

Hedera Council Meeting Minutes

Date (Day 1): May 20, 2023
Time: 9:00 a.m. - 6:30 p.m. PST

Date (Day 2): May 21, 2023
Time: 9:00 a.m. - 2:30 PST

Location: Sunnyvale, CA

Council Member Attendees

abrdn plc: Duncan Moir
Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
COFRA: Jheroen Muste, Anil Nashier
Dell: David Fraterra, Steve Todd
Dentons: Kenneth Oh, Yi Jing Teo
Deutsche Telekom: Dirk Thatmann
DLA Piper: Andy Gastwirth, Kristi Swartz, Scott Thiel, Tim Popplewell, Amar Fahmy, Vicky Lio
EDF: Julien Pestourie
eftpos: May Lam
FIS/Worldpay: Saiprasad Raut
Google: Simon Baksys, Rich Widmann
IBM: Bhargav Perepa, Shyam Nagarajan
IIT (Madras): John Augustine
LGE: Tony Jang, Paulo Lee, Sehan Lee
LSE: Thamin Ahmed, Jeremy Grant
Magazine Luiza: Simon Olson
Service Now: Tasker Generes, Shuchi Rana, Nicola Attico
Standard Bank: Shaveen Bageloo, Ian Putter, Gideon Rossouw
Swirls, Inc.: Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris, Natalie Furman, Shoshana O'Brien
TATA Communications: Ankur Jindal
UCL: Nikhil Vadgama, Paolo Tasca, Jiahua Xu, Juan Ignacio Ibanez
Wipro: Andrew Aitken
Zain: Richard MacNamara

Independent Director Attendees

Monique Morrow

Members Not Present

Chainlink
DBS
Nomura
Shinhan Bank
Ubisoft

Hedera Staff

Brett McDowell, Chair & President
Betsabe Botaitis, Chief Financial Officer & Treasurer
Sam Brylski, Chief Regulatory Officer
Alex Popowycz, Chief Information Officer
Nilmini Rubin, Chief Policy Officer
Tom Sylvester, General Counsel & Secretary
Kimberly Rowland, VP Finance Operations
Gregory Schneider, Deputy General Counsel
Kate Ball, Director of Legal Operations & Senior Counsel
Mike Cave, Director of Technical Programs
Brad Wells, Director of Compliance Operations
Salvador Aveldaño, Data Analytics, Finance & Bus. Intelligence
Alvaro Escobedo, Junior Financial Controller
Jenna Salter, Operations Manager
Tammy Cloud, Assistant Controller
Keith Helzer, Information Systems Manager

Swirls Labs

Young Cho
Eric Piscini
Zenobia Godschalk
Christian Hasker
Atul Mahamuni
Cate Papez
Lionel Chocron
Vanessa Valentine
Lina Tran

HBAR Foundation

Elaine Song
David Cramer
Josh Sroge
Alex Russman
Wes Geisenberger

Hashgraph Association

Kamal Youssefi
Stefan Deiss

Other Guests

Jeff Tchui, BCW
Dwight Van Diem, BCW
Urs Rahne, Boston Consulting Group
Kenneth Herzinger, Paul Hastings LLP
Mike Diesch, Quarter Homes
Scott Davis, Quarter Homes
Shannon Diesch, Quarter Homes

Summary of actions taken at meeting:

- Minutes: The Council members approved the April 12, 2023 meeting minutes.
- Allocation Request. The Council members approved the allocation of 3,735,000,000 hbars to fulfill existing contractual obligations for token purchase agreements, network governance and operations, and ecosystem and open-source development.

Actions taken or ratified by the Hedera Council by written consent (April 12, 2023 - May 20, 2023)

- Council members voted to appoint Shuchi Rana and Ian Jebbit as Co-Chairs of the Marketing Committee, with each serving a term of May 17, 2023 through December 31, 2024.

Call to Order & Introductions

Brett M. called the meeting to order and reviewed the meeting objectives. After being moved and seconded, the agenda was adopted.

Brett McDowell
Chair & President

Tom S. reviewed the minutes from the April 12, 2023 Council meeting and, after being moved and seconded, the Council members **APPROVED** the minutes.

Tom Sylvester
General Counsel & Secretary

“State of Hedera”

Corporate Governance

Brett M. discussed the state of Hedera from a governance perspective. Brett M. summarized the Council’s purpose and scope, which is to engage in the business of maintaining the Hedera network and various activities related to that business. Brett M. shared the Board’s goal to have Hedera be the network trusted by everyone, including Fortune 500 enterprises for their large-scale applications that use public and hybrid DLT. The Board understood “trust” as “the firm belief in the reliability of the Hedera network to deliver best-in-class public and hybrid DLT capabilities, and the credibility of the Hedera Council Members to transparently govern the Hedera network as lawful enterprise users and operators of the network.” Members discussed the definitions of “public” and “hybrid” DLT.

Brett McDowell
Chair & President

Brett M. also discussed the Board’s objectives for 2023. These objectives include: (i) reduce operational risk for Hedera network participants; (ii) increase network utilization; (iii) deliver a self-sustainable fees/rewards model at a defined number of TPS; (iv) deliver an approved plan that shows self-sustainability by a defined date; (v) improve reliability, transparency, capability and credibility of Hedera; and (vi) reduce regulatory risk for Hedera network participants. Brett M. also discussed Hedera’s progress in its ongoing journey of greater decentralization.

Network Governance

Alex P. discussed the “State of the Hedera Network.” Alex P. discussed the March hacking incident, during which hackers exploited a smart contract vulnerability to steal approximately \$600,000 worth of tokens from decentralized exchanges. As a precautionary measure, the Hedera network operations team together made the decision to disable proxy access to the network, and as a result the Hedera mainnet was rendered inaccessible for thirty hours. Alex P. discussed the technical source of the issue as well as steps taken to remediate the exploit and prevent future exploits from taking place.

Alex Popowycz
Chief Information Officer

Alex P. discussed Hedera’s network uptime, permanent and transitional nodes, and provided a technical overview of recent Hedera Council transactions.

Treasury Management

Betsabe B. presented on the “State of the Hedera Treasury.” Betsabe B. discussed the [Treasury Management Report](#) and the [Treasury forecasting process](#), as well as a forthcoming Treasury allocation request from the Board for coins to fulfill existing legal obligations.

Betsabe Botaitis
Chief Financial Officer &
Treasurer

Global Policy

In her new role as Hedera’s Chief Policy Officer, Nilmini R. discussed the state of global policy and Hedera’s new initiative to positively impact global regulations. She discussed 2023 goals, which include (i) securing US policy changes that allow Hedera to have clear and tenable compliance requirements to continue operations in the US (including with regard to hbar status and node operations), (ii) preventing EU and UK final policy framework implementations from introducing requirements that would restrict Hedera operations in that jurisdiction, and (iii) securing Australia, Singapore, and South Korea regulator guidance and approval for regulated financial institutions in the region to be able to operate Hedera nodes. Nilmini R. also provided a recap of her recent U.S. congressional testimony before the House of Representatives, Committee on Agriculture’s hearing on “[The Future of Digital Assets: Identifying the Regulatory Gaps in Spot Market Regulation](#).”

Nilmini Rubin
Chief Policy Officer

Committee Reports & Recommendations

Each of Hedera’s six committees reported on their objectives and key efforts for 2023.

Simon O. discussed the Membership Committee’s recent activities, including MemCom’s nomination of COFRA, whose term began on May 17, 2023. MemCom’s goals for 2023 include continued Council recruitment, evaluation and nomination of outstanding candidates with a focus on increasing sector and geographic diversity, codification and standardization of Council recruitment materials, canonization of the Council recruitment process, obtaining Council approval of revised objective criteria for Council membership, and work to facilitate and build the Hedera Council community.

Simon Olson
Magazine Luiza

Kristi Swartz
DLA Piper

Nilmini Rubin
Chief Policy Officer

Sam Brylski
Chief Regulatory Officer

Kristi S., Nilmini R., and Sam B. reported on the Regulatory & Policy Committee’s key efforts for 2023, including monitoring, analyzing, and discussing regulatory developments as they arise.

Andy Gastwirth
DLA Piper

Saiprasad Raut
FIS/Worldpay

Andy G. and Sai R. shared the Corporate Utilization Committee’s recent achievements and goals for 2023. CorpCom has received several enterprise accelerator grant applications, indicating strong interest in corporate use cases from Council members and their affiliates. CorpCom recently hosted fourteen use case presentations, each of which enjoyed strong attendance from Council members and guests. In 2023, CorpCom aims to develop a new Council member orientation program, align use cases for sustainability, introduce projects to The Hbar Foundation and the Hashgraph Association, and work across use cases/projects to identify strategic HIPs for technical development.

Dr. Leemon Baird
Swirlds, Inc.

Paolo Tasca
University College
London

Shuchi Rana
ServiceNow

Dr. Leemon B. shared the Technical Steering & Product Committee’s most recent decisions and updates. Specifically, TechCom has approved HIP 719 (associate and dissociate tokens via facade contract), HIP 721 (add software version to events), and HIP 729 (contract accounts nonce externalization). TechCom considered but did not approve HIP 690 (identify community nodes in address book and related API). Dr. Leemon B. also discussed TechCom’s roadmap themes, which include increased decentralization, modularization, smart contract equivalence, next gen tokenization, community HIPs, and network innovations.

Ian Jebbitt
DLA Piper

Christian Hasker
Swirlds Labs

Dr. Leemon B. and Paolo T. discussed the Treasury Management & Coin Economics Committee's plans for 2023. CoinCom has been analyzing the Treasury Management Report, allocation scenarios throughout Hedera's decentralization objectives, and committed versus discretionary hbar distribution projections. Dr. Leemon B. also reviewed CoinCom's discussion on staking. In 2023, CoinCom will review staking procedures, treasury management, the Treasury Management Report, ecosystem development activities, and the financial aspects of Hedera's ongoing decentralization.

Shuchi R. and Christian H. presented on the newly reinitiated Marketing Committee's inaugural meeting and key efforts for 2023. As a newly elected MarCom Co-Chair, Shuchi R. reviewed MarCom's charter, roles and responsibilities, and governing principles. Ian J. also introduced himself as a newly elected MarCom Co-Chair. Christian H. discussed Hedera's historical marketing strategy and metrics that MarCom would track. Christian H. and Shuchi R. facilitated an open discussion about marketing strategy and best practices for MarCom to achieve its goals.

Treasury Governance & Strategic Planning (in Executive Session)

The Council meeting then entered into executive session, which included small-group breakout sessions, to discuss key strategic initiatives.

During the executive session, a motion was made to allocate 3,735,000,000 hbars to fulfill existing contractual obligations pursuant to token purchase agreements, network governance and operations, and ecosystem and open-source development. After being moved and seconded, Council members **APPROVED** the requested allocation. Tata Communications abstained from the vote.

Network Utilization: Council Member Showcase

Nicola A. presented ServiceNow's DLT solution involving tokenization of climate assets and offsetting emissions. He discussed the benefits of tokenized assets and demonstrated ServiceNow's ESG Command Center, including the Tolam Earth climate asset marketplace.

Nicola Attico
Service Now

Shannon Diesch
Quarter Homes

Shannon D. provided an overview of Quarter Homes' DLT solution, which aims to disrupt the global housing capital market. Quarter Homes has worked with DLA Piper to engineer a two-sided marketplace that matches housing investment capital to homebuyers. Shannon D. demonstrated the Quarter Homes' multi-token ecosystem and the specific benefits provided to homebuyers and investors on the platform.

Sai Raut
FIS/Worldpay

Dwight Van Diem
BCW

Sai R. presented FIS/Worldpay's DLT solution involving stablecoin proof-of-reserves reporting. Worldpay has an existing USDC settlement product and sought to address the emerging but critical issue of stablecoin reserves. Working in conjunction with BCW Group, Worldpay developed a solution to assure its merchants that each USDC token flowing through Worldpay's system has equal fiat deposits. Future iterations of this solution may include other stablecoins, audit feeds from third-party auditors, plugging preferred proof-of-reserve solutions into the service layer and future-proofing the solution.

Richard MacNamara
Zain

Shyam Nagarajan
IBM

Richard M. shared Zain's vision for a Hedera-enabled global telco ecosystem platform. In particular, he discussed current challenges with roaming settlement between telco carriers, the past efforts of GSMA (association of mobile operators and the broader mobile industry), and the vision and plans for a consortium-led approach to achieve wide adoption of the proposed "Telco Ecosystem Platform." The solution will be funded initially by grants from the Hashgraph Association and BCGX, with near-term plans for a sprint to validate the vision and mobilize

participants to bring the platform to life.

Shyam N. presented IBM's solution for the digital identity and credentials ecosystem. IBM offers self-sovereign identity solutions for enterprises and specifically seeks to integrate Hedera SDK for Decentralized Identifiers (DIDs) and Verified Credentials (VCs) to empower enterprises in the web3 digital economy. Shyam N. demonstrated the "universal wallet" that securely decentralizes the storage of the holder's record and operates across ecosystem issuers and verifiers using open specifications.

Network Utilization: Ecosystem Showcase

The HBAR Foundation

David C., Elaine S., Josh S., Wes G., and Alex R. updated Council members on The Hbar Foundation's activities over the past eighteen months.

David C. discussed the Foundation's internal operations and grant management systems, which prioritize data-driven decision making and analyze grant requests by estimating network usage and projected revenue forecasts. Their system then tracks such forecasts against real-time analytics and feeds grant data into various third-party tools to generate decision-making insights. The Foundation also uses a grant pipeline dashboard to review applications, go-live dates, fund categories, and additional metrics. Finally, the Foundation offers a self-service platform for vetted grant applicants and recipients to submit proposals, request approvals, and view real-time progress.

Elaine S. shared the Foundation's insight and views on network staking. Elaine S. provided background on the technical definition of staking (including key security considerations) and the role of staking in ecosystem adoption. Elaine S. shared staking models utilized by other networks and data involving network activity metrics impacted by staking programs.

Representatives from the Foundation then discussed its five key focus areas: sustainability, customer loyalty, on-chain finance, institutional capital, and enterprise adoption.

The Hashgraph Association

Kamal Y. discussed the Hashgraph Association's purpose to accelerate broad adoption of the Hedera network globally. The Hashgraph Association seeks to enable governments and private enterprises to contribute towards economic development and financial inclusion with a positive environmental, social, and governance impact.

Kamal Y. discussed the Hashgraph Association's governance structure, guiding principles, and strategic objectives, which include education, funding, acceleration, and scaling efforts globally.

Kamal Y. then discussed each of the Hashgraph Association's four programs: Innovation, Enterprise, Partners, and Certification. The Hashgraph Innovation and Enterprise Programs empower qualified grantees to scope, develop, and deploy solutions onto the Hedera network. Current enterprise grantees are developing solutions in the gaming, food traceability, NFT, and carbon industries, among others. The Hashgraph Association's partner ecosystem includes technology companies, system integrators, consultancy firms, and academic institutions. Finally, the Hashgraph Certification Program provides training and certification to allow ecosystem partners to guide their projects through development and deployment.

Kamal Y. concluded by discussing the Hashgraph Association's Innovation Fund, which co-invests alongside other investors pursuant to certain defined criteria to further accelerate adoption of the Hedera network.

David Cramer
The Hbar Foundation

Elaine Song
The Hbar Foundation

Josh Sroge
The Hbar Foundation

Alex Russman
The Hbar Foundation

Wes Geisenberger
The Hbar Foundation

Kamal Youssefi
The Hashgraph Association

DLT Science Foundation

The DLT Science Foundation (“DSF”) publicly launched in March 2023 at Paris Blockchain Week. Paolo T. shared DSF’s early activity, including the public launch of a \$5 million grant program for university network members, twelve grant applications, and six grant awards.

DSF will focus its impact on the areas of education, research, and innovation. In doing so, DSF will provide education, research, and innovation programs designed to train developers and university students, create commercial opportunities in partnership with the academic industry, and facilitate active engagement between academia and the developer community.

DSF will also focus on building the DSF Network, comprised of science and industry fellows and universities. DSF is targeting thirty academic institutions in diverse geographic regions for its network by 2027. DSF is also targeting 100 “champions,” or industry fellows (leading academics embodying DSF’s mission), by 2027. DSF has received multiple applications from institutions and prospective fellows since its public launch.

Any Other Business

Betsabe B. discussed Bitwave’s accounting platform and the fact that Hedera is the first digital asset platform to be fully integrated into Bitwave’s accounting software. Betsabe B. offered to meet with any CFOs at Council member organizations to discuss the software and how they may find it useful.

Council members decided to form a special task force for purposes of discussing Hedera’s proof-of-stake model. The task force, which will be open to all individuals in elected Council leadership positions, as well as interested Council member representatives, will research and discuss issues relating to staking, with the goal of coming back to the full Council with findings and possibly recommendations.

Brett M. discussed plans for the next in-person Council meeting, which is tentatively scheduled to take place in Singapore in Q4 2023.

Adjournment

The meeting was adjourned.

Paolo Tasca
*University College
London*

Nikhil Vadgama
*University College
London*

Jiahua Xu
*University College
London*

Betsabe Botaitis
CFO & Treasurer

Brett McDowell
Chair & President