

MEMORANDUM OF UNDERSTANDING BETWEEN THE REGULATORY OVERSIGHT COMMITTEE OF THE GLOBAL LEGAL ENTITY IDENTIFIER SYSTEM AND THE GLOBAL LEGAL ENTITY IDENTIFIER FOUNDATION

PREAMBLE

The Regulatory Oversight Committee for the Global Legal Entity Identifier System (ROC), a Charter-based organization of authorities from multiple jurisdictions, and the Global Legal Entity Identifier Foundation (GLEIF), a Swiss Foundation, together referred to as “Participants”:

Having regard to the Governance Principles of the Global Legal Entity Identifier System (GLEIS), which contemplate the establishment of the ROC to oversee the GLEIS in the broad public interest and the designation by the ROC of the GLEIF, or a body of equivalent legal form, as the Central Operating Unit (COU) of the GLEIS and, if necessary, the termination by the ROC of such designation;

Having regard to the Statutes of the GLEIF, established with the purpose of acting as the operational arm of the GLEIS, in accordance with the Governance Principles of the GLEIS;

Recognizing the need to memorialize the relationship between the ROC and the GLEIF, and the processes for implementing their respective responsibilities in the functioning of the GLEIS as contemplated in the Governance Principles of the GLEIS and in the GLEIF Statutes;

Affirming and supporting the independence of the GLEIF in overseeing operational aspects of the GLEIS and of the ROC in overseeing the GLEIF and effecting the regulatory oversight of the GLEIS in the broad public interest to uphold the Governance Principles of the GLEIS;

Have reached the following understanding:

ARTICLE I: DEFINITIONS

For purposes of this **Memorandum of Understanding (MOU)**,

1. The **Governance Principles of the Global Legal Entity Identifier System (GLEIS)**, means the *Global LEI System High Level Principles* and recommendations of the Financial Stability Board (FSB) contained in the 8 June 2012 FSB report, “*A Global Legal Entity Identifier for Financial Markets*,” endorsed by the Leaders of the G20 at Los Cabos, Mexico on 19 June 2012; the ROC Charter endorsed by the G20 on 5 November 2012, as well as any amendments thereof; and any additional principles or standards adopted by the ROC.
2. The **Regulatory Oversight Committee (ROC)** means the group of public authorities

that have, at any given point, assented to the Charter of the ROC.

3. The **Committee on Evaluation and Standards (CES)** refers to the advisory technical committee of the ROC.
4. The **Global LEI Foundation (GLEIF)** means the Swiss foundation established on or about June 26, 2014, and founded by the Financial Stability Board, pursuant to the GLEIF Statutes.
5. **Observers** refers to the representatives of the ROC appointed as *ex officio* Members of the GLEIF Board with observer status and no voting rights as described in the GLEIF statutes.
6. **Board meetings:** references to Board meetings in this MOU include all forms of meetings of the GLEIF Board envisaged in Art. 24 of the GLEIF Statutes, which provides that such meetings shall be convened either physically or by any other means, such as conference calls, video conferences or “otherwise”, which is understood to include the other forms of decision making described in Art. 23 of the GLEIF Statutes, through circular letters, emails or any other method of communication. For these other forms of decision making, the date of the meeting is considered, in particular for the computation of notice periods, as the date by which votes or other forms of feedback should be expressed.
7. The **Central Operating Unit (COU)** refers to the body designated by the ROC to effect operational oversight of the GLEIS, to ensure the application within the GLEIS of uniform global operational standards and protocols set by the ROC, and to undertake other tasks as contemplated in the Governance Principles of the GLEIS. This MOU reflects the designation of the GLEIF as the COU (see clause 13).
8. **Local Operating Units (LOUs)** are the utilities endorsed by the ROC as part of the Interim System defined hereunder, and by the COU thereafter, to provide LEI registrations to registrants and other services as contemplated in the Governance Principles of the GLEIS. The expression “pre-LOUs” is used to specifically refer to the LOUs endorsed by the ROC in the Interim System.
9. **Legal Entity Identifier (LEI)** means an entity identifier in the form of a reference code to uniquely identify legally distinct entities that engage in financial transactions and associated reference data, as defined in the Governance Principles of the GLEIS.
10. **Global LEI System, or System (GLEIS):** The Global LEI System is composed of the ROC together with an operational component, consisting of the COU and LOUs.
11. **Interim System for the LEI:** system under which the ROC has assumed certain tasks of operational oversight and coordination of the GLEIS, during the period before the GLEIF is designated as the COU and able to assume its functions.

ARTICLE II: GENERAL PURPOSES

12. This MOU describes the common understanding between the ROC and the GLEIF, of 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. This MOU creates no legal rights between, by, or against the Participants or any of their respective Members or officers or employees, is not legally binding, and is not subject to judicial review or enforcement
13. This MOU reflects the “Designation” by the ROC of the GLEIF as the Central Operating Unit of the Global LEI system. This Designation shall continue until a decision by the ROC to terminate the Designation of the GLEIF as described in Article XIII.
14. This MOU describes the oversight of the GLEIS by the ROC and defines specific aspects of the ROC’s relationship with the GLEIF, including appropriate communication channels, notice, and resolution of disagreements. This MOU is intended to provide clarity on how the provisions of the GLEIF statutes on the oversight of the GLEIF by the ROC will operate in practice, but is not meant to modify in any way the GLEIF Statutes and the Governance Principles of the Global Legal Entity Identifier System referred to in the GLEIF Statutes.

ARTICLE III: TERMINATION OF THE INTERIM SYSTEM

15. The ROC and the GLEIF agree to terminate the Interim System and to implement the division of responsibilities between the ROC and the GLEIF contemplated by the Governance Principles of the GLEIS and further specified in this MOU in a staged process, as defined below:
 - a. Before steps b, c and d below can take place, conditions 4 and 5 in Annex 1 should have been fulfilled to the satisfaction of the ROC;
 - b. Subject to GLEIF having hired at least 2 member of staff to support this task, the ROC transfers to the GLEIF the definition of operational norms as defined in Article IX,
 - c. Subject to conditions 1, 2 and 6 described in Annex I being fulfilled to the satisfaction of the ROC, the ROC transfers to the GLEIF responsibility for the ongoing monitoring of LOUs’ compliance with the Governance Principles of the GLEIS, subject to the ROC’s continued oversight of the GLEIF and the GLEIS.

This transfer is effective for a given pre-LOU as of the date when the Master Agreement is effected between the GLEIF and this pre-LOU; pre-LOUs having signed the Master Agreement become LOUs;

- d. Subject to condition 3 in Annex I [endorsement process and resources] being fulfilled to the satisfaction of the ROC, the ROC transfers to the GLEIF responsibility for endorsing new candidate LOUs that wish to enter the GLEIS.
- e. The other provisions of this MOU apply immediately.

Steps b, c, and d may take place concurrently or in a different order than the one indicated above, depending on when their respective conditions are met.

The transfer or responsibilities under steps c and d are without prejudice to the continuation of the functions any ROC members may have towards LOUs under their domestic framework.

ARTICLE IV: OVERSIGHT OF THE GLEIF BY THE ROC

- 16. The ROC will oversee the GLEIF in accordance with the Governance Principles of the GLEIS, the GLEIF Statutes and the laws governing Swiss foundations, as well as this MOU. The ROC and the GLEIF should consult the “Committee on Payments and Market Infrastructures – CPMI) and the International Organization of Securities Commissions (IOSCO) Principles for Financial Market Infrastructures” for guidance when determining the policy standards for the operations of the GLEIF and when overseeing the GLEIS.

ARTICLE V: COMMUNICATIONS AND NOTICES

- 17. Unless specified otherwise in this MOU, all official notices and communications between the ROC and the GLEIF will be conducted respectively through:

- a message by the Chair or a Vice Chair of the ROC to the Chair of the Board of the GLEIF and to any other person designated by the GLEIF Board Chair for that purpose;
- a message by the GLEIF Board Chair to the Chair and Vice Chairs of the ROC and to the ROC Secretariat and any other person designated by the ROC Chair or Vice Chairs for that purpose.

- 18. This Article applies in particular to:

- i. Notice of GLEIF Boards meetings and agendas (Art. 24 of the GLEIF Statutes); Board agendas should clearly distinguish items for information and items for

- decision; the text of any proposed decision should be included in the documentation referred to in item vii;
- ii. Pending and actual Board vacancies (Art. 31); this includes informing the ROC of any designation of GLEIF Board members by the GLEIF Board Chair for the extended 3 year term foreseen in Art. 17 of the GLEIF Statutes, or of any Board Member resignation in application of Art. 21 of the GLEIF Statutes or any other inability of a Board member to complete his or her term, as envisaged in Art. 17 of the GLEIF Statutes; in addition, an updated schedule of Board members terms expiry should be communicated to the ROC at least 3 months before the first scheduled expiry;
 - iii. Proposed appointment and removal of Board members (Art. 15 and 31); this includes the curriculum vitae of any candidate having applied for Board membership and the reasons for selecting the proposed appointee from among them, as well as the reasons for removing an existing Board member;
 - iv. All proposed and adopted annual budgets of the GLEIF, including cost-recovery principles, protocols and procedures underpinning the budget (Art. 31); this includes the proposed amount of any fee to be paid by the LOUs to the GLEIF;
 - v. All strategic plans of the GLEIF (Art. 31);
 - vi. All GLEIF audit results (Art. 31);
 - vii. As foreseen in Art. 31 of the GLEIF Statutes, the ROC may request other materials. By way of this MOU, the ROC expresses a standing request to have the following documents communicated by the GLEIF: the minutes of GLEIF Board meetings, documentation supporting agenda items to be discussed at Board meetings, including the proposed recognition and de-recognition of an LOU as contemplated in Art. 33 of the GLEIF Statutes, the draft protocols and methods in Art. 5 of the GLEIF Statutes and any other draft operational norm developed under the responsibility of the GLEIF pursuant to Art. IX of this MOU
 - viii. Any other ad hoc request in application of Art. 31 of the GLEIF Statutes; for such requests, the notice period in clause 19 refers to the time between the request by the ROC and the communication of documents by the GLEIF.
 - ix. An explanation for the position by the GLEIF Board not to adopt, in whole or in part, a recommendation delivered by the ROC, and/or an alternative proposal, in accordance with clause 42; in this case, the notice period in clause 19 starts from the date of the Board meeting where this position is taken.

19. Except when the ROC Chair or one of the Vice Chairs recognises that exigent circumstances apply and accepts a request by the GLEIF Board Chair to set a shorter notice period, the notice period is:

- For items (iv) and (v) in clause 18, a minimum of three weeks before the Board meeting;
- For the resignation of a Board member or the inability of a Board member to complete his or her term, notice should be given no later than two weeks after the event is known to the GLEIF;
- For any other items, and unless specified otherwise in this MOU, a minimum of two weeks before a Board Meeting.

However, on request by the ROC Chair or a Vice Chair, and absent exigent circumstances raised by the GLEIF Board Chair, an additional period of two (2) weeks should be provided by the GLEIF, resulting where necessary in postponing the decision to the next physical meeting, conference call or video-conference, or to a decision by written procedure.

The objective of this notice period is to enable the ROC to review matters and, where relevant, to issue a recommendation for the consideration of the GLEIF, as foreseen in Art. 23 of the GLEIF Statutes, before the GLEIF Board takes an independent decision.

The notice periods in this Article are without prejudice to the longer notice period in clause 25 of this MOU, which applies when an official position or recommendation of the ROC is being sought by the GLEIF.

20. Nothing in this Article should prevent, in addition to the official notices and communications required above, informal discussions and information exchange between, on the one hand, ROC members and secretariat and, on the other hand, GLEIF directors or the GLEIF Secretariat, or among members of joint working groups, particularly regarding the development of the standards and norms foreseen in Art. IX of this MOU.

ARTICLE VI: MEETINGS AND ROC OBSERVERS

21. To facilitate coordination between the ROC and the GLEIF, to the extent practicable, in-person meetings of the ROC Plenary and Executive Committee (two and three each year respectively and on a regionally rotating basis) and the GLEIF Board (four each year) should be conducted at the same time and location so that joint sessions and other forms of interaction can take place in addition to the meetings of the bodies of the ROC and the GLEIF.

- 22. An annual schedule is to be developed jointly by the ROC Executive Committee and the GLEIF Board in October for the upcoming calendar year.
- 23. At the request of the GLEIF Chair, the ROC Observers may agree that a portion of a meeting of the GLEIF be conducted outside of the presence of the ROC Observers in order to facilitate more candid discussions. However, nothing in this provision relieves either Participant of their respective communication or notice obligations.
- 24. As provided in the GLEIF Statutes, the representatives of the ROC may observe all meetings of the Board of Directors of the GLEIF. In this capacity, the ROC observers will not participate in any voting or deliberations.
- 25. If an official position or recommendation of the ROC is being sought by the GLEIF in advance of a Board meeting pursuant to Art. 31 of the GLEIF Statutes, the GLEIF should provide the ROC with a minimum of 30 days' notice, except when the ROC Chair or one of the Vice Chairs recognises that exigent circumstances apply and accepts a request by the GLEIF Board Chair to set a shorter notice period.
- 26. As foreseen in Article 16 of the GLEIF Statutes, at the request of an Observer, an item being considered by the GLEIF Board should be deferred, so that the Observer may take the matter to the ROC to obtain the ROC position. The deferral should be for a minimum period of 2 weeks, except when the ROC Chair or one of the Vice Chairs recognizes that exigent circumstances apply and accepts a request by the GLEIF Board Chair to set a shorter deferral period. The ROC agrees that this possibility for Observers to request that a decision be deferred will not be used when the proposed decision and accompanying documentation have been duly notified to the ROC according to Article V, unless the decision to be adopted differs from the proposal notified to the ROC, or new information arise.

ARTICLE VII: MUTUAL SUPPORT

- 27. Consistent with Art. 13 and 14 of the ROC Charter annexed to the GLEIF Statutes consideration of the modalities of ROC funding will be discussed and mutually agreed at a later time
- 28. The GLEIF agrees to organize the hosting of the ROC website or dedicated pages of a joint website, including providing any technical support, if requested by the ROC.
- 29. The ROC will give due consideration to requests by the GLEIF for action and support and will continue to promote the GLEIS and the use of the LEI to expand the collective benefit from widespread adoption, in accordance with the objectives of the ROC set forth in the ROC Charter.

30. Article 10 of the GLEIF Statutes state that “No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation or rulemaking.” ROC members understand that the objective of this provision was not to prevent the GLEIF from otherwise communicating with public authorities, especially when this is at the request of authorities, for instance responding to a public consultation or to a parliamentary committee. To facilitate coordination, the GLEIF agrees to inform the ROC members of the relevant jurisdiction prior to delivering such information and to make clear the informational purposes in any speech, presentation or other material provided to public authorities. The GLEIF may also wish to develop a form letter that can be delivered in response to request for consultation that the ROC could judge to not constitute propaganda.
31. The ROC and GLEIF will coordinate to the greatest extent possible their actions to inform the public about the GLEIS and promote the use of the LEI, including through their respective webpages and other means. In particular, the ROC and GLEIF will cross-link their respective webpages. However, the ROC and GLEIF will each keep the responsibility of determining and posting the content of their respective webpages.

ARTICLE VIII: INFORMATION

32. Under Article 30 of the GLEIF Statutes, “the ROC may request to inspect and monitor the activities of the Foundation, including to undertake on-site reviews, conduct hearings, request reports and other means, as well as to request information from the Board as specified in the ROC Charter”. This may include accessing information obtained by the GLEIF from LOUs or third party service providers, to the extent necessary for the ROC to conduct its oversight functions to uphold the Governance Principles of the GLEIS and to assess the performance by the GLEIF of its operational oversight of the GLEIS, including but not limited to evaluating data quality and data standards, ensuring public access to key data and safeguarding of any non-public data, and confirming the application of cost-recovery limitations by the GLEIF and the LOUs. The GLEIF should ensure, in the contracts the GLEIF concludes with the LOUs and third party service providers, that the ROC will be able to access this information.
33. Where warranted by the sensitivity of information that would be considered to be a trade secret of an LOU or third party service provider, access to information as contemplated pursuant to clause 32 could be limited or subject to a non-disclosure agreement.
34. An annual report by the GLEIF to the ROC and the public is to be provided to contribute to the implementation of the transparency requirements in Art. 6 of the GLEIF Statutes. The annual report should include:

- the annual budgets and annual accounts;
- an overview of the activities of the GLEIF, including decisions to recognize and derecognize LOUs and an overview of new operational norms and changes in operational norms;
- any change to the governance materials, criteria for the recognition or de-recognition of LOUs or conflict of interest policy, significant audit results, information on the data quality and its evolution compared to the previous year.

This is without prejudice to the detailed disclosure of the individual items organized by the GLEIF Statutes, in particular Art. 6 and 24, and to general policies on transparency to be approved by the ROC pursuant to Art. 6 of the GLEIF Statutes and Art 2 b) (3) of the ROC Charter.

35. This Article is not intended to address how the GLEIS will ensure the access by public authorities – including a ROC member authority – to any non-public LEI reference data that may be collected in the future, such as information on the relationships between entities. Such access will be organized by operational norms to be developed by the GLEIF in consultation with the ROC and in accordance with the policy standards adopted by the ROC. More generally, this Article is without prejudice to the access to data and information by public authorities under their domestic frameworks.

ARTICLE IX: STANDARDS AND NORMS

36. The Governance Principles of the GLEIS and the GLEIF Statutes contemplate, and the Participants agree, that the responsibility for developing standards and norms for the GLEIS should be coordinated as follows:

- a. Policy standards concerning data or information to be collected or used for official or regulatory purposes are to be developed by the ROC in consultation with the GLEIF and other relevant stakeholders. Examples of such policy standards include, but are not limited to: the definition of the eligibility to obtain an LEI and conditions for obtaining an LEI; the definition of reference data and any extension thereof, such as the addition of information on relationships between entities; the frequency of update for some or all the reference data; the nature of due diligence and any other standard necessary to ensure sufficient data quality; principles governing data and information access.
- b. Operational and technical standards for the GLEIS necessary for consistent implementation in a federated system, or respecting specific schemas or transmission protocols, are to be developed by the GLEIF in consultation with the ROC and other relevant stakeholders. Examples of such operational and technical

standards include, but are not limited to: data file formats and the normalization of reference data, such as business registry naming conventions; operational manuals, methods and procedures for the GLEIF (eg: manual for inspecting LOUs; assessment criteria and methodology for the recognition and de-recognition of LOUs) or for LOUs (eg: portability procedures), contracts between the GLEIF and third parties (eg: Master Agreement between the GLEIF and LOUs).

37. In all instances, the development of standards as described in clause 36 should include input from relevant stakeholders. The extent to which input for standards development is broad and formalized should be set in consideration of the costs associated with one standard or another, the existence of disparate user needs and benefits associated with different choices, and associated efficiencies.

ARTICLE X: HEARINGS AND INSPECTIONS

38. If the ROC decides that its Plenary or Executive Committee should conduct a hearing as foreseen in Art. 30 of the GLEIF Statutes, notification is provided by the ROC to the GLEIF as described in clause 17 at least 2 weeks before the intended date of the hearing, specifying the members of GLEIF Secretariat staff or GLEIF Board members to be heard and the topic of the hearing. Unless justified by the urgency of the matter as determined by the ROC Chair, hearings take place at the same time and location as joint sessions between the GLEIF Board and the ROC Plenary or Executive Committee foreseen in clause 21. The GLEIF Board Chair may request that a hearing be postponed by up to two weeks, unless the ROC Chair or a Vice Chairs raise exigent circumstances.
39. If the ROC decides that an on-site inspection of the GLEIF should be conducted as foreseen in Art. 30 of the GLEIF Statutes, the ROC will provide notice to the GLEIF as described in clause 17 at least 2 weeks before the intended start date of the inspection. The process described in clause 33 of this MOU may apply to the selection of members of the ROC inspection team and the preservation of the confidentiality of any information obtained during the inspection. A draft report of the ROC inspection team should be submitted to the GLEIF for comments no less than 2 weeks before it is sent to ROC Executive Committee and Plenary. Upon the request of the GLEIF Board Chair, the comment period may be extended by up to two weeks, unless the ROC Chair or a Vice Chairs determines that exigent circumstances apply. The GLEIF Board Chair may also request that the GLEIF response be annexed to the final report of the ROC inspection team.

ARTICLE XI: DISAGREEMENTS AND ESCALATION PROCEDURES

40. The Board should respond within one month to a recommendation made by the ROC under Art 31 of the GLEIF Statutes. The GLEIF Board Chair may request that the period to respond be extended by up to two weeks, unless the ROC Chair or a Vice Chairs raise exigent circumstances.
41. Pursuant to Art. 31 of the GLEIF Statutes, whenever the Board does not entirely adopt a recommendation delivered by the ROC, the results of the Board's decision and the reasonable grounds for such decision shall be made promptly and publicly available, unless, as discussed with the ROC Chairs, such publication violates confidentiality and privacy criteria. To enable the ROC to determine the existence of a refusal by the GLEIF to adopt its recommendation, and give the opportunity to examine alternatives and avoid mere misunderstandings the Participants intend to follow the process described below.
42. The GLEIF should provide in its response to the ROC an explanation for its position and/or an alternative proposal. After reviewing this explanation or alternative proposal, the ROC may rescind or modify its recommendation. The deadlines in clause 40 apply to the modified recommendation.
43. If a disagreement remains and, in the view of the Participants or their respective Chairs a resolution is necessary to the well-being of the GLEIS, the Chairs of the respective Participants should seek to negotiate a compromise proposal that can be accepted by each body pursuant to their respective decision-making procedures.
44. If the process in clauses 42 and 43 is unsuccessful or impracticable, the ROC may, at its discretion, undertake alternatively or successively the following actions:
 - a. confirm its recommendation, so that it can be submitted again to the vote of the GLEIF Board according to Art. 31 of the GLEIF Statutes; the deadlines in clause 40 apply;
 - b. Publish its disagreement with the GLEIF and the reasons thereof and request the application by the GLEIF of the publication foreseen in the last paragraph of Art. 31 of the GLEIF statutes, including on the GLEIF website. The GLEIF would be given by the ROC prior notice of the ROC's intention to publish its disagreement with the GLEIF.

ARTICLE XII: APPOINTMENT AND REMOVAL OF BOARD MEMBERS

45. Under Art. 15 paragraph 4 of the GLEIF Statutes, the FSB, as the Founder of the GLEIF, has the right to appoint or remove a Board Member after seeking a

recommendation from the ROC. The ROC foresees that any recommendation by the ROC to the FSB to appoint or remove Board members would only be made after other options are exhausted and would be motivated by serious circumstances, including, but not limited to, the paralysis of the decision making process of the GLEIF Board, fit and proper issues affecting one or more Board members, or a functioning of the GLEIF seriously affecting the public interest or objectives set forth in the governance principles of the GLEIS referred to in Art. 3 and 4 of the GLEIF Statutes defining the purposes of the GLEIF. However, the ROC's expectations and examples above do not commit in any way the FSB, which is not a Participant in this MOU. The decision to appoint or remove a Board Member under Art. 15 paragraph 4 of the GLEIF Statutes belongs to the FSB, not to the ROC, and is foreseen as a last resort option subject to the FSB's own due diligence review. Such a possibility is not intended to affect the independent management of the GLEIF by its Board.

ARTICLE XIII: TERMINATION OF THE DESIGNATION OF THE GLEIF AS THE COU

46. As foreseen in Article 8 of the ROC Charter, the ROC may terminate the designation of the GLEIF as the body that operates the COU. The ROC foresees that this would only happen for a very serious cause and where necessary in the public interest, including, but not limited to, the need to change the architecture of the GLEIS to reach imperative public policy objectives recognised at the highest political level in ROC member jurisdictions, or to address obstacles affecting the effective operation or oversight of the GLEIS as intended in the Governance Principles of the GLEIS. Such a possibility is not intended to affect the independent management of the GLEIF by its Board.
47. A decision to terminate the designation of the GLEIF would be taken by the ROC after seeking the views of the GLEIF and careful review, including giving notice in a letter signed by the Chair of the ROC to the GLEIF Board Chair identifying the specific reasons for terminating the designation, together with an opportunity for the GLEIF to propose alternative solutions such as a change of the Chair and/or part of the Board Members within a reasonable time set by the ROC of no less than 3 months absent exigent circumstances;

A decision to terminate the designation of the GLEIF should take into consideration the paramount objective of preserving the use of the LEI and of the operation of the GLEIS; to that effect, the termination of the designation should not, absent exigent circumstances, be expected to result in abandoning the use of LEIs but should involve changing or transferring the operational governance of the GLEIF for the GLEIS with the aim of avoiding undue market or regulatory disruption and protecting intellectual property rights that are held for the public benefit, and taking into consideration, as appropriate,

employment and other agreements entered into by the GLEIF.

48. The decision to terminate the designation takes effect one year after its adoption, or any longer period of time decided by the ROC for the orderly transition of the functions of the COU. However, a shorter period may apply in the circumstance where the GLEIF would be unable to continue its activities as set forth in Art. 39 of the GLEIF Statutes.

ARTICLE XIV: INTELLECTUAL PROPERTY AND CONTRACTS

49. As stated in the GLEIS High Level Principle 15 and the FSB Recommendation 31 that are part of the Governance Principles of the GLEIS, “Any global universal intellectual property rights should belong to the GLEIS” and “Any intellectual property rights should be held by, or licensed to the GLEIF unless defined otherwise by the ROC”. Article 8 of the GLEIF Statutes state that “Intellectual property rights should be held for the public benefit and consistent with the attainment of the purposes of the Foundation as well as GLEIS principles”.

50. Consistent with these provisions, as well as the representations and agreements made via the endorsement process by the LOUs, the intellectual property rights of the GLEIS should be held by the GLEIF in a way that ensures their assignability in the case of a necessity, such as dissolution of the GLEIF as foreseen in Article 39 of the GLEIF Statutes.

51. In entering into any contractual arrangements involving the intellectual property of the GLEIS and any other contractual arrangement material to the continuity of the GLEIS, the GLEIF intends to include provisions that allow for the transferring of its roles, rights and responsibilities to a successor COU without the need for judicial intervention.

52. In the case of a necessity, such as dissolution of the GLEIF , the GLEIF intends to transfer to another public utility and tax exempt entity pursuing similar objectives, as designated by the ROC consistently with Art. 39 of the GLEIF Statutes , within a timeframe specified by the ROC and without the need for judicial intervention:

- any and all rights, interests and ownership in any intellectual property
- any and all contractual or other rights, interests and responsibilities material to the continuity of the GLEIS.

ARTICLE XV: MISCELLANEOUS

53. Any modifications or amendments to this MOU must be made in writing, signed by the then-serving ROC Chair and GLEIF Board Chair, respectively, pursuant to the decision making processes of the ROC and GLEIF, respectively.

54. This MOU is concluded for five years and is automatically extended for additional periods of two years without limitation, unless both Participants decide to terminate it or to replace it with another MOU. Notwithstanding the above, this MOU expires in the case of a necessity, such as dissolution of the GLEIF or a transfer of COU designation and functions takes effect.
55. This MOU is a public document.

Signed in two originals in Beijing on 23 September 2015

Matthew Reed,
Chairman
Legal Entity Identifier
Regulatory Oversight Committee

Gerard Hartsink
Chairman of the Board
Global Legal Entity Identifier Foundation

Annex I**Specific preconditions for the termination of the interim system**

The decision of the ROC to terminate the interim system is predicated on the satisfactory fulfillment of the following items:

1. The drafting of a Master Agreement that will be executed by the GLEIF and the pre-LOUs containing provisions addressing the sustainable funding of the GLEIF, clear deliverables by the LOUs and GLEIF and associated standards and metrics supporting high data quality within the GLEIS, an enforcement mechanism, and provisions designed to uphold the Governance Principles of the GLEIS (particularly those related to intellectual property);
2. Establishment by the GLEIF of a pre-LOU on-boarding plan that provides for fair treatment and objective on-boarding criteria for existing pre-LOUs that culminates in the execution of the above-described Master Agreement by pre-LOUs in an orderly fashion;
3. The GLEIF having defined and made public an endorsement process that provides for objective criteria for the GLEIF to evaluate and recognize or endorse new candidate LOUs; and the GLEIF having hired at least 1 member of staff to carry out this task;
4. The provision by the GLEIF of a (virtual or actual) lookup and download database for LEIs on a concatenated basis;
5. Establishment by the GLEIF of web presence to carry out communications with users of the GLEIS, LOUs and the public;
6. The GLEIF having defined a process and hired at least 2 members of staff for monitoring on an ongoing basis compliance by the LOUs with the governance principles of the Global Legal Entity Identifier System (GLEIS) and the operational norms defined in Article IX relevant to them.