



Legal Entity Identifier

**What It Is
Where We Are and
Where We Are Going**

**SIFMA Tech Conference
June 19, 2013**

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- Finance ministers, central bankers, trade groups, banks, and other market participants
- From the U.S., Hong Kong, Russia, Japan, India, Ireland, and all over the globe
- Could envision and build a global infrastructure to commonly identify any market participant
- To fix a longstanding problem – that was before thought unfixable
- In about 24 months?

NO WAY

- City National Bank in California
 - ID_RSSD = 63069
 - FDIC Certificate id = 17281
 - SEC CIK = 275216
 - SWIFT id = CINAUS6L
 - CUSIP and various vendor ids = Proprietary
- 14 banks named City National Bank
- 147 banks with a variant of the name City National Bank
- And that's just in the United States!

How Would an LEI Help?

- Analyze risk of regulated entities, including entity parents and affiliates:
 - Analyze data from various sources
 - Look at entities or panels of entities over time
 - Aggregate a company's exposure to other companies
 - Determine the economy's exposure to a company
- Reveal hierarchies, corporate actions
- Settle transactions, create audit trails

- Evolved view of identities as a public good
- Financial Crisis
- Regulatory Reform
 - The creation of the Office of Financial Research; publication of LEI database
 - Regulation of over-the-counter derivatives was divided between the CFTC and the SEC
 - Other countries are creating similar legislation

New Acronyms (like any good project)

- GLEIS: Global LEI System
- ROC: Regulatory Oversight Committee
- GLEIF: Global LEI Foundation
- COU: Central Operating Unit
- LOU: Local Operating Units
- ISO 17442: The Standard
- CICI: CFTC Interim Compliant Identifier
- GEI: General Entity Identifier (Europe)

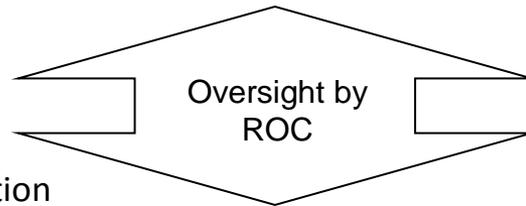
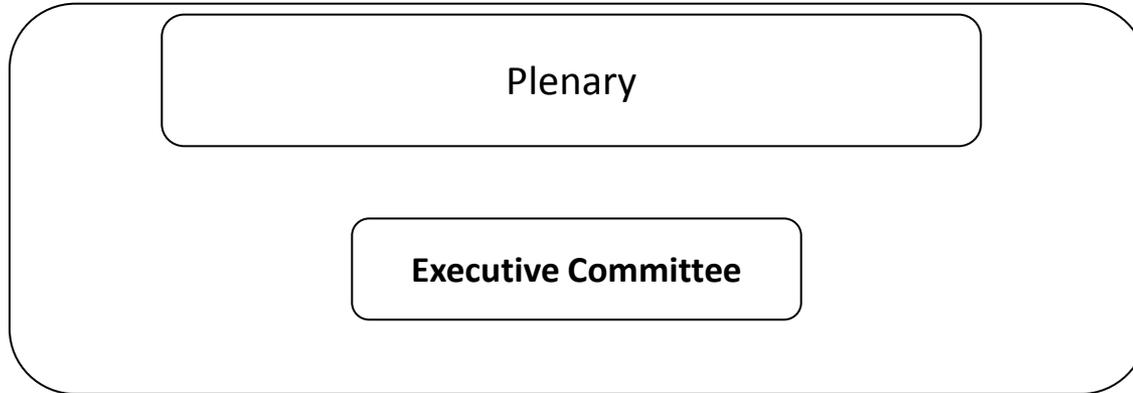
- 2010 - Regulators start discussing how to create an LEI
- November 2011 - G20 mandated the Financial Stability Board (FSB) to convene an Expert Group to develop a framework for an LEI
- March 2012 – ISO 17442 adopted
- June 2012 – The G20 endorsed the FSB’s report and forms an Implementation Group
- September 2012 – Commodity Futures Trading Commission designates CFTC Interim Compliant Identifier (CICI) Utility

- November 2012 – The G20 endorsed the FSB's proposed charter to create the Regulatory Oversight Committee
- January 2013 – LEI ROC is formed and meeting in Toronto Canada
- March 2013 – at launch, ROC is operational and begins oversight
- Spring-Summer 2013 – ROC and Private Sector Preparatory Group focus on the details

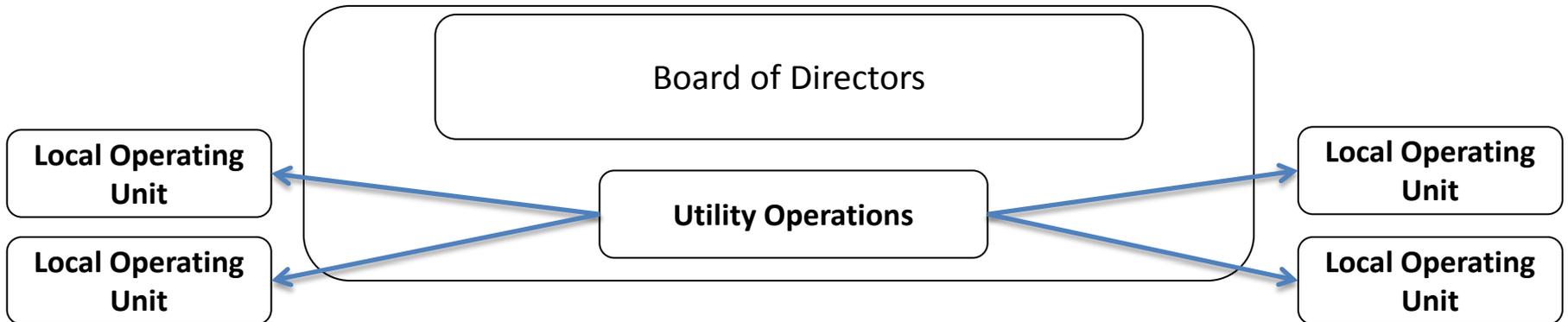
- Regulatory Oversight Committee (ROC) – Regulators and other government or supranational entities engaged in regulating or monitoring the financial system or markets
- Central Operating Unit (COU) - Foundation (or legal equivalent) subject to ROC oversight
- Local Operating Units (LOU) – Entities connected with COU by an agreement to comply with standards – they assign LEIs to registrants

Charter

Regulatory Oversight Committee (ROC)



Global LEI Foundation



- ISO 17442
- 20 alpha-numeric character set
- four-digit prefix (reflecting the LOU), two-digits reserved, 12 random digits for assignment, two-check digits
- Reference Data
 - Company Name
 - Business registry (where applicable) and address
 - Address of headquarters
 - Date of first LEI assignment
 - Date of most recent update
 - Expiry date

- Fully Functioning ROC
 - 50+ members, 25+ observers
 - Finance Ministers, Central Banks, Regulators, International Financial Institutions
 - Bylaws, Chairs, Executive Committee
 - Private Sector Preparatory Group
 - Website: www.leiroc.org
 - And all by consensus

- The Global LEI Foundation
 - GLEIF will be a foundation in Switzerland
 - Organizing statutes agreed by ROC
 - Board process is under way
 - Interim LEI system is agreed to and designed

Why An Interim System?

- Reporting has begun in U.S. and Europe
- 50,000-plus CICIs, GEIs already in circulation, others coming online
- The GLEIF needs time to:
 - Acquire funding
 - Develop network key
 - Set standards and policies
 - Negotiate contracts with LOUs
- We Can't Wait!!!

- When COU is operational, it will govern by contract or franchise
- Nine prefixes assigned, each is sponsored by a ROC member
- To become pre-LEIs (as part of GLEIS) must follow six principles
- To become mutually accepted NOW, must be endorsed by ROC
 - Sponsor will verify, ROC will endorse
 - Specific criteria follow six principles

The Six Principles for Pre-LEIs

- Adhere to G20-endorsed FSB Recommendations
- Only accept self-registration
- Avoid duplicate registrations
- Ensure portability
- Be sponsored by a ROC member
- ROC member verifies these requirements

- Any legal entity engaged in a financial market transaction anywhere on the globe
- Regulatory compulsion in reporting
 - Swaps, private funds, advisors, insurers
 - Working to identify next regulatory needs
- No power by the ROC or COU to compel adoption
- With good input, planning, and design, it will become a must-have like a bar code

- Officials:
 - www.treasury.gov/ofr
 - www.leiroc.org

- Utilities:
 - www.ciciutility.org
 - www.geiportal.org