

# Meeting Minutes



**Topic** 68. Board of Directors Meeting

**Date** 08.02.2023 **Time** 14:30 – 17:00 CET **Location** Virtual

**Participating** Steven Joachim (Chair), Amy A. Kabia, Katia Walsh, Chang Min Chun, Gabriela Styf Sjöman, Hany Choueiri, Jacques Demaël, Javier Santamaria, Kaoru Mochizuki, Nassib Abou-Khalil, Salil Kumar Jha, T. Dessa Glasser, Vivienne Artz, Zaiyue Xu

**Invitees** Thomas Sprecher (Company Secretary), Stephan Wolf (CEO), Mike Willis (ROC Observer), Fabrizio Planta (ROC Observer), Sven Schumacher (General Counsel), Annette Booth (Head of Finance), Clare Rowley (Head of Business Operations)

**Apologies** Sandra Boswell

**Distributed to** Board Members

**Minutes taken by** Nicola Dearden

## Items discussed

**Ref** **Item**

### Welcome

**1** The Chair of the Board of Directors, Steve Joachim, opened the meeting and determined 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.

Apologies had been received from Sandra Boswell.

### Approval of Minutes from Previous Meeting

**2** The Board of Directors **approved unanimously** the Minutes of the previous meeting held on 9 November 2022.

### Action Items

**3** The Chair took the Board through the action items for the Board arising from the Workshops and Board Meeting held in November 2022. It was noted that there was an action item for the Board to work on its major technology firm contacts; it was noted that contact had been made with important tech organizations.

It was further noted that the meeting today would largely focus on the action items provided to the CEO at the November meetings.

### Report of the Chair

#### Upcoming Decisions

**4** The Chair advised the Board that there were a number of upcoming matters requiring Board approval. Accordingly, the Chair requested that Board Members continue to monitor their GLEIF emails closely in the coming months.

The Chair requested that the list of items requiring approval be uploaded to BoardEffect.

**Minutes taken by:** Nicola Dearden  
**Date:** 08.02.2023  
**Filed at:** GLEIF Board Meetings

# Meeting Minutes



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## Update

The Chair thanked the Strategy Working Group and Succession Plan Working Group for the work carried out to date.

The Chair informed the Board the ROC Leadership Call, attended by him, Jacques Demael and the GLEIF CEO, discussed a request from the FSB for a plan to address cross-border payments and the need to treat this as a high priority.

## May Board Meeting

It was noted that the May Board meetings would be held in Washington DC, and advised that further information would follow.

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## **Budget**

The CEO presented the slides regarding Draft Actuals 2022 v Budget, Key Figures and LEI Activity. In particular it was noted that:

- The bottom line result for Actuals 2022 is 452k surplus.
- The bottom line variance for draft actuals 2022 compared to Budget 2022 is favorable by approximately 2.79M.
- There was an unfavorable variance of 242k in revenue due to low LEI numbers in Q1 and Q2, compensated partially through increase in the last quarter and release of accruals.
- Expenses: overall draft actuals 2022 shows a favorable variance of 1.79M (excluding FX gains/losses) compared to Budget 2022.

Annette Booth presented the slide on Closing Cash.

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## **Audit and Finance Committee Report and Resolutions**

The Chair of the Audit and Finance Committee (AFC), Jacques Demaël, reported on two topics.

### Work items

Jacques Demaël, informed the Board of the following work items for the AFC for 2023:

- Analysis of the evolution of the spend encompassing OPEX and personnel costs, to monitor and see trends.
- Present actuals on both variance to budget and 3 years' year on year evolution.
- Consider price increase of LEI for 2024 (or not).
- Management of FX.
- Review of Controls.
- Request to show risks alongside.

### Resolution to approve the 2023 Budget after a reduction of \$250,000 USD in proposed 2023 expenses

Whereas, on 9 November 2022, the Board of Directors unanimously approved the 2023 budget after a reduction of \$500,000 USD in proposed 2023 expenses. The CEO submitted the implementation plan to reduce operating costs by \$500,000 USD, without adjusting estimated FX rates or employee bonuses, to the AFC at the meeting held on 25 January 2023 (the "Implementation Plan").

After due and careful consideration, the AFC, in the normal execution of its responsibilities according to the By-Laws, reviewed the Implementation Plan and recommended to the Board to approve the 2023 budget after a reduction of \$250,000 USD in proposed 2023 expenses

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# Meeting Minutes



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(thereby amending the previous Board resolution which had reduced the budget by \$500,000 USD).

The Board of Directors **approved unanimously** the 2023 budget after a reduction of \$250,000 USD in proposed 2023 expenses (thereby amending the previous Board resolution which had reduced the budget by \$500,000 USD), as recommended by the AFC.

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## **Risk Committee Report and Resolutions**

The Chair of the Risk Committee (RC), T. Dessa Glasser, reported on two topics.

### Risk Management Report – Q4/2022

Dessa Glasser presented the Risk Management Report – Q4/2022 and noted that the number of risks remained the same.

Dessa Glasser raised a concern from the RC about the performance of an LOU and noted that this presented a significant reputational risk for the LOU and GLEIF. The Board requested to be regularly updated about this matter.

The Chair commented that the RC has done a great job of identifying the universe of risks. It was suggested that going forward, that the RC reviews the process of identifying and escalating risks to the Board level.

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Katia Walsh asked whether data management is captured within the Risk Register. Dessa Glasser confirmed that this is captured within operation risk; cyber and quality risks are also included.

### Resolution to approve GLEIF’s Risk Management Policy, version 1.2, Risk Management Framework, version 1.4 and Risk Register, version 2.11

The RC, in the normal execution of its responsibilities, according to the By-Laws, recommended to the Board to approve:

1. GLEIF’s Risk Management Policy, version 1.2
2. GLEIF’s Risk Management Framework, version 1.4, and
3. GLEIF’s Risk Register, version 2.11

The Board of Directors **approved unanimously**:

1. GLEIF’s Risk Management Policy, version 1.2
2. GLEIF’s Risk Management Framework, version 1.4, and
3. GLEIF’s Risk Register, version 2.11

as recommended by the RC.

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## **Governance Committee Report and Resolutions**

The Chair of the Governance Committee (GC), Nassib Abou-Khalil, reported on four topics.

### Update from January Meeting

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Nassib Abou-Khalil informed the meeting that at the GC held in January, it was proposed:

- that the results from the Performance Evaluation Questionnaire be reviewed by the respective committees and presented at the May Board Meeting.
  - to review the composition of the GC following on from the appointment of the new directors.
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# Meeting Minutes



- to review the committee structures; findings to be presented at the May Board Meeting.
- to formalize the process regarding the succession of the Chair during 2023. Succession plan to commence in June 2024.
- to put forward a recommendation to the board on meeting best practice in May 2023

## Executive Search Update

Nassib Abou-Khalil updated the Board on the ongoing executive search for new Board Members.

## Board Self-Assessment – key takeaways

Nassib Abou-Khalil informed the Board on the results of the 2022 Performance Evaluation Questionnaire for 2022 as set out in the Meeting Book.

## Resolution to approve the Conflict of Interest Policy

The GC, in the normal execution of its responsibilities, according to the By-Laws, recommended to the Board to approve GLEIF's Conflict of Interest Policy, version 1.1.

The Board of Directors **approved unanimously** GLEIF's Conflict of Interest Policy, version 1.1, as recommended by the GC.

## **Update from Strategy Working Group**

9 Gabriela Styf Sjöman updated the Board on the work being conducted by the Strategy Working Group and informed that the purpose of the working group is to review and update the strategic priorities in context of the external drivers. The aim is present the strategic options to the Board at the May Board Meeting for discussion and thereafter devise the Strategy Execution Framework.

The Chair thanked Gabriela Styf Sjöman and the Strategy Working Group for their efforts and commented that the work being conducted is integrated with the ROC and their priorities.

## **Report of the CEO**

10 The CEO briefed the Board on the 2022 Accomplishments, and Team Objectives 2022 as set out in the Meeting Book. It was noted that the achievement of the Team Objectives 2022 will be reviewed by the Board.

## **Lapsed Rate and Lapsed Rate Plan**

11 Further to the previous conversations with the Board and the 'List of Action Items' received, management provided the Board with the 'Response-action items for Stephan Nov 2022 Board Sessions'. It was noted that the current renewal rate is 61.9%. In response to the Board's previous request to identify all actions and steps that GLEIF can take to improve the lapsed rate, management commented that this goal is difficult to achieve due to limited influence. By way of explanation, management provided the Board with background information on the lapsed situation and on the work being carried with the LOUs. Of note was the questionnaire carried out with the LOUs. The results of the LOU survey will be reported in March 2023.

Clare Rowley took the Board through the study and noted that the next step was to conduct the final phases of 'nudging', whereby several LEI issuers have engaged with GLEIF to prepare email notifications for their client base to see if this approach encourages renewals, looking particularly at the long-term lapsed population.

The Chair applauded the renewal notice initiative and raised a question on the mechanical aspects of the survey. Clare Rowley responded to the questions raised and commented that

# Meeting Minutes



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survey conducted was of a statistically representative sample of the broader population. Katia Walsh suggested that it would be helpful to follow up with information about the characteristics of the overall population and how the sample collected represents the broader populations characteristics.

Clare Rowley informed the Board that management would like to assess an incentive for the LOUs to conduct marketing campaigns to long-term lapsed LEIs via a rebate program, whereby GLEIF would offer a rebate for every long-term lapsed LEI that the LOU converts to either issued or retired. The question was put to the Board as to whether they would support GLEIF launching the rebate program.

The CEO provided further information on the proposed rebate program.

Gabriela Styf Sjöman, questioned what the long-term incentive to push for the renewal of LEIs would be if they received a rebate. The CEO responded and noted that there would have to be a consultation with the LOUs also.

Katia Walsh questioned the sustainability of a rebate program. The CEO responded that it is currently anticipated that this would be a 'one-shot program'.

The Board confirmed their support for management to continue their analysis and assessment of the rebate program. The Board requested management to prepare a proposal and options for Board review on a rebate program to encourage renewal of LEI's

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## **Business Development Group**

- 12 In the interest of time this matter was not discussed at the meeting, instead Board members were requested to review the information provided in the Meeting Book and to put forward any questions to the CEO after the meeting.

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## **GLEIS Registrants – Overall and Validation Sales**

The CEO commented that, for now, the major driver for LEI adoption is regulation, this is also for the renewals. In other fields such as supply-chain, trade-finance, credit, etc., the major driver it is also regulation.

- 13 The CEO provided an overview on the contractual framework for information.  
The Chair requested the CEO to come back to the Board to discuss if we should ask the LOUs to have a breakdown of registrants; then in the event GLEIF should need to access that information, it can be requested.

Amy Kabia requested to spend time on identification versus authentication at the May Board Meeting.

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## **Update from CEO re keeping the Board informed of major strategic initiatives by industry groups**

- 14 In the interest of time this matter was not discussed at the meeting, instead Board members were requested to review the information provided in the Meeting Book and to put forward any questions to the CEO after the meeting.

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## **Bonus Pool**

- 15 In the interest of time this matter was not discussed at the meeting, instead Board members were requested to review the information provided in the Meeting Book and to put forward any questions to the CEO after the meeting.

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## **Closing**

- 16 The Chair thanked the participants for good discussions and engagement.
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# Meeting Minutes



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There being no further questions the meeting was closed.

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## Decisions taken

Ref	Decision
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1	Approval of Board Minutes from Meeting held on 9 November 2022
2	Approval of 2023 budget after a reduction of \$250,000 USD in proposed 2023 expenses (thereby amending the previous Board resolution which had reduced the budget by \$500,000 USD)
3	Approval of GLEIF's Risk Management Policy, version 1.2, GLEIF's Risk Management Framework, version 1.4, and GLEIF's Risk Register, version 2.11
4	Approval of Conflict of Interest Policy, version 1.1