

GLEIF ready to be the central operating unit of the Global LEI System

The Global LEI Foundation (GLEIF) was established in June 2014 as a not-for-profit organization overseen by the ROC with the purpose of acting as the operational arm of the Global LEI System (GLEIS). Since then, the GLEIF has been recruiting staff, building up its operations and developing the legal framework for its interactions with the Local Operating Units (LOUs).

The ROC has reviewed the status of the GLEIF preparation and determined that it was now ready to assume the tasks of the central operating unit of the system, as defined in the G-20 endorsed High Level Principles, FSB Recommendations and ROC Charter, as well as other ROC standards that form the Governance Principles of the GLEIS.

Master Agreement between the GLEIF and LOUs

The GLEIF has prepared, in consultation with the ROC and the pre-LOUs endorsed by the ROC, a Master Agreement, which will be executed as a set of contracts governing the relationship between the GLEIF and each of the LOUs and the participation of LOUs in the GLEIS.

The Master Agreement defines a framework that will support:

- **Data quality**, including a Service Level Agreement for GLEIF and LOU services and an oversight programme.
- **Free availability LEI data**, including a contractual framework between LOUs and legal entities ensuring that there are no obstacles to the free transfer, publishing or download of data.
- **Operational oversight of the system by the GLEIF**: the Master Agreement organises how LOUs are accredited by the GLEIF before they can issue LEIs; an annual verification by the GLEIF that accreditation requirements continue to be met by LOUs; the possibility for the GLEIF to conduct audits, or have independent audits conducted, at LOU premises relating to LEI operations; and an escalation procedure potentially leading to the removal or restriction of the accreditation, or other remedies, in case the Master Agreement requirements cease to be met.
- **The funding of the system**, including a per-LEI fee to be paid by LOUs to the GLEIF covering the annual operating expenditures of the GLEIF and supporting GLEIS governance.

The ROC has determined that the text of this Master Agreement is adequate to support the implementation of the Governance Principles of the GLEIS, with the understanding that the change process embedded in the Master Agreement will provide the flexibility for the system to expand, evolve and adapt to changes in financial markets as well as new regulatory or industry requirements.

GLEIF accreditation and monitoring processes

The Master Agreement defines an accreditation process, with two phases: The first requires the Applicant LOU to create an Accreditation Plan which, if deemed satisfactory by the GLEIF, authorises the Applicant to sign the Master Agreement with the GLEIF and become Candidate LOU. In the second phase, the Candidate LOU submits a more comprehensive accreditation documentation to the GLEIF, which determines whether (i) the Candidate LOU passes and receives its Accreditation Certificate and is allowed to commence offering LEI services, or (ii) fails and has its MA terminated and is not allowed to offer LEI services or (iii) passes provisionally under certain conditions.

The ROC has reviewed this process and determined it was designed to allow a rigorous, detailed and complete evaluation tool supporting further progress towards a high level of integrity and data quality within the GLEIS.

The Master Agreement also supports the implementation of a monitoring programme, including the collection and maintenance of data quality metrics by LOUs, and the implementation by the GLEIF of quality tests. Various quality metrics will be publicly available. The ROC will continue to engage with the GLEIF while it develops its data quality management programme and data quality reporting over time.

Provision by the GLEIF of a lookup and download database for LEIs

The GLEIF already provides since end March 2015 on its website <http://www.gleif.org> a database concatenating all LEIs issued by pre-LOUs and their reference data. An expanded service, including a search engine and additional download options, will be made available to the public in the course of October 2015.

Sufficient staffing to support core GLEIF functions

The GLEIF has now sufficient staff to start accrediting LOUs and monitoring LOU compliance with the system requirements; defining and maintaining the GLEIS operational and technical standards; and providing the core centralised services such as the global LEI database.

Memorandum of Understanding (MOU) between the GLEIF and the ROC

The ROC and GLEIF publish today an MOU, which describes the common understanding between them for the implementation of the Governance Principles of the GLEIS and GLEIF Statutes, in particular the expected division of responsibilities for overseeing various parts of the GLEIS.

The MOU also organises cooperation between the ROC and GLEIF in developing standards for the GLEIS, in consultation with relevant stakeholders, as well as the coordination of the promotion of the GLEIS and the use of the LEI.

Transition to the full implementation by the GLEIF of its tasks as the central operating unit

Finally, the MOU organises the termination of the interim system, under which the ROC has assumed certain tasks of operational oversight and coordination of the GLEIS, during the period before the GLEIF could be designated as the central operating unit and able to assume its functions. During this period, the ROC has defined principles, under which operators sponsored by a ROC member authority and endorsed by the ROC as meeting these principles, could issue LEIs that may be used for reporting

and other regulatory purposes in the various jurisdictions represented in the ROC. As of 7 October 2015, the ROC has endorsed [27 pre-LOUs](#) that have issued over 390'000 LEIs to entities in 195 countries. The ROC has also defined a common data format under which the LEI and LEI reference data should be disseminated and a portability procedure ensuring that an entity could ask the maintenance of its LEI to be transferred to another pre-LOU at no additional cost.

This interim system will terminate as follows:

- The GLEIF published on 7 October 2015 the Master Agreement, which is available for signing by pre-LOUs endorsed by the ROC as well as new applicants that would like to join the system. As of this date, the ROC will not accept new applications for endorsement, although the ROC will continue to process applications received before that date and publish any resulting endorsement decisions.
- Pre-LOUs endorsed by the ROC will continue to be able to issue and maintain LEIs even before they are accredited by the GLEIF, until the ROC decides to remove this possibility; it is expected that the accreditation of already endorsed pre-LOUs can be completed by the GLEIF within approximately 6 months; the accreditation of already endorsed pre-LOUs reflects the ongoing monitoring of compliance with GLEIS Governance Principles; once a pre-LOU has completed accreditation, its sponsor will acknowledge that supervision by the sponsor will transfer to the GLEIF pursuant to the Master Agreement.
- The ROC and sponsoring authorities will continue to assist the GLEIF in monitoring compliance by endorsed pre-LOUs until they are accredited by the GLEIF; this role will be terminated once a pre-LOU is accredited, subject to the ROC's continued oversight of the GLEIF and the GLEIS and the continuation of the functions any ROC members may have towards LOUs under their domestic framework. Subject to the same caveats, new applicants that wish to enter the GLEIS do not need any more to be sponsored by a ROC member, although ROC members will be informed of applications from applicants within their jurisdictions.

With the GLEIF fully operational as the central operating unit of the system, the framework endorsed by the G20 is now fully implemented and will support the further expansion of the system. The ROC wishes to thank the GLEIF Board Members and staff, pre-LOUs and ROC member agencies for the time and resources dedicated to completing the system in an ambitious timeframe.