

25 April 2013

Draft guidance for potential candidates for the Board of Directors of the Global Legal Entity Identifier Foundation (GLEIF) – request for feedback

It is expected that the Regulatory Oversight Committee (ROC) of the Global Legal Entity Identifier (LEI) System will soon be seeking nominations for the Board of Directors of the Global Legal Entity Identifier Foundation (GLEIF) operating the Central Operating Unit of the global system. This note provides draft guidance for potential candidates on the information that will be sought from nominees, together with the selection criteria that the ROC proposes to use to support the selection. In advance of the launch of the formal selection process, which awaits the preparation of the Statutes of the GLEIF, feedback is welcome on the list of information required as well as on the selection criteria. Please provide any comments and feedback by Friday 10 May 2013 to leiroc@bis.org.

The objective of the Global LEI System is to provide unique identification of parties to financial transactions across the globe. The LEI will provide a key ‘building block’ to support improvements in financial data infrastructure. It will thus contribute to, and facilitate, many financial stability and risk management objectives, as well as lowering operational risk within firms.

The ROC was established on 24 January 2013 by [Charter](#) set out by the G20 Finance Ministers and Central Bank Governors and the Financial Stability Board. It is a stand-alone body responsible for governance of the global LEI system, upholding the system High Level Principles and for oversight of the system to ensure that it serves the public interest. On establishment, the LEI ROC took over the responsibility from the FSB for implementing the recommendations for the global LEI system set out in the G20 endorsed [FSB Report ‘A Global Legal Entity Identifier for Financial Markets’](#).

As outlined in that report, the global LEI system will be federated in nature, and comprises the Global LEI Foundation (GLEIF) operating as a Central Operating Unit and Local Operating Units. The GLEIF will be established shortly as a foundation in Switzerland. It will operate as a not for profit foundation under Swiss law and has the objective of implementing a federated global LEI system in line with the High Level Principles and FSB recommendations, as endorsed by the Heads of State and Government of the G20 (Los Cabos June 2012), and under the oversight of the ROC. The GLEIF will be directed by a Board of Directors from across the globe. Documentation to establish the GLEIF as a foundation under Swiss law is not yet complete but, after the draft Statutes have been endorsed by the ROC, a copy of its Statutes will be made available publicly. The attached note provides the criteria that



will be used in selecting candidates as well as a list of the categories of information likely to be requested from potential candidates. The ROC is keen to encourage nominations from interested candidates and looks forward to receiving applications in due course.

Nominations together with supporting information will be sought within 3 weeks of the official call.



Draft of the information likely to be requested in the future request for nominees for Board members of the Global LEI Foundation and of the statement for nominees to complete – for feedback

Thank you very much for your interest in serving as a member of the Board of Directors of the Global LEI Foundation (GLEIF). The LEI Regulatory Oversight Committee (ROC) will prepare a recommendation for the initial board members guided by the criteria set out in Annex A. These criteria were previously set out in the Fourth Progress Note on the LEI Initiative published in December 2012 by the FSB (www.financialstabilityboard.org/publications/r_121211.pdf). The Statutes of the GLEIF, when available, will provide the reference for the framework of the BOD operations.

This document provides a draft of the framework to be used in the selection process. The following is a list of the categories of information likely to be requested from potential candidates. Nominees will be expected to supply information in respect of each of the categories as well as providing any other information that they believe is relevant. The information will be treated as confidential by the members of the LEI ROC and will be used only for the purposes of this selection process.

Name and Contact Information:

Name:

Contact Address:

Contact E-mail:

Contact Telephone:

- 1) **Fit and Proper:** Whether the applicant has been disbarred from participating or acting in any non-for-profit, for-profit, charitable or other organization by any national or international bodies or determined to be guilty of any unethical or illegal activity.

- 2) **Attestation to be requested:** Candidates will be asked to affirm that, if selected as a member of the Board of Directors of the GLEIF, that he or she would at all times seek to uphold the objectives of the GLEIF as set out in the Statutes and to ensure the operation of the GLEIF in the broad public interest



in line with the High Level Principles and FSB recommendations, as endorsed by the Heads of State and Government of the G20 (Los Cabos: June 2012).

- 3) **Support for the Broad Public Interest:** A description of how the candidate would uphold the broad public interest and the High Level Principles (www.financialstabilityboard.org/publications/r_121105c.pdf) of the Global LEI System (GLEIS) as a member of the Board of Directors.
- 4) **Sectoral Experience:** A description of any specific and relevant experience indicating title, responsibilities and projects undertaken in the following sectors that have been prominent in the candidate's career: data or technology, financial industry, nonfinancial industry, consulting, nonprofit organizations, academia or government.
- 5) **Organizational Experience:** A description of experience in corporate governance, organizational behavior, management, fund raising or strategic planning, as well as in serving on and communicating with other corporate boards.
- 6) **Developmental Experience:** A description of experience in developing or implementing new processes or in starting new organizations, domestically and internationally.
- 7) **Legal Experience:** A description of any legal training, knowledge or experience of intellectual property, privacy and confidentiality, and anti-trust issues, and/or of legal issues affecting nonprofit organizations.
- 8) **Technical Experience:** A description of any experience in working with distributed or federated network, information, and identification systems or infrastructure, or in developing data and information standards or risk management systems, as well as any other technical background or skills that are relevant for the work of the GLEIF.
- 9) **International Experience and Cross-Cultural Awareness:** A description of any experience in international negotiations and in developing or maintaining international and cross-cultural working relationships or any other experiences reflecting on cross-cultural awareness, in particular. In addition, an indication of the country/countries or region(s) with which the candidate is primarily associated.
- 10) **Potential Conflicts of Interest:** A description of any actual, perceived or expected employment, ownership or other relationships that might affect, or



appear to affect, the candidate's ability to act impartially and independently as a member of the Board of Directors or that others may perceive to constitute to be a conflict, as well as a description of how the candidate would propose to address any such actual or perceived conflicts in the decision making of the Board of Directors.

- 11) **Other Qualifications or Limitations:** A description of any other factors that might enhance the candidate's usefulness as a member of the Board of Directors or that might limit the candidate's ability to commit time or effort productively.
- 12) **Résumé:** The candidate will be requested to attach a current résumé and references to support the experience outlined above.
- 13) **Release of Claims:** An agreement that, by submitting an expression of interest, the applicant recognizes that no legal rights or property interests are created and that the applicant agrees to release and hold harmless the ROC, the individual members of the ROC and their representatives, and the Founder from any claims related to the decision not to select the applicant for membership to the Board.



Annex A: Draft Selection Criteria and Process for the Board of Directors (BOD) of the Global LEI Foundation (GLEIF) - for feedback

BOD Selection Criteria and High Level Principles governing BOD composition

1. Broad public interest protection and commitment to LEI mission and objectives
2. Fit and proper criteria
3. Organizational behavior and corporate governance knowledge
4. Experience of high level Board interaction
5. Complex federated data system knowledge
6. Start-up of federated international operation (in initial years at least)
7. International experience and cross-cultural awareness
8. Geographical and sectoral diversity

All the criteria above shall be considered in the selection of the Board of Directors, although it is not necessary or expected that each individual member will meet all the criteria by individually.

BOD Selection Basic Matrix – which sets out the criteria that will be taken into account in the selection and composition of the Board

Skill Matrix²

1. Organizational Skills
 - Federated international organization start up and operation
 - Experience of international negotiations
 - Cross-cultural experience and audit experience
 - Funding experience
 - Strategic planning experience
 - Broad public interest understanding

¹ As outlined previously in the Annex to the FSB 4th Progress note on the global LEI initiative. [available at http://www.financialstabilityboard.org/publications/r_121211.pdf]

² See the Annex to the FSB 4th Progress note. [available at http://www.financialstabilityboard.org/publications/r_121211.pdf]



2. Technical Skills

- Data management experience
- Distributed network systems knowledge/operation
- Identification systems knowledge/operation
- Risk management system experience
- Data standard development and implementation
- National/international identification infrastructures knowledge/experience

3. Legal Skills

- Intellectual property legislation and practice
- Privacy and confidentiality legislation and practice
- Anti-trust legislation and practice
- Not-for-profit sector knowledge/experience

Sector Matrix

1. Data and technology

- a. Data standards;
- b. Data management;
- c. Enterprise architecture;
- d. Coordination/integration of global systems of identifiers
- e. Other relevant data and technology experience.

2. Financial

- a) Sell-side entities (investment banking, broker dealers, etc.);
- b) Buy-side entities (such as private equity funds, mutual funds, life insurance companies, unit trusts, hedge funds, pension funds, proprietary trading desks, etc.);
- c) Commercial banking;
- d) Other financial.

3. Non-financial companies

- a. Multi-national;
- b. Regional and domestic;

4. Not for profit sector, including academics and advisors



- a. Broad public interest protection focus;
- b. Transparency focus;
- c. Market structure and corporate governance;
- d. Data, technology and innovation;
- e. Risk management;

Geography Matrix

There should be at minimum number of three directors from each of the four regional groupings as listed below out of 15 member Board of Directors of the Global LEI Foundation. In addition, at least one director must be a Swiss citizen or a citizen of a Member State of the European Union or the European Free Trade Association with her/his domicile in Switzerland.)

1. North America (including Mexico and the Caribbean);
2. Europe (including the Commonwealth of Independent States);
3. Asia (excluding the Middle East);
4. Central and South America, Africa, Oceania, and the Middle East.

Other Important Criteria/Conditions

Length of Term

- Initial 2 year term. Two consecutive terms are allowed.
- The aim will be to start with the appointment of all the initial members with a 2 year-term. There will then be an expectation that the terms of half of the initial members will be extended for one or two years.

Remuneration/ Expenses

- Under Swiss law, compensation of Board members of a tax-exempt public utility foundation is generally prohibited or possible only within very narrow limits.
- Out of pocket expenses to be reimbursed (subject to availability of funding)

Full/part-time

- In principle, part-time
- Frequency of meetings (physical meetings or teleconferences): In principle, physical meetings shall be held quarterly. Physical meetings shall be supplemented by teleconferences.

Level

- C-suite or functionally equivalent positions such as general manager, deputy general manager, manager, etc.



Size of the Board

- Range: 15 members

Independent/ Public Directors

- Selection criteria for Independent/Public Directors are same as other directors;
- The minimum number of such Independent/Public Directors is one and, if more, subject to the geographic balance requirements.

Liability

- [Details to be added after completion of the drafting of the Statutes of the GLEIF]
- Directors and Officers liability insurance will be provided.