

**Hedera Council Meeting Minutes**

**Date:** May 12, 2021  
**Time:** 9:00 – 11:00am ET  
**Location:** Teleconference

**Attendees:**

**Avery Dennison:** Max Winograd  
**Boeing:** Brian Jeffords  
**Dentons:** Kenneth Oh  
**Deutsche Telekom:** Fredrich Kurz  
**DLA Piper:** Scott Thiel, Mark Radcliffe, Andrew Gastwirth,  
**EDF:** Paul Breslow  
**eftpos Australia:** Rob Allen  
**FIS/Worldpay:** Micah Kershner, Che Cabrerros  
**Google:** Simonas Baksys, Rich Widmann  
**IBM:** Porter Stowell, Anthony Day  
**LG Electronics:** Samuel Park  
**Magazine Luiza:** Simon Olson  
**Nomura:** Yu Ori, Sohail Khalid  
**Shinhan:** Daseob Lee, Do Hyung (Andrew) Kim, Dawoon Lee, Taeyoung Shin  
**Standard Bank:** Ian Putter  
**Swirls:** Bill Miller, Arlan Harris  
**Tata Communications:** Ankur Jindal, Troy Reynolds  
**University College London:** Nikhil Vadgama, Juan Ignacio Ibanez  
**Zain:** Richard MacNamara

**Hedera Officers/Staff:**

Mance Harmon, CEO  
Dr. Leemon Baird, Chief Scientist  
Young Cho, CFO  
Brett McDowell, Executive Director  
Natale Furman, General Counsel  
Lionel Chocron, Chief Product Officer  
Christian Hasker, Chief Marketing Officer  
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel  
Tom Sylvester, Assoc. General Counsel & Secretary  
Atul Mahamuni, SVP of Products  
Donald Thibeau, Director, Product Management  
Azeem Malik, VP, Global Business Development  
Michal Benedykinski, Director of Business Development  
Ryan Lander, VP Finance - Treasurer  
Rachel Epstein, Corporate Counsel  
Wes Geisenberger, Director of Business Development, Americas  
Alice Kim, Lead, Business Development  
Alex Russman, Business Development  
Josh Planton, VTM Group

**Members Not Present**

Wipro

**Summary of actions taken at meeting**

- MarCom dissolution. Council Members approved dissolving the Marketing Committee.
- Minutes approved. Council Members approved the minutes from the Council meeting held on March 10, 2021.
- LLC Agreement update. Council Members approved certain minor amendments to the Hedera LLC Agreement and Committee Policy as presented at the meeting.

**Call to Order & Introductions**

Brett M. called the meeting to order and welcomed Council Members to the second Council meeting of 2021.

**Brett M. McDowell**  
Executive Director

After being moved and seconded, the Council Members unanimously approved the agenda as presented for the meeting. Brett welcomed new members and allowed them a few minutes to introduce themselves and share their reasons for joining the Hedera Council.

**CEO Update**

Mance H. introduced Young C. to the Council as Hedera’s new CFO.

**Mance Harmon**  
CEO

Mance H. reported that, in just one and half years since the Hedera network opened for public use, Hedera has hit its one billionth mainnet transaction, with a current processing rate of between 70-100 transactions per second. He noted that Hedera has seen strong growth in its enterprise POCs and applications, including those being developed by Council Members. Hedera is also aware of a pipeline of 32 projects led by system integrator partners, and Council membership has grown 25% so far this year.

Mance H. shared that Swirlds has been considering a web 3.0 company as a potential new member of the Council, which would be the first company from the DLT industry to join the Hedera Council. Brett M. reminded the Council that Swirlds has the right to name the first 38 members of the Council, and Mance added that Swirlds did not want to make the decision without hearing input from other Council Members. Mance H. noted that the prospective new Council Member would be capable of providing thought leadership in areas other Council Members do not have expertise in, which is important to Hedera's overall strategy. Mance H. agreed to keep the Council informed as discussions with the prospective member progressed.

### **Committee Reports**

#### *TechCom*

**Dr. Leemon Baird**  
*Chief Scientist*

Dr. Leemon B. reported that the Technical Steering & Product Committee ("TechCom") has been updating the Hedera Node Policy and Council Transaction Signature Policy. The committee has also been reviewing the new Hedera Improvement Process (HIP), which will be the main conduit by which enhancements are made to the Hedera network. Dr. Leemon B. reviewed the Hedera Technical Roadmap, highlighting the Reconnect service (which will allow nodes to automatically reconnect to the network and is expected to go live in June), the addition of a non-fungible token service, and the future automation of staking and proxy staking on the network.

He noted that the Hedera network also continues to further decentralize, as the network now has 20 nodes and the initial group of Council Members have been trained and added as signers to the Hedera Treasury accounts.

#### *CoinCom*

Dr. Leemon B. reported that, since the last Council meeting, the Treasury Management & Coin Economics Committee ("CoinCom") recommended an update to the Hedera Pricing Plan to add fees for scheduled transactions.<sup>1</sup> CoinCom has also been reviewing the several other proposals to increase network use including grant giving, stakeholder relations, and analyzing the competitive landscape.

#### *RegCom*

**Natalie Furman**  
*General Counsel*

The Legal & Regulatory Committee ("RegCom") has been reviewing proposed revisions to FATF's "Guidance for a Risk-based Approach to Virtual Assets and Virtual Asset Service Providers," which would have implications for the entire DLT ecosystem. Natalie F. explained that the change would expand the scope of regulated actors to anyone who facilitates "virtual asset service provider" activities and expands the scope of regulated assets. Based on feedback from RegCom members, Hedera reviewed a draft response to the proposed revisions that the Digital Chamber of Commerce plans to file with FATF.

Among other things, RegCom has also been reviewing a proposal to improve Hedera's Treasury management reporting methodology, legal issues around the deprecation of the Hedera wallet, and the sharing of confidential information within the Council prior to publicly announcements (e.g., a new Council Member joining). After hearing the feedback from RegCom, Natalie shared that the Hedera Board agreed that confidential information should only be shared with Council Members prior to public announcement if it facilitated specific engagement with the incoming Council Member. She noted that RegCom will also be reviewing approaches to counterparty due diligence and Hedera's regulatory strategy.

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<sup>1</sup> **Note:** The Council Members approved v5 of the Hedera Pricing Plan, which added pricing for scheduled transactions, by e-ballot on May 6, 2021.

### **Grant Program (executive session)**

The Council meeting moved into executive session to discuss network ecosystem grant programs.

**Brett M. McDowell**  
Executive Director

### **Marketing Update**

Christian H. shared that there have been challenges in forming an active, functioning Marketing Committee (“MarCom”), which is not an uncommon issue within standards association ecosystems. He recommended dissolving MarCom and for Hedera to collaborate with Council Members on a 1:1 basis, asking that all Council Members introduce their marketing teams to the Hedera marketing team. To make sure that Council Members are kept apprised on Hedera marketing efforts, all Council Members will be added to Hedera’s monthly newsletter.

**Christian Hasker**  
Chief Marketing  
Officer

After being moved and seconded, the Council Members approved dissolving the Marketing Committee.

### **CFO Budget Report**

Young C. reviewed Hedera’s 2021 Budget against 2020 actuals, noting that non-discretionary spending is down 9% from last year, while discretionary spending is up 87%. Compensation and benefits costs are also expected to rise as Hedera’s headcount grows.

**Young Cho**  
CFO

As part of his next update, Young C. noted that he will have a HBAR Treasury Sustainability model available for the Council’s review, which he is developing with input from CoinCom. This model will give Hedera the ability to evaluate how several different variables would impact grant giving capability in order to design a grant program that will be sustainable for years.

### **Corporate Governance**

After being moved and seconded, the Council Members unanimously approved the minutes from the Council meeting held on March 10, 2021.

**Tom Sylvester**  
Secretary & Assoc.  
General Counsel

Tom S. reviewed proposed minor revisions to the Hedera LLC Agreement (LLCA), which included updates to reflect changed terminology. He also reviewed proposed updates to Hedera’s Committee Policy to reflect the current Committee list and clarify how Committees are formed and operate.

After being moved and seconded, the Council approved the proposed amendments to the Hedera LLC Agreement and the Committee Policy as presented.

### **Hedera User Group Report**

Brett M. shared information from the Hedera User Group’s (HUG) initial public workshop, which focused on eftpos’ settlement service on the Hedera network and DLA Piper’s TOKO tokenization platform. A call with HUG Contributors is being planned for the first week of June, and the next workshop is expected to take place at the end of June. It was noted that per the feedback received on the initial workshop, the next workshop will focus on a single use case, but only be an hour long. The workshops will begin occurring monthly starting in June.

**Brett M. McDowell**  
Executive Director

**Rob Allen**  
eftpos Australia

**Andrew Gastwirth**  
DLA Piper

### **Any Other Business**

Brett M. asked Council Members to contact him offline about any concerns they have with starting to reconvene in person meetings starting in Q4 2021.

The meeting was adjourned

**Actions taken or ratified by the Hedera Council by written consent (Mar. 10, 2021 – May. 12, 2021)**

<u>Date</u>	<u>Type</u>	<u>Action</u>
May 6, 2021	Pricing Plan	Approved v5 of the Hedera Pricing Plan, which added pricing for Scheduled Transactions