

Minutes GLEIF Board of Directors Meeting

Meeting	Twenty-fourth GLEIF Board of Directors Meeting				
Date	2016-06-22	Time	09:00 – 11:20hrs	Place	JP Morgan Chase HQ New York City, USA
Present	GLEIF Board of Directors		ROC Observers		
	Gerard Hartsink (Chair)		Joseph Tracy		
	Jefferson Braswell		Michael Ritter		
	Bo Chen		Other Attendees		
	Arthur Cousins		Stephan Wolf – CEO		
	Robin Doyle		Thomas Sprecher – Secretary of the Board		
	Daniel Goroff		Veronika Schoehl – Head of Board Secretariat		
	Hiroshi Kawagoe		Guests		
	Paul Kennedy		For item 3 – Report of the CEO:		
	Wolfgang König		Sam Caddy – Head of Finance and Business		
	Alfredo Reyes Krafft		Administration		
	Hyoung-Seok Lim		Virginia Flynn – Head of Accreditation and		
	Ravi Mathur		Audit Services		
	Bruno Schütterle		Clare Rowley – Head of Business Operations		
	Christopher Taggart		Sven Schumacher – Head of Legal and		
	Elemér Terták		Compliance		
	Kam Keung Tse				
Absent	Sergio Chodos (excused)				
	Nabil Abdullah Al-Mubarak (excused)				
	Daisuke Yamazaki (excused)				
No	Topics				
1	Opening and Welcome of new Directors by the Chair				
	<p>The Chair determines the presence of a quorum. It is noted that the meeting was duly convened and that the agenda and documentation was provided to the Members in advance.</p> <p>The Chair welcomes the newly elected five members to the Board for the period June 2016-June 2018 – Daniel Goroff (USA), Paul Kennedy (Australia), Elemér Terták (Hungary), Kam Keung Tse (Hong Kong), and Alfredo Reyes Krafft (Mexico). The Chair informs that the five new members have voting rights during their first meeting. He further informs that Tim Smucker retired from the Board on 22 June 2016.</p>				
2	Previous Meeting Minutes Approval				
	The Board agrees to include one correction in the minutes and unanimously approves them.				
3	Topics for information				

Minutes GLEIF Board of Directors Meeting

- **Report of the CEO**

- **Q1 Financial Results and Forecast 2016/2017**

The CEO, supported by the Head of Finance and Business Administration, presents the Q1 Forecast 2016 compared to the Budget 2016 approved by the Board in November 2016. The variance for Q1 Forecast 2016 compared to Budget 2016 is unfavorable due to decreased forecast revenue. There are two main factors impacting the revenue, (a) continuing trend of increasing lapsed LEI rate; and (b) delay of onboarding LEIs mainly through regulation delay, in particular MiFID II.

Overall, Q1 Forecast 2016 total expenses decreased compared with the Budget 2016.

The CEO proposes measures to offset the budgetary shortfall. The CEO reports that committed mission critical projects for 2016 will commence as planned.

One member asks if there has been a notable shift in LEI onboarding between the April Board meeting and today. The CEO and the AFC Chair conclude that decreased LEI onboarding constitutes a general trend that continues as previously reported to the Board and to the ROC. The CEO notes that there is no general rule included with current regulation that LEIs have to be renewed in all cases. LOUs generally and continuously encourage customers to come back to the system for renewal. The CEO also informs in this context how forecasting of the LEI activity is done between the GLEIF and the LOUs.

One member notes the general dependency on the MiFID II regulation. The AFC Chair informs on an USA regulation on LEI upcoming soon, adding that in case MiFID II would be further postponed the impact on the revenue situation 2017 as well as the corresponding GLEIF fees needs to be reviewed.

It is generally agreed that more insight on upcoming regulations in any jurisdiction would be important in order to measure impact on LEI issuance development. It is also generally agreed that LEI promotion and reaching out to registrants to renew their LEIs is important. A comprehensive forecast on upcoming regulation and related expected numbers of LEIs would be presented by the CEO at the Board meeting in October as part of the budget 2017 presentation.

- **Accreditation Update**

The CEO, supported by the Head of Accreditation and Audit Services, provides an update on the status of the accreditation of the by ROC endorsed pre-LOUs and the new applicants. The members discuss selected onboarding LOUs and expected finalization of the application process. The ROC Chair highlights that until end 2016 all pre-LOUs have to apply for accreditation (signing the non-disclosure agreement) since it is important to have a defined framework. In case they are unable to do so they will lose the right to issue new LEIs from January 1st 2017 onwards. However, they will maintain their Pre-LOUs status by endorsement until end of 2017. They remain responsible for managing the existing LEI population until then.

The CEO supported by the Head of Business Operations outlines the two submitted Accreditation Plan Recommendation Reports. The members discuss the two cases and respective business forecasts.

Minutes GLEIF Board of Directors Meeting

- Internal Audit and Compliance

The Head of Accreditation and Audit Services and the Head of Legal and Compliance provide a feedback of the current audit services and compliance topics. The CEO informs that a Compliance Committee of the Executive Management was established and meets once a month. It is planned to review and update the initial list of GLEIF policies discussed with the Board to further strengthen internal control. The AFC Chair welcomes this approach stating that a 6-month period to review and further develop relevant policies would be important.

- Operations Update

The CEO provides an update on Operations highlighting the most important projects including in the areas of service management and data quality, IT and Operations and Communications. For the Level 2 project a technical specification is currently prepared with the pre-LOUs for consultation for the ROC. Further, regular technical workshops will be held with the pre-LOUs starting in June 2016. The CEO briefs on the next planned GLEIF vendor meeting and plans for future vendor meetings. He explains that the Challenge Facility will be used shortly since data vendors would be interested to help increasing data quality through this process.

▪ Report of the Chair

- Structure and tasks of Board Committees

The Chair, on behalf of the GC Chair, briefs on the Governance Committee's (GC) findings and assessment of the structure and tasks of the Board Committees. The feedback of Board members was included. It is recommended that the Board focusses more on strategic matters. The GC recommends to dissolve the Joint Promotion Committee and to establish a Business Development Committee focusing on the strategic plans, competitor analysis and promotion plans that are prepared by the CEO for approval by the Board.

- Chair and composition of Board Committees

The Chair further briefs on the conclusions made by the GC on the Chair and the composition of Board committees. The feedback of Board members was included. The Chair underlines the importance of a balance of geographical representation and expertise across sectors within the Board committees. A new composition of Board Committees including the appointment of new Chairs is recommended by the GC. The Board discusses the proposed composition.

- Vice Chairman of the Board and of the Board Committees

The Chair informs that the GC has introduced the concept of vice chairs for the Board. The Chair informs that after the Board meeting members will be asked individually by mail on stating their availability as vice chair. The GC had also asked for a mandate of the GC to prepare a Recommendation for Board approval for the vice Chairs taking into account the views of the Chairs involved.

- Organizational Regulations update

Minutes GLEIF Board of Directors Meeting

The Chair informs that a review on the Organizational Regulations (Org Regs) mainly in terms of language has been undertaken and an approval of the new version of the Org Regs is proposed.

- **Promotion**

The Chair updates on selected promotion activities. In order to make the LEI a broad public good for the benefit of the public and the private sector concerted action of the ROC and GLEIF is required. GLEIF welcomes the initiative of the ROC to start a ROC Promotion Committee for the promotion of the LEI by the public sector.

The AFC Chair, Robin Doyle, and the TOPS Chair, Jefferson Braswell, also report on their recent promotion activities.

- **Meeting Schedule 2016 (Basel meeting)**

The Chair informs on the recommendation of the Committee of Chairs that the meeting in Basel is a meeting where Directors can join by call. There are not enough agenda points to justify the costs for a full in person meeting.

4 Committee of Chairs Update

- **Governance**

On behalf of the GC Chair, Sergio Chodos, the Board Chair, Gerard Hartsink, briefed under item 3 Report of the Chair on relevant items regarding the structure and composition of the Board Committees as well as the Vice Chairs concept. The Chair adds that an induction session part 1 was held via conference call with the new members and that part 2 follows after this Board meeting.

- **Audit and Finance**

The Chair, Robin Doyle, briefed under item 3. The Chair adds that it is welcomed that GLEIF Executive Management sets up a Compliance Committee who meets once a month and is focused on the development of policies to be finalized during Q3 and Q4.

- **Technology and Operations Standards**

The Chair, Jefferson Braswell, informs on the TOPS's dialogue on the options for lapsed LEIs as soon as the date of renewal has passed and after that the LEI is expired. The Chair also briefs about the complexity of the Level 2 data model regarding the relationship types. He informs that the ROC requirements on funds will be implemented. It is desirable to include private sector individuals in the Level 2 project.

- **Committee of Chairs**

The Chair, Gerard Hartsink, informs that the agenda of the Board was agreed as usual and as mentioned under item 3 Report of the Chair of these minutes, a recommendation was agreed on the next Board meeting format.

5 Decisions taken by the Board

- **Accreditation**

Minutes GLEIF Board of Directors Meeting

The Board approves that GLEIF's CEO enters into the Master Agreement with the Irish Stock Exchange Plc (ISE) engaging with full accreditation.

(0 objection, 0 abstention)

The Board approves that GLEIF's CEO enters into the Master Agreement with Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) engaging with full accreditation.

(0 objection, 0 abstention)

- **Structure and tasks of Board Committees**

The Board dissolves the JPC Committee and approves the establishment of the Business Development Committee with the task to review the proposed strategic plans, competitor analysis and promotion plans that are prepared by the CEO for approval by the Board.

The Board agrees that the reporting function of the Chairs to the Board Committees will be further strengthened through the delivery of a report during each in person meeting.

- **Chair and composition of Board Committees**

The Board appoints as well as confirms appointment of the following Chairs of the Committees:

- CoC: Gerard Hartsink
- GC: Paul Kennedy
- AFC: Robin Doyle
- TOPS: Jefferson Braswell
- BDC: Kam Keung Tse

The Board approves the composition of the above listed Board Committees but requests the Governance Committee to review the composition of the BDC and to present a final Recommendation in the next Board meeting.

(0 objection, 0 abstention)

- **Organizational Regulations**

The Board approves the new version of the Organizational Regulations.

(0 objection, 0 abstention)

- **Meeting Schedule 2016: Basel meeting**

The Board approves that the Board meeting in Basel in August is a meeting where Directors can join by call.

- **Recording of mail votes**

The Board requested to confirm that the following two mail votes (circular letters compliant with article 23 of the Statutes) are included in the minutes:

A. The mail vote of the GC Recommendation to appoint Alfredo Reyes Krafft as Director of the Board from June 2016 that received a "no objection" of the ROC.

(13 votes in favor, 1 abstention, 0 objection).

Minutes GLEIF Board of Directors Meeting

B. The mail vote of the CEO Recommendation for the Accreditation of GS1 Germany.
(0 objection, 0 abstention)

6 AOB

No points are raised.

31 August 2016

Gerard Hartsink
Chair of the Meeting

Veronika Schoehl
Secretary of the Meeting