

**Hedera Council Meeting Minutes**

**Date:** July 12, 2023  
**Time:** 6:00 pm EST  
**Location:** Zoom

Council Member Attendees

**abrdn plc:** Duncan Moir  
**Avery Dennison:** Pradeep Iyer  
**Boeing:** Brian Jeffords, Brien Hansen  
**Dell:** David Fraturra, Gaurav Chawla  
**Dentons:** Kenneth Oh, Yi Jing Teo  
**DLA Piper:** Andy Gastwirth, Kristi Swartz, Ian Jebbitt  
**FIS/Worldpay:** Saiprasad Raut, Che Cabrerros  
**IBM:** Bhargav Perepa, Shyam Nagarajan  
**LGE:** Tony Jang, Paulo Lee  
**LSE:** Thamim Ahmed  
**Magazine Luiza:** Simon Olson  
**Nomura/Laser Digital:** Akira Iwasaki, Yu Ori, Olivier Dang, Toshinori Ishibashi  
**Service Now:** Tasker Generes  
**Shinhan Bank:** Daseob Lee, Minju Kim  
**Swirls, Inc.:** Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris  
**UCL:** Nikhil Vadgama, Paolo Tasca  
**Wipro:** Andrew Aitken, Nitin Narkhede

Independent Board Member Attendees

Monique Morrow, Independent Board Member

Members Not Present

Chainlink	Google
COFRA	IIT-Madras
DBS	Standard Bank
Deutsche Telekom	TATA Communications
EDF	Ubisoft
Eftpos	Zain

Hedera Staff/Contractors

Brett McDowell, Chair & President  
Betsabe Botaitis, Chief Financial Officer & Treasurer  
Sam Brylski, Chief Regulatory Officer  
Alex Popowycz, Chief Information Officer  
Nilmini Rubin, Chief of Global Policy  
Tom Sylvester, General Counsel & Secretary  
Ian Utile, Chief of Staff  
Gregory Schneider, Deputy General Counsel  
Kate Ball, Dir. of Legal Operations & Senior Counsel  
Mike Cave, Director of Technical Operations  
Brad Wells, Director of Compliance Operations  
Vanessa Valentine, Mgr of Committee Operations

Service Providers:

Jason Brett, Key Bridge Advisors, LLC  
Christian Hasker, Swirls Labs  
Atul Mahamuni, Swirls Labs

Grantee Attendees:

Kamal Youssefi, The Hashgraph Association

**Summary of actions taken at meeting:** None.

**Actions taken or ratified by the Hedera Council by written consent (June 14 – July 12, 2023):** None.

***Call to Order & Introductions***

Brett M. called the meeting to order, and the agenda was adopted.

***Brett McDowell***  
***Chair & President***

***Introducing Council votes coming via e-ballot in July***

*Approval of May & June Council meeting minutes*

Tom S. referenced the draft May and June 2023 Council meeting minutes, previously circulated to the Council members via email, and noted that, following the meeting, an e-ballot would be created for Council members to vote on the minutes.

***Tom Sylvester***  
***General Counsel***  
***& Secretary***

***Proposed Changes to Hedera Contributor Reward Plan***

Tom S. presented proposed revisions to the participation requirements that Hedera directors must satisfy in order to receive quarterly payment for their service as a director under Hedera's Contributor Rewards Plan. He explained that typical market practice is to provide directors with flat

retainers, as that is easiest to implement. However, given Hedera differs from typical companies (and director service also differs from typical director service), Hedera uses a more complicated compensation arrangement with more rigorous participation requirements. The Hedera Board meets approximately 24 times a year, and various Board committees also meet regularly. Compensation is also tied to Directors providing additional service to Hedera beyond Board and Board committee meetings through various activities in which they represent Hedera.

Proposed revisions to the participation requirements would:

- Remove linking compensation to Council meeting attendance (as directors typically attend Council meetings in their role as Council member representatives, not as directors) and transaction signing (as, contrary to initial expectations, Directors do not sign certain types of network transactions on behalf of the Board); and
- Add a requirement that all directors serve on at least one Board committee.

The plan would continue to connect compensation to (i) Board and Board committee participation and (ii) other activities in which directors act as official representatives of the Hedera Board (e.g., serving as a Hedera-appointed observer to the board of a third-party entity; giving public interviews, talks, or presentations about Hedera; and working with third parties on their Hedera network use cases).

Council members discussed the current amount of compensation and whether such amount should be revisited for future years. Tom S. noted that the proposed revisions to the Director participation requirements, along with relevant background information, would be presented to Council members to vote on via e-ballot.

#### *Changes to the Hedera Committee Policy*

Tom S. presented proposed changes to the Hedera Committee Policy. In February 2022, Council members voted to approve changes to the Committee Policy in order to incorporate certain administrative revisions and increase the participation threshold for committees to be able to act on their delegated authority. The resolution delegated to the Chair the authority to decide when to implement the revised policy but, given continued discussion around committee structure and participation, the Chair never implemented the revised policy. The revisions currently being proposed would incorporate the previously approved administrative revisions while maintaining the existing participation threshold for committees, so that the Council could continue to discuss and refine proposals on committee quorum requirements and voting thresholds.

Tom S. noted that the proposed revisions to the Hedera Committee Policy would be circulated along with background materials to Council members via e-ballot.

#### ***Proof-of-Stake Task Force report & recommendations***

***Brett McDowell***  
***Chair & President***

Brett M. updated the Council on behalf of the Proof-of-Stake Task Force, which has been meeting twice a week since the May Council meeting. The task force has been investigating and discussing various staking-related topics, with a goal towards developing and analyzing proposals to recommend to the Council.

Two proposals have been developed to address the allocation of network usage fees among account 0.0.98 (operations), account 0.0.800 (staking rewards), and account 0.0.801 (node rewards). In December 2022, the Council voted to allocate network fees as follows: 80% to operations, 10% to staking rewards, and 10% to node rewards. Hedera staff and contractors took the steps to implement the approved allocation, which went into effect with the June 2023 release. Because the node rewards account is not currently configured to receive funds, 90% of network fees are currently allocated to operations (account 0.0.98) and 10% toward staking rewards (account 0.0.800).

Council members discussed competing proposals to adjust the fee allocation. Specifically, Council members discussed the competing priorities of operational sustainability, funds for staking rewards, and funds for node rewards. Council members advocated for and against different positions and decided to address the fee allocation issue at the August 2023 Council meeting.

Council members also discussed the future of the proof-of-stake task force. Consensus emerged that, although the task force has been valuable, the work of the proof-of-stake task force should ultimately take place during CoinCom. Brett M. indicated that the proof-of-stake task force will begin the process of winding down and transferring its discussions to CoinCom.

**Hedera's New Chief Open Source Officer: Andrew Aitken**

**Brett McDowell**  
Chair & President

Brett M. reported that, after months of searching and interviewing qualified candidates, the Board has hired Andrew Aitken as Hedera's Chief Open Source Officer. Brett M. informed Council members that an announcement is forthcoming regarding Andrew Aitken's role and responsibilities in his new position.

**Report from Chief Policy Officer: Policy Trip to London & Brussels**

**Nilmini Rubin**  
Chief Policy  
Officer

Nilmini R. reported on her recent policy trip to London and Brussels. Objectives of the trip included understanding key policy movements, considering topics for Hedera's focus, and suggesting tools to positively influence such movements. Nilmini R.'s key takeaway was that European policymakers generally viewed blockchain as a promising technological innovation to be supported through regulation, rather than a threat to be contained. As such, policymakers were working to secure blockchain's technological benefits while mitigating consumer risks in various jurisdictions, such as the promulgation of MiCA rules in the EU and the development of the Financial Services and Markets Bill in the UK.

**Update on Prospective Member**

**Brett McDowell**  
Chair & President

Brett M. updated Council members about a prospective member with whom the Council has been engaged in lengthy discussions. Brett M. summarized MemCom's ultimate determination that the prospective member did not satisfy Hedera's objective criteria for Council membership and that no exception to the criteria applies in this case. As such, MemCom decided not to move the candidate forward in the Council membership process.

**Reminder of Travel Policy (London leadership meeting & Singapore Council meeting)**

**Brett McDowell**  
Chair & President

Brett M. reminded Council members of Hedera's travel policy in light of the upcoming Council leadership meeting of the Board and Committee Chairs in London and the Q4 Council meeting in Singapore. Brett M. indicated that formal notice will be sent shortly with the logistics for the Q4 Singapore meeting, at which time Council members may begin scheduling travel.

**Adjournment**

The meeting was adjourned.