



3 October 2013

Regulatory Oversight Committee Endorsement Note

On July 27, the Regulatory Oversight Committee (ROC) released a set of [principles](#) designed to guide decision-making for the creation of an interim system for the Legal Entity Identifier (LEI) until the Global LEI Foundation (GLEIF) operating the Central Operating Unit (COU) takes over operational governance of the system. This system will provide that those pre-LEIs (LEIs compliant with various ROC principles) issued by pre-Local Operating Units (LOU) that have been endorsed by the ROC will be acceptable by ROC authorities requiring the use of a common identifier.

Pursuant to the process described in Annex 1 of the principles, in order to become an endorsed pre-LOU, a candidate must be sponsored by a ROC member. That ROC member sponsor must then seek endorsement from the ROC by demonstrating that the candidate pre-LOU meets the principles. On August 3, three ROC sponsors sought endorsement for three pre-LOU candidates. BaFin (Germany) presented endorsement materials for WM Datenservice; the Commodity Futures Trading Commission (CFTC) (United States) presented endorsement materials for the CICI Utility; and the French Treasury (France) presented endorsement materials for INSEE. In each case, the sponsor previously sought a four-character prefix for use by their respective candidate, the sponsor represented that each candidate was willing to and capable of complying with general LEI ROC principles, and each candidate has, in fact, begun to issue codes to entities. Several other sponsors have obtained prefixes for use by pre-LOUs but these three are the first to seek endorsement.

Following the process for due diligence outlined in Annex 1 of the principles, and having satisfied itself that each candidate pre-LOU does meet the necessary principles, the ROC has decided to endorse these three pre-LOUs – WM Datenservice, CICI Utility, and INSEE – so that the codes they issue or have issued (subject to the clarification below) may be used for reporting and other regulatory purposes in the various jurisdictions represented in the ROC.¹

During this interim period, the ROC recognizes that improvement will be necessary as the system moves from this early start-up period to full operational deployment. As a result, additional guidance can be expected from the ROC, and later from the GLEIF operating the COU, that all endorsed pre-LOUs and prospective pre-LOUs will be required to follow to ensure that the system meets its intended objective of supplying high quality and precise entity identification.

¹ Note that the requirement of the use of these or any entity identification codes is driven by local reporting and other regulatory requirements. Thus, the ROC does not mandate the use of these codes, nor does it determine whether the use of these codes by a local authority should be mandated. ROC members, having assented to the ROC Charter, which promotes the use and scope of the Global LEI System to expand the collective benefit from widespread adoption, through this process seek to be able to rely on codes issued by endorsed pre-LOUs for their own reporting purposes.

Among that additional guidance will be specific direction relating the collection and publication of certain registry information, where applicable, described in the International Organization for Standardization (ISO) 17442. As noted in a recent ISO Standards Advisory Group (SAG) relating to ISO 17442, “ISO requires that all attributes of the LEI Data Record to be completed before an ISO 17442 compliant LEI can be issued. The only exceptions will arise where the necessary data does not exist; or it is subject to legal constraints imposed by the data owner in the context of business registries.” To ensure a consistent approach to the completion of all attributes of the ISO standard across all pre-LOUs within the global system, the ROC is currently seeking confirmation that there are no legal impediments within individual business registries to the collection and publication of the business registration name and the business registration number when supplied to pre-LOUs by the legal entity. All pre-LOUs are required to collect and display business registry information when available and when it has been confirmed to the ROC that no legal constraints exists. When the ROC provides additional guidance on this subject the endorsed pre-LOUs will be expected to follow this guidance without unnecessary delay.

Another area of anticipated additional guidance will relate to porting of pre-LEIs from pre-LOU to pre-LOU. Both policy and technical guidance will be forthcoming to assist pre-LOUs as they port, but endorsed pre-LOUs are expected to begin porting on authorized request of the registrant from this point forward without awaiting this further guidance. Authorization requirements for porting should be equivalent to the requirements for certification. No porting fee should be charged by the originating pre-LOU.

A further area of anticipated additional guidance relates to the funding of the GLEIF. All endorsed pre-LOUs are expected to contribute to the funding of the GLEIF in line with the G20 endorsed FSB recommendations (recommendation 20) and further guidance from the ROC.

As of the date of this endorsement, all certified codes issued by these three pre-LOUs will be globally recognized by the ROC for reporting purposes, including those issued through self-registration, assisted registration with the explicit permission of the registrant, or self-certified following third-party registration before November 30, 2012, with the following exception. With respect to the CICI Utility, there is a set of approximately 3,000 codes that are not certified but that have been used for CFTC reporting purposes (*Uncertified Used CICIs*); these codes are not globally recognized.² The CFTC has represented that by November 30, 2013, these codes will be moved to an historical database at the CICI Utility and will not exist in the main CICI file. They will not be globally recognized and their role will be limited to audit trail and historical purposes only. The CFTC has represented that it will direct the CICI Utility to make this process and result clear on its website.

² These *Uncertified Used CICIs* can presently be identified in the CICI Utility database by the “NOT CURRENT” maintenance flag. *Uncertified Used CICIs* marked “NOT CURRENT” are not recognized as globally accepted and should be either certified or ported. The CFTC remains able to use these codes for transitional regulatory purposes. All globally recognised CICIs remaining in the main CICI file will continue to follow the same rules as all other globally accepted pre-LEIs.



The ROC appreciates the significant work that these sponsors, these endorsed pre-LOUs, and other pre-LOUs and members of the public continue to contribute to in creating the Global LEI System.