



# The Libra Association

## Overview: The Association & Council

The Libra Association is an independent, Swiss not-for-profit organization with the mission to empower billions of people through the creation of a simple global currency and financial infrastructure. The association membership is made up of the validator nodes of the Libra network. Initially, these are global companies, social impact partners (SIPs), and academic institutions — the Libra Association’s Founding Members. Eventually, the association will include any entity that operates a validator node and holds sufficient stake in Libra.

The association’s role is to coordinate among the validator nodes the efforts to develop and secure the network and to promote their joint vision of financial inclusion. The two main areas of coordination and governance are 1) technical: drive toward alignment among the validator nodes and open-source community around the network’s technical roadmap; and 2) financial: manage the reserve and allocate funds to social-impact causes (more below).

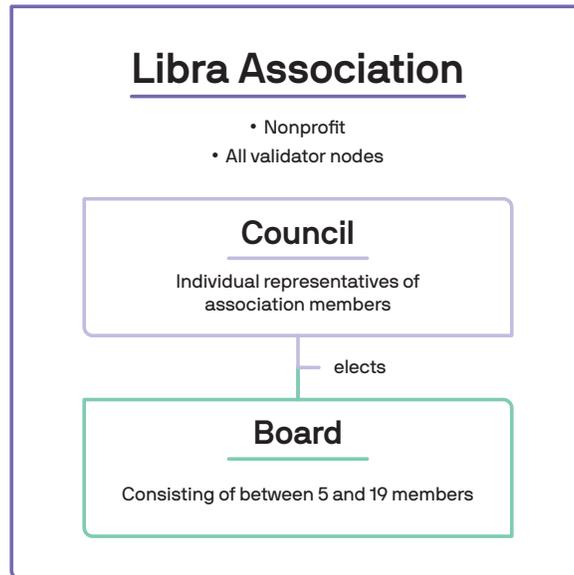
In these early years of the Libra network, there are additional roles that need to be performed by the association: the recruiting of Founding Members to serve as validator nodes; the raising of funds from the members as well as other investors through the sale of Libra Investment Tokens (a token that grants rights to a share of the future interest accumulated in the [Libra Reserve](#)); the design and implementation of incentive programs, including the distribution of such incentives to Founding Members; and the distribution of dividends to Libra Investment Token investors. As the Libra network grows and matures into a fully permissionless blockchain in which anyone can serve as a node, these roles may no longer be required.

The governing body of the Libra Association is the Libra Association Council, which is comprised of a representative of each member of the association. Operating and policy decisions of the council require various voting thresholds depending on the importance of the decision.

A note on Facebook, Inc.’s role — Facebook teams played a key role in the creation of the Libra Association and the Libra Blockchain, working with the other Founding Members. While final decision-making authority rests with the association, Facebook is expected to maintain a leadership role through 2019. Facebook created Calibra, a regulated subsidiary, to ensure appropriate separation between social and financial data and to build and operate services on its behalf on top of the Libra network. Once the Libra network launches, Facebook, and its affiliates, will have the same commitments, privileges, and financial obligations as any other Founding Member. As one member among many, Facebook’s role in governance of the association will be equal to that of its peers.



## Operating Structure



The following sections outline in detail the proposed specifics of responsibilities, roles, and governance mechanisms of the Libra Association. This proposal will serve as a basis for discussion among the association's members, leading to the modification of its charter and formulation of its bylaws.

## Goals and Principles

### A: Goals

The association will strive toward:

- The transition to permissionless governance and consensus node operation, lowering the barriers to entry for participation and reducing the reliance on Founding Members.
- Minimizing the association's role as manager of the Libra Reserve by fully automating reserve management.
- Over time, the objective is for the association's primary role to be the coordination of the open-source community to define and develop the technical roadmap of the Libra network.

### B: Principles

Principles of the association's governance:

- **Mission:**
  - Create a simple global currency and financial infrastructure that empowers billions of people. To accomplish its mission, the association aspires to create tight partnerships with organizations whose goal is to promote financial inclusion and with developers and researchers who wish to contribute their talent to the development of applications and tools that will bring the vision to life.



- **Decision making:**
  - Power of validators: Validator nodes, represented in the council, have the ultimate power. The council delegates many of its executive powers to the association's management but retains authority to override delegated decisions and keep key decisions to itself, with the most important ones requiring a greater than two-thirds supermajority.
  - Proportional power: The voting powers in the council are proportional to stake (initially in the Libra Investment Token and, in the future, in Libra), which is a reflection of the level of commitment of the member (validator node) toward the network. However, voting rights are capped for any one Founding Member to avoid concentration of power.
  - Open and collaborative: Decision making is transparent to the larger community and collaborative amongst members (validator nodes).
  - Efficient: The association aims to make decision making as streamlined as possible and will leverage its members for the execution of its decisions to the extent possible.
- **Technology:**
  - Open source: The code and specification for the technology behind the Libra Blockchain will be open source and advanced by an open-source developer and research community.
  - Development: The association will fund and foster new research and development in the space to ensure that the Libra Blockchain is being updated to best serve its mission and constituents.

## C: Reserve Management

- The Libra Reserve is managed by the association with the goal of value preservation.
- As fiat money enters the economy, the reserve — a basket of currencies and other assets — grows, and the association mints Libra accordingly.
- The association is capable of burning Libra when it serves as “buyer of last resort” in exchange for other assets in the reserve.
- The activities of the association are governed and constrained by a Reserve Management Policy that can only be changed by a supermajority of the association members.

# Libra Association Council

## A: Council Membership

- To be a member of the council, one needs to have financial stake in the success of the network.
- Founding members:
  - The initial members of the council are the Founding Members and serve as the network's initial validator nodes.
  - [To be such a node](#), an entity needs to make an investment of at least \$10 million in the network through purchasing Libra Investment Tokens.
  - Each \$10 million investment entitles one vote in the council, subject to a cap (see below).
  - The Libra Association Council will prevent related entities from presenting themselves as two distinct Founding Members in order to avoid the circumvention of the above measure.
  - Investors who purchase the Libra Investment Tokens but initially choose not to operate a validator node and later decide to start operating one will then turn immediately into Founding Members, according to the same investment key and subject to the same voting cap described.
- As the Libra ecosystem grows, membership in the council will gradually transition to reflect the relative share of Libra held in custody by, or delegated to, a validator node.
  - New members will be added to the council — representing the parties who hold Libra in custody and operate validator nodes — upon the achievement of certain network growth milestones, including the adoption by the council of a technical plan for becoming permissionless.
  - The pace of transition, as well as the technical and network growth milestones, will be determined by the Libra Association Council. By the fifth anniversary of the network, at least 20 percent of the voting power in the council will be allocated to node operators based on the quantity of Libra held by them, not just the quantity of investment tokens.
- Irrespective of the Libra Investment Tokens and/or Libra held by it, a single Founding Member can only be represented by the greater of one vote or 1 percent of the total votes in the council. The cap does not apply to validator nodes that are not Founding Members, i.e., that join the network only through holding Libra in custody.
  - This cap is designed to prevent concentration of voting power in the hands of one party. It does not limit the financial return received from the Libra Investment Tokens, which is proportional to the size of the investment.
  - Founding Members who hold Libra Investment Tokens and/or Libra at a value that entitles them voting power exceeding the above cap will make the excess votes available to the Libra Association Board for delegation.
  - The board, based on the recommendation of the Libra Social Impact Advisory Board (SIAB, see below), may delegate some of or all these votes to SIPs (see below) or research institutions, provided that:
    - They are capable and committed to operate a validator node and, hence, participate in governance but are not able to make the minimum investment of \$10 million;
    - They meet the other eligibility criteria for a participating SIP or research institution ([see here](#));
    - SIPs and research institutions are subject to the same voting cap as Founding Members; and
    - The aggregate voting power assigned to such SIPs and research institutions is not higher than one-third of the overall voting power in the council.
  - The delegation of voting power under this scheme:
    - Does not entitle a participating SIP to receive dividends associated with the Libra Investment Token.



- Can only be revoked by the council if a participating SIP or research institution no longer meets the validator node eligibility criteria, following the same process described below for removing Founding Members.
  - Excess votes made available to the board and not delegated to SIPs or research institutions may be distributed by the board among other Founding Members equally to maintain the relative aggregate voting power of Founding Members compared to that of the other validator nodes.
- The Libra protocol is expected to have a limitation on the number of active validator nodes (and thus on the number of council members) for at least several years. The number is expected to grow over time. The council will define a limit as to the number of active nodes based on testing. From time to time, the council will update this limit. If this limit is exceeded, the council member to whom the fewest votes are assigned will be removed from the council until the number of members is under the limit. Ties will be broken by removing the member who has served for the shortest continuous duration.
- In order to prevent the number of inactive validator nodes in the network from growing to a level that could jeopardize the effectiveness of the consensus protocol, any member whose node has not participated in the consensus algorithm for 10 consecutive days may be automatically removed from the council by the Libra protocol. The member is free to rejoin once their node is operational.
- A party entitled to be represented in the council can delegate its voting power to another party.
- Members of the council are expected to assign a specific person to represent them. The representative can be replaced by the member at any time.

## B: Roles & Authorities

- The council will have the following roles and authorities:
  - Elect and remove members of the Libra Association Board.
  - Appoint and remove the association's Managing Director, and set her compensation.
  - Approve the budget of the association annually.
  - Delegate permissions allowing components of the Libra Association to perform their respective duties — for example, the permission to mint Libra, to mint Libra Investment Tokens, or to pay a Founding Member from the incentive pool.
  - Publish recommendations on behalf of the association suggesting that Libra clients should change the rules by which they determine the Libra Blockchain ledger, commonly known as a “hard fork.” This will allow the council to propose breaking changes to the Libra protocol or resolve a situation where compromised validator nodes have resulted in many signed versions of the Libra Blockchain.
  - Activate features in the Libra protocol as deployed to the validators, using the vote of the council to trigger a smart contract that implements the feature.
  - Collaborate with the developers of the Libra protocol to upgrade or replace the protocol. In particular, collaborate in order to meet the requirement of transitioning to permissionless node operation.
  - Remove Founding Members (relevant only to validator nodes whose participation in the network stems from holding Libra Investment Tokens):
    - A Founding Member that does not comply with the Founding Member eligibility criteria can be removed by a supermajority vote of the council. The recording of this vote on the Libra Blockchain will remove the member's node from the consensus algorithm.
    - The removal of a Founding Member results in the immediate removal from the council of the council member representing that member.
  - Veto or make decisions on behalf of the Libra Association Board.

- Make changes in the Libra Association guiding principles (subject to a supermajority vote), which is comprised of:
  - The governance and assignment of roles within the association described in this document.
  - Founding Members eligibility criteria.
  - Incentives Distribution Policy.
  - Reserve Management Policy.
- The council may create committees consisting of some of its members and assign/delegate to them any of its authorities except the authority to make decisions that require a supermajority vote.

## C: Council Meetings

- The council will have its ordinary meetings biannually at times set by the Libra Association Board at least 25 business days in advance. The board or 10 percent of the council members can summon an extraordinary meeting of the council at least five business days in advance or call an immediate meeting/vote to address an emergency situation (e.g., an attack on the network). The council can decide to cancel or reschedule a future meeting that has already been scheduled.
- The meetings of the council will be held at a place and time established in the notice of the meeting. Council meetings will allow members to participate by video conference.

## D: Voting

- Certain decisions listed above will require a supermajority of the council votes to support the decision. A supermajority is at least two-thirds of total votes of all council members.
- All other decisions will require a regular majority of the council votes, which is one of the following:
  - At least one-half of the members participating in a vote support the decision, provided that members with at least two-thirds of the total votes are represented at the meeting.

OR

- At least one-half of total votes of all council members support the decision.
- To the extent that it is technically feasible, the Libra protocol will enable the council's vote to directly enact on-chain actions (e.g., the addition of new Founding Members). However, votes for "real world" decisions (e.g., the compensation of the Managing Director) may be recorded on the Libra Blockchain, or they may be recorded in the minutes of the relevant council meeting with the method to be selected by the council.

# Libra Association Board

## A: Role

- The Libra Association Board is designed to be an oversight body on behalf of the Libra Association Council, providing operational guidance to the association's executive team.

## B: Membership

The board consists of no less than five and no more than 19 members, the exact number to be set by the council and can change over time. The members of the board are:

- The Managing Director of the Libra Association.
- Members of the council, elected by the council.
  - The first elections will take place in the first meeting of the council.
  - The term of the board members will be one year. Board members can be reelected year after year, indefinitely.
- Membership of the board is automatically terminated in the case the board member is no longer a council member or a Managing Director. The council can remove a board member at any point in time by regular majority.
- The board's decisions require a regular majority of the board's votes, i.e., one of the following:
  - At least one-half of the votes participating in a vote support the decision, provided that board members assigned with at least two-thirds of the total votes are participating.

OR

- At least one-half of total votes of all board members support the decision.

## C: Responsibilities

- The responsibilities of the board will be determined by the council. The council can assign/delegate to the board any of its authorities except the authority to make decisions that require a supermajority vote. The preliminary roles of the board are to:
  - Preapprove the budget of the association ahead of its approval by the council.
  - Propose to the council the timing of fundraising rounds through the sale of new Libra Investment Tokens or the cancellation of such sale in the case such fundraising is not necessary for the growth of the Libra ecosystem.
  - Receive quarterly updates from the association's executive team on the Libra ecosystem status and progress, and define the topics to be addressed and the information to be provided in these status and progress reports.
  - Veto or make decisions on behalf of the Managing Director of the association if brought to its attention.
  - Set the agenda of council meetings.
  - Call an emergency vote of the council.
  - Approve grant/funding recommendations by the Libra Social Impact Advisory Board.
  - Approve social impact partners as eligible to become nodes under delegation from Founding Members.



# Social Impact Advisory Board

## A: Role

- The Libra Social Impact Advisory Board (SIAB) is designed to be an advisory body on behalf of the Libra Association Council led by social impact partners (known as SIPs), which include nonprofit and multilateral organizations and academic institutions.

## B: Membership

- The advisory board consists of five to seven members. The council can change the number of advisory board members. The members of the board are:
  - The Managing Director of the Libra Association.
  - SIPs and academic institution representatives, elected by the council.
- The first elections will take place in the first meeting of the council.
- The term of the advisory board members will be one year. Advisory board members can be reelected year after year, indefinitely.
- The council can remove an advisory board member at any point in time by a regular majority.

## C: Responsibilities

- Setting the SIAB longterm strategic agenda in line with the association's mission.
- Refining the criteria for how the SIAB will recommend the allocation of grants and social-impact investments.
- Building and implementing the process for grant submissions, including selecting grantees (via a peer review so advisory board institutions will still be able to receive grant funding via the SIAB, subject to compliance with conflict of interest rules).
- Measuring and reporting on social impact, developing new social-impact initiatives, implementing learnings from grantees across the entire Libra ecosystem, and serving as convening party to bring other SIPs to join the association.
- Grant/funding recommendations agreed upon by the SIAB will be brought for approval to the Libra Association Board.
- Make recommendations to the Libra Association Board as to which SIPs are approved to serve as nodes under delegation from Founding Members.

# The Association's Executive Team

## A: Role

- The executive team of the association is responsible for the day-to-day operations of the Libra network, including:
  - Facilitating the development of the Libra network.
  - Operationalizing the Libra Reserve.
  - Raising of funds from the Founding Members (as well as other investors) through the sale of Libra Investment Tokens to accredited investors in a private placement.
  - Distributing funds back to Founding Members (in the form of incentives, rewarding members for producing growth in usage of the Libra network) and to all investors (in the form of dividends) in strict accordance with the terms and policies set in advance by the association.
- The executive team is led and recruited by a Managing Director (MD).

## B: Managing Director

- The MD is elected by the council every three years or as soon as the person fulfilling such role leaves or is removed from her position.
  - The MD will be a full-time employee of the association and a member of the Libra Association Board.
  - Any member of the council can propose a candidate for the MD role.
  - The MD can be reelected indefinitely.
  - Elections for MD will be held in the council's first meeting, i.e., as soon as there are at least five entities signed up to become Founding Members and, hence, entitled to be represented in the council (see above).

## C: Managing Director Responsibilities

- The responsibilities of the MD and her executive team stem from the powers of the council and will be delegated by the council. A preliminary list includes:
  - Libra network management:
    - Define the process for managing the Libra protocol specification source control repository, including the process for reviewing and accepting changes to the protocol.
    - Define the process for managing the Libra Core implementation of the Libra protocol, including the process for reviewing and accepting changes to the implementation.
    - Release and distribute the Libra Core software, and support nodes as needed in the installation and maintenance of the Libra Core software.
    - Coordinate security reviews, and put products through rigorous security testing.
    - Engage with development teams to foster and solicit contributions to the Libra protocol and Libra Core, and fund them if necessary.
    - Propose/recommend to nodes to upgrade the software they run, and coordinate the scheduling of those upgrades.
    - Explore permissionless blockchain technologies, and recommend to the board and council paths for transition to such technology.
    - Ascertain if potential members meet the Founding Member eligibility criteria, propose to the council removal of Founding Members that don't meet these criteria, and propose to the council changes in these criteria.



- Libra Reserve management:
  - Execute the Reserve Management Policy, including:
    - Oversee the process of minting and burning Libra.
    - Ascertain that the value of assets in the reserve meets the policy criteria.
    - Invest reserve assets in low-risk assets while maintaining high liquidity, per policy.
    - Allow third-party liquidity providers to exchange Libra for assets in the reserve, per policy.
    - Allocate funds generated from interest on the reserve to fund the association activities, if needed and per an approved budget, and allocate all other such funds for distribution to nodes and investors per Libra Investment Token terms, Incentives Distribution Policy, and council decisions.
  - Monitor the economic trajectory of the Libra ecosystem and of Libra as a currency on a continuous basis, and provide reporting to the board and council.
  - Propose to the council changes in the Reserve Management Policy in extreme situations, such that a change may be necessary.
- Fundraising and recruiting of Founding Members:
  - Reach out and solicit eligible parties to join the Libra network as investors and/or Founding Members.
  - Manage the sale of Libra Investment Tokens to accredited investors and Founding Members, subject to the Libra Investment Token terms and policy.
- Incentive and dividends management:
  - Engage with the association's reserve to use the raised capital to purchase Libra.
  - Oversee the distribution of incentives in the form of Libra to qualifying Founding Members per the Incentives Distribution Policy, and audit Founding Members records as needed.
  - If and when sufficient income has accumulated in the reserve, oversee distribution of dividends to all investors per the Libra Investment Token terms.
  - Allocate funds to support the association's activities, per approved budget.
  - Provide monthly reports to the board regarding the accumulation of investment and the distribution of dividends and incentives.
  - Propose to the board and council changes in the Incentives Distribution Policy.
- Budget and Administration:
  - Set and maintain a process and technology for council members to meet.
  - Propose an association budget, associated roadmap, and hiring plan to the board and the council.

## D: Executive Team

- The MD will be responsible for recruiting a team to fulfill the association's roles, which will likely include:
  - Deputy MD/COO, serving as the MD's replacement in absence; HR and administrative team
  - Chief Financial Officer — treasury and currency-exchange team, investor relations team
  - Head of Product — software and Libra network management team; developer community management team
  - Head of Business Development — BD team, Founding Members relations team
  - Head Economist — economics team
  - Head of Policy — advocacy and communications teams
  - Head of Compliance and Financial Intelligence
  - General Counsel — legal team
- The association's members will do their best to allocate resources to support the association's executive team in the execution of their responsibilities, to keep the executive team as lean as possible.

