

Hedera Council Meeting Minutes

Date: February 9, 2022
Time: 6:00 – 8:00pm ET
Location: Videoconference

Attendees

Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
Chainlink: David Post, William Herkelrath
Dentons: Kenneth Oh
DLA Piper: Scott Thiel, Mark Radcliffe
EDF: Paul Breslow
Google: Simonas Baksys, Rich Widmann
IIT: Prabhu Rajagopal
London School of Economics: Thamim Ahmed, Carsten Sorensen
Magazine Luiza: Simon Olson
ServiceNow: Nicola Attico
Shinhan: Andrew Kim, Daseob Lee, Tae-young Shin
Standard Bank: Gideon Rossouw
Swirls: Bill Miller, Arlan Harris, Natalie Furman
TATA Comm: Ankur Jindal
Ubisoft: Oscar Navarro, Nicolas Pouard, Guillaume Tormo
University College London: Paolo Tasca, Nikhil Vadgama, Riccardo Piselli, Juan Ibanez
Zain: Richard McNamara

Hedera Officers/Staff

Brett McDowell, Chair
Mance Harmon, CEO
Dr. Leemon Baird, Chief Scientist
Young Cho, CFO
Christian Hasker, Chief Marketing Officer
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel
Tom Sylvester, General Counsel & Secretary
Atul Mahamuni, SVP Product

Guests

Ken Herzinger, Paul Hastings LLP
Josh Planton, VTM Group
Jessica Zuver, VTM Group
April Denning, VTM Group

Members Not Present

DBS
Deutsche Telekom
eftpos
FIS/Worldpay
IBM
LGE
Nomura Holdings
Wipro

Summary of actions taken at meeting

- Minutes. Council members approved the minutes from the Council meeting held on Nov. 17, 2021.
- Staking rewards. Council members approved the development of a permissionless staking rewards model.
- Committee policy. Council members approved updates to the Committee Policy and delegated authority to the Chair to implement the policy.

Call to Order & Introductions

Brett M. McDowell
Chair

Brett M. formally called the meeting to order and welcomed Council Members to the second Council meeting of 2022. Tom S. reminded the Council that this meeting is being held under the terms of Hedera’s antitrust and market integrity policies.

After being moved and seconded, the Council Members unanimously approved the agenda as presented for the meeting. Later in the call Brett M. welcomed new members and all members were provide with an opportunity to introduce themselves.

After being moved and seconded, the Council members approved the minutes from the Council meeting held on January 12, 2022.

Staking Program Proposals

Leemon B. provided background on proof-of-stake DLT networks. He noted that automatic staking had not yet been implemented on the Hedera network, and that implementing automatic staking is essential to further decentralization and protecting network security.

Dr. Leemon Baird
Chief Scientist

Leemon B. reviewed the timeline for launching staking on the Hedera network. The main decision before the Council is to determine if it will implement a permissionless or permissioned staking rewards model. He reviewed staking models used by other layer-1 proof-of-stake networks and noted that Hedera's competitors all use a permissionless staking rewards model.

Leemon B. summarized the Treasury Management & Coin Economics Committee's recommendation to adopt a permissionless staking rewards model to, among other things, align with market practice and drive decentralization and use of the network.

Sam B. reviewed compliance-related issues and risks that accompany staking, along with risk mitigation steps and policies, such as using an IP geo-location block to prevent users from restricted jurisdictions from using the network. He also observed that a permissionless rewards model is the clear industry standard.

Sam Brylski
Chief Compliance
Officer & Regulatory
Counsel

Tom S. summarized the Legal & Regulatory Committee's recommendation to move forward with a permissionless staking rewards model and to continue to monitor the regulatory landscape.

Tom Sylvester
General Counsel &
Secretary

The Council members discussed staking models and it was agreed that RegCom will continue to monitor regulatory issues relating to the Hedera network and come forward with recommendations if the regulatory landscape changes.

After being moved and seconded, the Council approved implementing a permissionless rewards staking model on the Hedera network.

Board Report

Brett M. agreed to send a Board report out by email to provide more transparency to the Council on Board activities.

Brett M. McDowell
Chair

New Committee Policy Proposal

Brett M. reviewed a proposed updated Committee Policy. The policy is being updated given Hedera's reorganization and to further decentralized governance. Under the new policy, all Committees with delegated authority to take actions or make decisions on behalf of the Council would be required to maintain active representation from a majority of the Council members. If Committees are not able to meet this threshold, they will be deactivated or made an advisory group.

Brett M. McDowell
Chair

Brett M. reminded members that the Council approved an engagement plan to support the ability of Council members to add additional headcount in support of Council activities. He noted that the Board is also reviewing other programs to assist Council members with dedicating resources.

After being moved and seconded, the Council approved the updated Committee Policy as presented.

Brett M. clarified that new Committee Charters that align with the updated Committee Policy will also be circulated for approval by the Council, and Simon O. suggested that the developer engagement aspects of the policy be moved under engineering's scope and responsibilities.

After being moved and seconded, the Council approved delegating authority to Brett M. to manage the implementation date of the recently approved Committee Policy changes.

TechCom Report

Dr. Leemon Baird
Chief Scientist

Leemon B. shared the updates to the Hedera Technical Roadmap, stating that Update was launched on mainnet in January and has been thoroughly tested. Other major changes include Smart Contract 2.0 service, which benefits include increased speed, more memory, and integration with HTS.

TechCom has also approved several Hedera Improvement Proposals (HIPs) that were requested and developed by community members. TechCom continues to see good participation from Council members.

CoinCom Report

Leemon B. stated that CoinCom has been focused primarily on staking and staking reward pricing over the past few months. CoinCom is also reviewing a draft Treasury Management Policy document. CoinCom continues to see good participation from members.

RegCom Report

Tom Sylvester
General Counsel
& Secretary

Tom S. noted that RegCom has been focused on staking rewarding models in its recent meetings and that attendance had increased for such meetings.

Any Other Business

Brett M. McDowell
Chair

Council Members were reminded of the open e-ballot to approve the proposed amendments to Hedera's LLC agreement.

Brett M. shared that the intention is for the Council to continue to meet monthly for the next several months, and that meeting length will be reduced to 90 minutes.

The meeting was adjourned.

Actions taken or ratified by the Hedera Council by written consent (Jan. 13, 2022 – February 9, 2022)

None