives, in addition to the oversight of the LEI. This expansion of ROC responsibilities should not decrease the attention and the interest of the ROC on LEI matters. The ROC Chair further elaborates on actions taken by the ROC to enhance global LEI adoption. The ROC has issued a number of policies such as Fund Relationships and Government Entities in the GLEIS and will continue

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to monitor their progress. If needed, the ROC will modify or develop new policies. The ROC has a keen interest in ensuring that the LEI product will be a success and for this, its quality is key. The ROC, via its working groups, is cooperating with GLEIF on quality matters. With regard to the economic model, which review is subject to the LEI Peer Review Report of the FSB of 2019, the ROC supports GLEIS 2.0 and will further assess the new initiative on verifiable LEIs (vLEIs). With regard to a question raised by a Member on any upcoming mandates for the LEI, the ROC Chair explains that regulatory and legislation initiatives are the core driver for LEI adoption, however, the ROC cannot develop LEI mandates but only the ROC members' jurisdictions can. Recently, in particular, LEI mandates progressed in jurisdictions such as India, China, the USA and the European Union. On the question of a Member, if the ROC has a responsibility for LEI growth or if that lies solely with GLEIF, the ROC Chair states that he sees this as a common ROC-GLEIF responsibility and recalls the institution of the Joint Promotion Committee between the ROC and GLEIF. He also recalls some initiatives by the regulators' community, noting a letter of the FSB to the G-20 states asking for enhanced and further adoption of the LEI.

The Chair of the Board of Directors takes the opportunity to thank the GLEIF staff for its efforts during 2020, under the difficult circumstances caused by the covid-19 pandemic. He also informs briefly about the upcoming Board successions to be reported on in more detail by the Chair of the Governance Committee (GC).

3.2 Report of the CEO

Operations update

The CEO, Stephan Wolf, supported by his team, provides a short update on the Preliminary 2020 Annual Financial Results including Q1 Forecast 2021.

The CEO presents GLEIF's main achievements for 2020, among them the following:

- GLEIF achieved around 16% growth in LEI issuance in 2020
- GLEIF established an office in the United States "GLEIF Americas"
- GLEIF confirmed JP Morgan as first validation agent of the GLEIS
- GLEIF completed a study on verifiable LEIs (vLEIs)
- GLEIF Annual Report 2019 was published by ESMA as a role model for an annual financial report for the European market in accordance with the ESEF (European Single Electronic Format)
- ISO updated the LEI ISO Standard 17442 to include digital certificates
- GLEIF responded to 52 public consultations in 2020
- GLEIF received ISO 20000 surveillance certification (service management framework)
- GLEIF undertook several data quality (DQ) enhancements such as extended validation rules, DQ initiatives and more DQ challenges etc.
- GLEIF improved the LEI search tool

The CEO further highlights some of the most important projects and operations matters. The health crisis due to covid-19 in 2020 has impacted the progress of some of the GLEIS 2.0 related activities (pilot projects for validation agents) as well as mapping cooperations of GLEIF with relevant industry identifiers providers. The CEO informs the Board of Directors of a submitted project status report on the implementation of verifiable LEIs (vLEIs).

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Two external speakers join the Board of Directors meeting and present new proposals on GLEIF's brand and logo and leave the meeting after 20 min.

With regard to LEI promotion, the Vice Chair of the BSAC, Daniel Cotti, informs that the ICC/WTO will hold a joint event on 30 March to present an interactive website allowing users around the world to download standards. The LEI will be prominently featured and he encourages GLEIF Management to follow this project for LEI promotion in the private sector.

3.3 Report of the Chairs

Report of the Audit and Finance Committee

The Chair of the Audit and Finance Committee (AFC), Sandra Boswell, informs that the AFC reviewed the preliminary results for the financial year 2020. The AFC took note of the expected Q1 Forecast 2021 deficit due to undertaken operational investments and felt generally comfortable with GLEIF's finances. Due to the unintended impact of the covid-19 pandemic, savings were generated and some expenses were lower. The AFC reviewed the engagement letter of the external auditor. The external audit of the financial statements 2020 will start in early March. Further, the AFC Vice Chair, Javier Santamaria, explains the AFC's assessment on the handling of the GLEIF's accumulated excess surplus. Primarily, such resources should be used to implement the LEI mandate with targeted strategic investments. Therefore, the AFC recommends Management to develop an investment strategy for the excess surplus for review of the AFC and eventual decision by the Board.

Report of the Governance Committee

- **Succession planning**

The Chair of the Governance Committee (GC), Hiroshi Nakatake, informs on the succession of the Board of Directors.

The following Members will retire in June 2021:

- Daniel Goroff
- Hiroshi Nakatake
- Monica Singer
- KK Tse

Elemer Tertak resigned on 17 February 2021.

The Chair of the Board and the Chair of the Governance Committee will coordinate the succession process with the external search firm selected by the Board, and in consultation with the ROC. One Member requests that the Governance Committee reviews the optimal size of the Board of Directors.

Resolution:

The Board approves unanimously to award the company Heidrick & Struggles on the terms and conditions of the submitted offer including a total budget of USD 244.000.

The Chair of the Board and the Chair of the Governance Committee will be asked to sign the agreement.

Voting results of present and voting members: 15 in favor, 0 abstention, 0 objection

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Report of the Risk Committee

- **Risk control**

The Chair of the Risk Committee (RC), Hany Choeri, informs on work conducted by the RC. The RC reviewed the Risk Register with regard to:

- a) Risks and opportunities identified and monitored by GLEIF Management
- b) Risks identified and monitored by the Board
- c) Risks pertaining to the GLEIS as a whole

The RC generally was comfortable with GLEIF's overall risk management and will continue to monitor levels of risks and identify new operational and strategic risks.

Report of the Business Strategy Advisory Committee

- **Implementation of GLEIF's business strategy**

The Chair of the Business Strategy Advisory Committee (BSAC), Monica Singer, informed that the BSAC reviewed pending actions by Management and discussed barriers to LEI growth as well as current business initiatives based on Management's update with regard to the implementation of the GLEIF strategy. The Chair of the BSAC recommends to review in more detail the vLEI strategy as well as to follow-up on recent business proposals made by Members of the BSAC and the Board of Directors.

Closing remarks

The Chair of the Board of Directors, Steve Joachim, closes the meeting by thanking the Chair of the BSAC and the Chair of the Governance Committee (GC) who will leave in June 2021 for their work and leadership. He invites Members to inform their interest in assuming a position of Vice Chair of the Board of Directors, Chair of the BSAC or Chair of the GC.

4 AoB

No matters are raised.

April 2021

Steven Joachim
Chairman of the Board

Veronika Norman
Secretary of the Meeting