



Progress report
by the Legal Entity Identifier
Regulatory Oversight Committee (LEI ROC)

The Global LEI System and regulatory uses of the LEI

5 November 2015

Executive Summary

The G-20 Leaders supported in 2011 "the creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions" and, following recommendations by the Financial Stability Board (FSB), tasked the LEI Regulatory Oversight Committee (ROC), established in January 2013, with coordinating the actions of the regulatory community in establishing and overseeing a Global LEI System in charge of issuing and maintaining LEIs, in accordance with the principles endorsed by the G20.

In October 2013, the LEI ROC started endorsing issuers of LEIs that could be used for reporting and other regulatory purposes in the various jurisdictions represented in the ROC. As of October 2015, the ROC had endorsed 27 issuers that have issued over 390'000 LEIs to entities in 195 jurisdictions.

On 7 October 2015, the ROC confirmed that the Global LEI Foundation (GLEIF), established in June 2014 by the FSB as a not-for-profit organization overseen by the ROC as foreseen in the GLEIF Statutes, was ready to fully assume the tasks of the central operating unit of the system. These tasks had so far been largely assumed, on an interim basis, by the ROC and its members. The GLEIF functions are now supported by a Master Agreement, to be signed between the GLEIF and issuers, which defines how the GLEIF will proceed to their accreditation and monitor their compliance with quality requirements and service levels. The GLEIF had already been publishing a consolidated data base of LEIs since end March 2015.

In parallel, authorities in jurisdictions represented on the ROC have adopted at least 48 regulatory actions using the LEI, which are described in this report. These uses of the LEI contribute to many G20 objectives, in line with the intention expressed by the G20 that the LEI should support authorities and market participants in identifying and managing financial risks. Examples of LEI uses already adopted in one or more jurisdictions include:

- identifying, in regulatory reporting, the parties to OTC derivatives contracts and, increasingly, other securities transactions, as well as the various institutions involved in processing these transactions, thereby facilitating, among other benefits, the aggregation of data relating to the same entity;
- enhancing, especially in a cross-border context or across sectors, the comparability of data reported by banks, insurance companies and other financial institutions, for instance concerning the identification of their parent entities, their subsidiaries, or their investments or exposures to third parties;
- supporting more granular disclosures of assets held in securitised products and the ability of investors to conduct more cost effectively their own analysis on these assets.

Standard setters of the financial sector and other international bodies have also encouraged other uses of the LEI, for the consideration of regulators or industry participants, such as managing customer relationships by banks, including correspondent banking relationships, facilitating the monitoring of transactions by legal entities to prevent money laundering and the financing of terrorism; or improving statistics on the cross-border exposures of non-bank corporations.

The ROC has initiated a number of actions this year to support further uses of the LEI, including the collection in the Global LEI System of information on the parents of legal

entities from 2016, which will for instance support enhanced data aggregation capabilities, and expanding or clarifying the eligibility of entities for an LEI, to better cover the population of legal entities subject to financial regulation. This includes a public consultation on extending the LEI to branches located in a different jurisdiction than their head office, as these may be treated as distinct entities for regulatory or tax purposes.

As stated by the FSB in its last overview report to G20 Leaders, progressing towards adoption of the LEI by legal entities worldwide is essential to fully reap the collective benefits of this innovation. To this end, jurisdictions can consider several strategies:

- Continue to increase the number of rules and regulations requiring the LEI, covering progressively a wider range of entities in more and more jurisdictions. This will in turn increase the benefits from the network effect of LEI coverage, and contribute to reduce the unitary cost of the LEI, thus paving the way for larger scale uses of the LEI.
- Adopt the LEI as a universal identifier, for instance by jurisdictions seeking to overcome the existence of several domestic identifiers covering different types of entities, benefit from an internationally recognised identifier or leverage on the infrastructure developed by the Global LEI System. The current fee structure may be adapted to recognise the contribution of these jurisdictions to expanding the LEI and to reducing the costs for all users thanks to greater economies of scale.
- Incentivise voluntary adoption of the LEI, for instance by offering to report the LEI instead of providing the data that can be found in the Global LEI System, thus reducing duplicative reporting, or by requesting that the LEI be systematically reported to them or disclosed to market participants, when the entity subject to reporting or disclosure has an LEI.

International standard setting bodies can help develop such strategies and support information exchange, as there are merits in the various authorities considering the actions of others when assessing the costs and benefits of the LEI. Assessing a measure in isolation from other domestic or foreign rules also requiring the use of LEIs and covering some of the same population of legal entities could lead to an overestimate of the cost of the LEI coverage needed to implement a given use of the LEI.

Market participants also have an active role to play, by voluntarily adopting the LEI, and encouraging their counterparties to do so. To make sure the system better meets their needs, the GLEIF is interacting with industry users, introducing a quality monitoring programme and developing tools such as better mapping with national or sectoral identifiers.

The broad approaches described above are not mutually exclusive or limitative and can be combined or used in succession. They are meant to assist jurisdictions and standard setters to develop the strategy that will best meet their needs, taking into account the differences in the legal and regulatory frameworks in which they are operating, the mandates and objectives governing their actions, as well as the structures and economic conditions of the different jurisdictions, markets and sectors where the LEI can be used.

The annexes of this report provide examples meant to assist regulators and lawmakers to make best use of the LEI, including precautions to take to make sure they only accept in their reporting current LEIs, validated against the reference database maintained by the GLEIF, which is freely accessible to all at no charge.

1. Introduction

At their Cannes Summit in November 2011, the G-20 leaders supported "the creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions." The leaders also called on the Financial Stability Board (FSB) to take the lead in helping coordinate work among the regulatory community on the governance framework of the Global LEI System, complementing efforts by the private sector to develop a technical solution, including through the International Organisation for Standardisation (ISO).

The *Global LEI System High Level Principles* and recommendations contained in the 8 June 2012 FSB report, "*A Global Legal Entity Identifier for Financial Markets*" were endorsed by the Leaders of the G20 at Los Cabos, Mexico on 19 June 2012. The ROC Charter was endorsed by the G20 on 5 November 2012 and the ROC held its inaugural meeting in Toronto in January 2013, with the participation of authorities from over 50 countries and jurisdictions around the world. The ROC now counts 70 member authorities and 19 observers including representatives of national or regional bodies covering 64 jurisdictions as well as representatives from 7 international bodies.¹

The ROC Charter defines the mission and role of the ROC:

- Be the ultimate authority for the oversight of the Global LEI System, composed of the ROC together with an operational component, consisting of a central operating unit, in charge of the operational oversight of the system and publication of a central database of LEIs, as well as federated Local Operating Units (LOUs) providing registration and other services. The ROC oversight function includes setting policy standards for the system and monitoring its performance with the objective of protecting the broad public interest and more generally upholding the High Level Principles and recommendations endorsed by the G20.
- Facilitate the development of the Global LEI System, including the establishment and designation of the legal entity serving as the central operating unit.
- Promote the use and scope of the Global LEI System to expand the collective benefit from widespread adoption.

The present progress report describes the completion of the GLEIS governance framework (section 2), the current status of LEI uses in ROC jurisdictions (section 3), examples of other potential regulatory uses (section 4) and policy actions already taken by the ROC (section 5) as well as further ROC recommendations (section 6) for supporting the expansion of the system and the benefits that regulators, industry and the general public can derive from a wider adoption.

¹ A list of ROC members and observers can be found at <http://www.leiroc.org/about/membersandobservers/index.htm>. 54 jurisdictions are directly represented on the ROC and 5 regional institutions contribute to representing the European Union (EU), including 10 EU jurisdictions not directly represented on the ROC.

The LEI

The Legal Entity Identifier (LEI) is a 20-digit reference code to uniquely identify legally distinct entities that engage in financial transactions and associated reference data. Two fundamental principles of the LEI code are:

- **Uniqueness:** an LEI is assigned to a unique entity. Once assigned to an entity, and even if this entity has for instance ceased to exist, a code should never be assigned to another entity.
- **Exclusivity:** a legal entity that has obtained an LEI cannot obtain another one. Entities may port the maintenance of their LEI from one operator to another. The LEI remains unchanged in the process.

The LEI definition currently relies on a standard published by the International Organisation for Standardisation (ISO) on 30 May 2012 ([ISO 17442:2012, Financial Services - Legal Entity Identifier \(LEI\)](#)). The LEI number itself has no embedded meaning. The two last characters are check digits, contributing for instance to avoid typing errors.

The reference data currently associated in the database with each entity includes:

- The official name of the legal entity;
- The address of the headquarters of the legal entity;
- The address of legal formation;
- The date of the first LEI assignment;
- The date of last update of the LEI;
- The date of expiry, if applicable;
- For entities with a date of expiry, the reason for the expiry should be recorded, and if applicable, the LEI of the entity that acquired the expired entity;
- The official business registry where the foundation of the legal entity is mandated to be recorded on formation of the entity, where applicable;
- The reference in the official business registry to the registered entity, where applicable.

Entities eligible for an LEI

ISO 17442:2012 states that the ISO standard "specifies the elements of an unambiguous Legal Entity Identifier scheme to identify the legal entities relevant to any financial transaction.

The term "legal entities" includes, but is not limited to, unique parties that are legally or financially responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts, regardless of whether they are incorporated or constituted in some other way (e.g. trust, partnership, contractual). It excludes natural persons, but includes governmental organizations and supranationals."

The LEI is a non-proprietary system that assures the availability in the public domain, without limit on use or redistribution, of LEI data. It is financed by fees payed by legal entities that register in the system.

2. Completion of the GLEIS governance framework

Since its establishment in 2013, the ROC has assumed certain tasks of operational oversight and coordination of the GLEIS, while there was no central operating unit able to assume its functions. On 27 July 2013, 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. These principles were updated in August 2014.²

The ROC published its first endorsement decisions on 3 October 2013. As of 3 October 2015, the ROC had endorsed 27 pre-LOUs³ that have issued over 390'000 LEIs to entities in 195 countries.⁴

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.

At the same time, the ROC was preparing the establishment of the central operating unit of the system, choosing in early 2013 its legal form (a foundation under Swiss law) and initiating the process for drafting its statutes and selecting its first board of directors.

Based on this preparatory work, the Global LEI Foundation (GLEIF) was established in June 2014 by the FSB as a not-for-profit organization overseen by the ROC with the purpose of acting as the operational arm of the 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 confirmed on 7 October 2015 that the GLEIF was 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. This determination was based on the review of the legal documentation, processes, and other resources put in place by the GLEIF, as described below.

2.1. 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 Agreement⁵, 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:

² http://www.leiroc.org/publications/gls/lou_20140824_2.pdf

³ A list of the Local Operating Units of the Global LEI System can be found on the ROC webpage describing how to obtain an LEI: <http://www.leiroc.org/lei/how.htm>.

⁴ Close to 89'000 pre-LEIs were issued before the three first pre-LOUs before these were endorsed. These pre-LEIs became globally recognised by the ROC for reporting purposes under the conditions described in the ROC endorsement note of 3 October 2013 http://www.leiroc.org/publications/gls/lou_20131003.pdf.

⁵ <https://www.gleif.org/content/3-lei-system/3-gleif-accreditation-of-lei-issuers/3-required-documents/2015-09-23-master-agreement-final.pdf>.

- **Data quality**, including a Service Level Agreement for GLEIF and LOU services that govern, *inter alia*, the issuance and maintenance of LEIs, with due diligence by LOUs to verify the data against reliable sources and requirements for contracts between LOUs and legal entities supporting the provision of accurate and up-to-date information by registrants. In particular, these contracts should foresee that the legal entity should provide true, full and authentic information, review the accuracy of this information at least once annually and promptly submit any changes, all this for the life of the entity, unless the entity chooses to abandon any use of the LEI and terminates the contract without porting its LEI to another LOU.
- **Free availability of LEI data**, including a contractual framework between LOUs and legal entities ensuring that there are no obstacles to the free transfer of data from the LOU to the Global LEI Repository, to the publishing, and to the download and use of LEIs and associated reference data by anyone, whatever the purpose.
- **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 Master Agreement also specifies how the GLEIF will review that the LOU operations regarding LEIs are sustainably financed in an efficient not-for-profit cost-recovery manner avoiding excessive costs, and affirms that the GLEIS is committed to the principles of competition and anti-trust as specified in the GLEIS Governance Principles.

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.

2.2. 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.

2.3. 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. The access service is provided for free under minimum terms of use meant to protect the Governance Principles of the GLEIS, in particular the public benefit of the system.

2.4. 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.

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

The ROC and GLEIF published on 7 October 2015 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.⁶

This MOU describes the oversight of the GLEIF by the ROC, including:

- Communication by the GLEIF to the ROC of relevant documentation, in particular those underpinning the GLEIF budget and the determination of the fee to be paid by the LOUs to the GLEIF, strategic plans; draft operational and technical standards; or GLEIF audit results, with sufficient notice to enable the ROC to review matters and, where relevant, to issue a recommendation for the consideration of the GLEIF, as foreseen in Article 23 of the GLEIF Statutes, before the GLEIF Board takes an independent decision;

⁶ The MOU is available on the ROC website: http://www.leiroc.org/publications/gls/lou_20151007-2.pdf.

- Participation of representatives of the ROC to meetings of the GLEIF board of directors, with observer status and no voting rights;
- Organisation of inspections, hearings or other forms of monitoring of the GLEIF by the ROC;
- Definition by the ROC of the policy standards concerning data or information to be collected or used for official or regulatory purposes; under Article 30 of the GLEIF Statutes, “while the ROC is not a body of the Foundation, it defines the framework, principles and standards under which the GLEIS shall operate, in accordance with the purpose clause of the Foundation, and oversees the respect thereof”;
- Disagreement and escalation procedures, including, in case of a very serious cause and where necessary in the public interest, the termination by the ROC of the designation of the GLEIF as the central operating unit of the system.

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.

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

The interim system, by which the ROC was assuming certain tasks of operational oversight during the period before the GLEIF could be designated as the central operating unit and able to assume its functions, 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 does 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;
- 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; 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 GLEIF is now responsible of developing the operational and technical standards for the GLEIS, in consultation with the ROC and other relevant stakeholders, such as data file formats and the normalization of reference data (e.g., business registry naming conventions); operational manuals, methods and procedures for the GLEIF or for LOUs. The ROC continues to be responsible of policy standards, such as 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; or principles governing data and information access.

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.

3. Current regulatory uses

Some 40 regulatory actions using the LEI were reported to the ROC by its members and observers. An overview of these uses is presented here, together with a more detailed list in Annex 1. This list is not necessarily exhaustive, as jurisdictions or agencies not represented on the LEI ROC may have adopted other actions.

In half the reported cases, entities are required to acquire an LEI; in most other cases, LEIs are requested to be reported or used only if the relevant entity already has one. In 5 cases, the use of the LEI is optional.

3.1.Regulatory uses by jurisdiction

Rules referring to the LEI cover at least 40 jurisdictions: Argentina, Australia, Canada, 31 members of the European Union and European Economic Area, Hong Kong, Mexico, Russia, Singapore, Switzerland and the United States. In most of these jurisdictions, at least one rule on the LEI is already applicable, although some other rules may have not yet entered into force, or have only been published as drafts. The table in Annex 1 provides the envisaged application dates of the part of the rule concerning the LEI, when known.

The US and the EU reported multiple uses of the LEI in the securities, banking and insurance sector. The EU rules reported here generally apply as well to the European Economic Area.

Argentina (BCRA), Australia (ASIC), Canada (several agencies), Hong Kong (HKMA), Mexico (Banco de Mexico), Russia (Central Bank), Singapore and Switzerland (several agencies) reported one or two uses. Except for Argentina and Mexico, where requirements apply to banks or other financial institutions supervised by the central bank, these requirements focus on the securities sector, especially OTC derivatives reporting and in a few cases the reporting of other securities transaction or the identification of nominee shareholders/securities depositories.

Other ROC Members have draft regulations currently under preparation, although these have not been published yet.

3.2. Regulatory uses by area

At the G-20 Summit of June 2012, the heads of state and government encouraged "global adoption of the LEI to support authorities and market participants in identifying and managing financial risks".⁷

The Global LEI System was established for a large range of potential uses including⁸:

- By authorities of any jurisdiction or financial sector to assess systemic risk and maintain financial stability, conduct market surveillance and enforcement, supervise market participants, conduct resolution activities, prepare high quality financial data, and to undertake other official functions; and
- By the private sector to support improved risk management, increased operational efficiency, more accurate calculation of exposures, and other needs.

This section lists the various uses already adopted or contemplated in public draft rules by jurisdictions.

3.2.1. OTC Derivatives Reporting

G20 Leaders agreed in 2009 that all over-the-counter (OTC) derivatives contracts should be reported to trade repositories (TRs) as part of their commitment to reform OTC derivatives markets with the aim of improving transparency, mitigating systemic risk and preventing market abuse.⁹ Aggregation of the data reported across TRs will help ensure that authorities can obtain a comprehensive view of the OTC derivatives market and its activity.

The FSB noted in its [Feasibility study on approaches to aggregate OTC derivatives data](#), September 2014, that “*counterparty identifiers (LEI) are required to accumulate accurate position data across TRs. The LEI with hierarchy (for consolidation purpose) is also needed for some mandates at least in a second step when the fully fledged LEI is in place*”.¹⁰ This study concluded that “*it is critical for any aggregation option that the work on standardisation and harmonisation of important data elements be completed, including in particular through the global introduction of the Legal Entity Identifier (LEI), and the creation of a Unique Transaction Identifier (UTI) and Unique Product Identifier (UPI)*”.

On 2 September 2015, the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published for public comment a consultative report entitled [Harmonisation of a first batch of key OTC derivatives data elements \(other than Unique Transaction Identifier, UTI, and Unique Product Identifier, UPI\)](#). The harmonisation proposal includes the use of the LEI for the identification of the primary obligors and the payer of payment streams of reportable derivative contracts.

⁷ See paragraph 44 of the [G20 Communiqué](#).

⁸ See Preamble of the Charter of the Regulatory Oversight Committee, endorsed by the G20 Finance Ministers and Central Bank Governors on 5 November 2012.

⁹ See [declaration](#) of the G20 Summit in Pittsburgh, September 2009, paragraph 13.

¹⁰ Concerning the latter part, the LEI ROC published for consultation on 7 September 2015 a proposal on [collecting data on direct and ultimate parents of legal entities in the Global LEI System \(see also section 5\)](#).

Jurisdictions hosting the bulk of derivative activities already require that counterparties of reportable derivative transactions have an LEI: **Canada** (in Manitoba, Ontario and Quebec [CA01]¹¹ and, from 2016, in four other provinces [CA02]), the **European Union** [EU05], **Russia** [RU01], **Singapore** [SG01] and the **United States** ([US03], [US04] and [US14]). **Switzerland** has published draft rules expected to require the LEI from 1 January 2016 [CH01]. The LEI is also requested when available in **Australia** [AU01] and **Hong Kong** [HK01]. CTFC reporting rules in the United States will also require the reporting party to provide the LEI (if any) of the account owners, controllers, and originators [US07].

3.2.2. Reporting to national regulators

In 2009, G20 Leaders committed to “*ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for their failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions.*”¹²

In this context, the use of the LEI in regulatory reporting facilitates the consistent identification of reporting entities and their counterparties. For instance, the European Insurance and Occupational Pensions Authority noted that “*The common use of the same identification code for various reporting tasks and across the sectors will significantly improve quality of information*” and that “*There is widespread agreement among the European authorities and financial industry participants to move as soon as possible to a global LEI system that would provide a valuable ‘building block’ contributing to and facilitating many financial stability objectives, including enhanced supervisory convergence and high-quality, reliable and comparable data.*”¹³

The identification of reporting entities and their counterparties, which started with derivative reporting (section 3.2.1), has now been expanded to many other areas.

1.1.1.1. Identification of reporting entities:

In the **European Union**, credit and financial institutions, are required to obtain an LEI and use it to fulfil their reporting obligations [EU01]. The same applies since June 2015 for insurance institutions subject to Solvency II, and will apply by 30 June 2016 for other institutions in the insurance sector in the EU [EU03]. From the end of 2016 (depending on the date of their authorisation under the CSDR), EU Central Securities Depositories will be required to identify themselves, as well as issuers, CSD participants and settlement banks by using LEIs for reporting purposes to the national authorities [EU17]. From the end of 2017, beginning of 2018, settlement internalisers will have to use LEIs when reporting to national authorities [EU18]. From beginning of 2017, investment firms that wish to trade in financial instrument traded in the EU will be required to obtain a LEI and ensure that the reference data related to their LEI is renewed according to the terms of any of the accredited Local Operating Units of the GLEIS.

¹¹ References between square brackets correspond to the list of uses in Annex 1.

¹² [The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#).

¹³ https://eiopa.europa.eu/Publications/Guidelines/LEI_GLS_EN_ORI.pdf, p. 2.

In the **United States**, the LEI is requested, when the entity has one, for the identification of investment advisers registered with SEC [US01], investment advisers to private funds (includes the reporting fund and any parallel fund and certain commodity pool operators and commodity trading advisers as well as large liquidity fund advisers [US02], and reporting Money Market Funds (MMF) [US09]. The LEI is envisaged to be required for the identification of home mortgage lenders [US10]. The use of the LEI is optional for all entities regulated by the Municipal Securities Rulemaking Board [US08].

Argentina [AR01] and **Mexico** [MX01] also require banks to obtain an LEI.

1.1.1.2. Identification of the clients, counterparties or investments of reporting entities

In the **European Union**, the LEI is requested, when the counterparty has one, in the reporting to the European Banking Authority (EBA) of data on large exposures of credit and financial institutions. It is also requested to identify entities within the consolidated group of such institutions [EU02]. In the insurance sector in the EU, group entities are required to have an LEI by 30 June 2016 [EU04]. The LEI is also requested in the EU, in the area of financial conglomerate supervision, for the reporting of significant transactions between group entities, and of significant risk concentration by counterparties and groups of interconnected counterparties [EU18].

In the European Union as well, investment firms will be required to obtain the LEI of their clients (if eligible), validate the format and content of the LEI code against ISO 17442 and the global LEI database maintained by the Central Operating Unit. Investment firms will no longer be allowed to provide a service that would trigger the obligation of an investment firm to submit a report for a transaction entered into on behalf of a client who is eligible for an LEI, prior to the LEI being obtained from that client [EU11].

In the **United States**, the LEI is also requested, when the relevant entity has one, for the identification of securities held by the reporter or subject to repo, in the monthly reporting by MMF and large liquidity fund advisers, and the identification of mortgagers, counterparties, depositories, issuers of stock and bonds in which an insurance company is investing, for reporting to the supervisor [US09, US06].

1.1.1.3. Identification of the parent entities, subsidiaries or other related entities of reporting entities

In the **United States**, bank holding companies and other top tier entities will be required, as of end 2015, to report to the Federal Reserve the LEI of the entities they control and other related entities, if these entities have an LEI [US15]. In addition, as noted above, CTFC reporting rules in the will also require the reporting party to provide the LEI (if any) of the account owners, controllers, and originators [US07].

In the European Union, the LEI of related entities is also requested in reporting in case of significant transactions (see section 1.1.1.2).

3.2.3. Enhanced disclosure of securitised products

The Financial Stability Forum had recommended in 2008 that securities market regulators should work with market participants to expand information on securitised products and their underlying assets. IOSCO developed eleven principles in its [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#).¹⁴ For instance, Principle 3 recommends that “*Periodic and event-based disclosure should contain sufficient information in order to increase the transparency of information for investors and to allow investors to independently perform due diligence in their investment decisions regarding the specific ABS.*”, including financial information about significant obligors.

In the **United States**, 6 agencies are requesting that the LEI be used, if available, to identify the obligor of loans or asset held or to be held by an open market collateralized loan obligation (CLO), in the information provided to potential investors. This rule will be effective for CLOs beginning 24 December 2016 [US12].

In the **European Union**, originators of structured finance instruments will be required to be identified with an LEI. This rule will apply from 1 January 2017 [EU09].

3.2.4. Enhancing regulation and supervision of credit rating agencies

The G20 in the London Summit Declaration¹⁵ called for regulatory reforms of credit ratings and credit rating agencies. The LEI has been employed in these reforms.

In the **United States** [US11], since 15 June 2015, the LEI is required when available for the identification of obligors rated by Nationally Recognized Statistical Rating Organisations (NRSROs), or issuers whose securities are rated by NRSROs.

In the **European Union** ([EU07 and [EU 08]), the LEI will be required, starting in the first quarter of 2016, for the identification of (i) credit rating agencies, (ii) entities for which credit ratings have been issued, (iii) in case of the subsidiary of a rated parent, the parent entity; (iv) in case of credit ratings on structured finance instruments, the identification of the originator.

3.2.5. Identification of securities issuers and use in securities transactions reporting

In **Canada**, the LEI is requested, when the relevant entity has one, for the identification of certain trading counterparties, in the confidential reporting of all fixed income transactions [CA03].

In the **European Union**, from 2016 the LEI will be required for the identification of issuers by CSDs [EU17], from early 2017 the LEI will be required for the issuers of financial instruments that are subject to certain transaction reporting obligations [EU10, draft] and for

¹⁴ This report contains principles designed to provide guidance to securities regulators who are developing or reviewing their regulatory regimes for ongoing disclosure for asset-backed securities (ABS).

¹⁵ [The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#).

the identification of the issuer of structured finance instruments [EU09], as well as, from early 2017, for all issuers whose securities are admitted to trading on regulated markets [EU16, draft].

3.2.6. Other regulatory uses

The LEI is requested in the EU for the identification of managers of alternative investment funds [EU06]¹⁶, in Russia for the entities that perform the record keeping of securities ownership [RU02]

4. Examples of other potential regulatory uses

While not necessarily an endorsement of the ROC for a particular use or approach, this section is intended to raise awareness of potential uses for the LEI which have been identified, in line with the objective given to the ROC in its Charter to promote the use and scope of the Global LEI System and ROC Members' commitment to support the introduction of the LEI for official or international identification purposes. Any requirement to use the LEI is driven by local laws and regulations adopted by the relevant authority in each jurisdiction.

4.1. Risk management by banks

4.1.1. Customer identification

The BCBS published in July 2015 for consultation a revised version of its General guide to account opening,¹⁷ which focuses on effective customer identification and verification programmes and recommends that banks could potentially collect, on the basis of risks, the LEI, if available, when identifying legal persons. This document applies to account opening defined as any formal banking or business relationship established by a bank to provide or engage in products, services, dealings, or other financial transactions. This includes demand deposits, savings deposits, or other transaction or asset accounts, or credit accounts or other extension of credit, but not the conducting of occasional transactions.

4.1.2. Data aggregation

In its [Principles for effective risk data aggregation and risk reporting](#), published in January 2013, the BCBS also stated that "*The LEI system will identify unique parties to financial*

¹⁶ The G20 London Summit [Communiqué](#) (2 April 2009) stated "Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management." [IOSCO's Report on Hedge Fund Oversight \(June 2009\)](#) inter-alia contained principles on the regulation of Hedge funds and included mandatory registration and on-going regulatory requirements such as disclosure to investors.

¹⁷ <http://www.bis.org/bcbs/publ/d331.htm>.

transactions across the globe and is designed to be a key building block for improvements in the quality of financial data across the globe”. Higher data aggregation capabilities are also one of the additional requirements applying to all Systemically Important Financial Institutions (SIFIs).¹⁸

4.2.Improving the data on cross-border exposures of non-bank corporations

The FSB-IMF report *The Financial Crisis and Information Gaps* endorsed by the G20 in 2009, noted that “*The crisis has highlighted the lack of data on cross-border exposures of nonfinancial corporates. ‘Onshore’ corporates, both financial and nonfinancial, used offshore entities to raise finance and provide implicit guarantees, and this was unknown to policy makers. In some emerging markets, authorities were unaware of significant corporate exposure to exchange rate derivative products because these were booked outside of their jurisdictions*”.¹⁹

The 2009 report tasked the Inter-Agency Group on Economic and Financial Statistics (IAG)²⁰ to investigate the issue of monitoring and measuring cross-border, including foreign exchange derivative, exposures of nonfinancial, and financial, corporations with the intention of promoting reporting guidance and the dissemination of data. The importance of this issue was subsequently reinforced in 2014 by the G20, which asked “*the IMF, FSB and BIS to advance work (...) to address data gaps involving foreign currency exposures, building as far as possible on existing statistical and data initiatives to better assess cross-border risks.*”²¹

On 14 October 2015, the IAG published a report entitled *Consolidation and corporate groups: an overview of methodological and practical issues*,²² which states that the G20 initiative to promote an LEI for all corporations, especially with the collection of data on direct and ultimate parent of legal entities, is of particular interest for improving the data on cross-border exposures of non-bank corporations, as it would represent a key step in facilitating the identification of individual institutional units and their control relationships across the world. In particular, “*the combination of individual transaction reporting with a unique entity identifier and the incremental introduction of different types of data on the relationships between entities into the Global LEI System could offer new perspectives for consolidating or aggregating data using different perimeters.*”²³

¹⁸ See See [Policy Measures to Address Systemically Important Financial Institutions](#), FSB, November 2011.

¹⁹ http://www.financialstabilityboard.org/2009/10/r_091029/.

²⁰ The IAG is composed of senior officials of the statistical functions of the BIS, the IMF, the ECB, Eurostat, the OECD, the World Bank and the United Nations (see www.principalglobalindicators.org).

²¹ Communiqué of the G20 Finance Ministers and Central Bank Governors of April 2014 www.g20australia.org/official_resources/communiqu%C3%A9_meeting_g20_finance_ministers_and_central_bank_governors_washington.

²² <http://www.bis.org/ifc/publ/iagrefdoc-oct15.pdf>. The report was prepared by a dedicated task force of the IAG chaired by the BIS and also comprising representatives of other bodies (IAIS, BCBS, FSB).

²³ The report notes, however, that “However, further progress in the standardisation of reporting financial operations – including the definition of a unique transaction identifier (UTI) and unique product identifier (UPI) – and in the ability to share granular data, as well as a massive collection of relationship information, will be required.”

The report observes that the residency-based approach, used for instance for the balance of payments and international investment position statistics, could be usefully complemented by a “corporate group” approach as it is already implemented in the business accounting and the financial supervisory frameworks, but that it is currently impossible to reconcile aggregated data compiled on a residency basis and those constructed under the corporate group approach (one would have to split a corporate group into the various subgroups residing in each of the relevant countries). The report considers that the implementation of the LEI initiative would represent an instrumental step in facilitating further research that is needed to facilitate the comparison between the existing business accounting, supervisory and statistical standards and practices, and to combine them in an analytically useful way.

The report identified, among the areas in which further work could be carried out:

- *“Further improve the “infrastructure” for an easier consolidation of statistical data at a granular corporate level, in particular by (i) promoting the reporting of “relationships” amongst individual firms through the development of registers that draw on the LEI initiative to facilitate the identification of foreign subsidiaries and the approach of group-level information; and (ii) enhancing the standardisation of the identification of financial instruments.”*
- *“Encourage international and supranational initiatives to identify and regularly review the structure and nationality of corporations included in groups operating at global level, by mobilising existing information (eg business registers, supervisory public information, consolidated balance sheet) and conducting reconciliation exercises. The disclosure of reconciled and updated reference lists should be supported to improve the consistency of consolidated statistics and remove double-counting. The inclusion of relationship data in the Global LEI System could be a way to record and compare more cost-effectively the lists of entities included in different perimeters of consolidation.”*

Similarly, the FSB-IMF 6th progress report on the Implementation of the G-20 Data Gaps Initiative²⁴, September 2015, notes that the LEI might help with the identification of foreign subsidiaries (as part of the recommendation to improve the consistency and dissemination of data on non-bank corporations’ cross-border exposures, including those through foreign affiliates and intra-group funding, to better analyze the risks and vulnerabilities arising from such exposures including foreign currency mismatches). It also observes that the LEI would support cross country comparison and consistency in the view of private sector representatives.

4.3. Anti-money laundering and countering the financing of terrorism (AML/CFT)

The ROC, at the request of some of its members and other authorities, explored potential uses of the LEI in the area of AML/CFT and contributed to the work of the CPMI on correspondent banking. The CPMI published on 6 October 2015 its consultative report on

²⁴ <http://www.imf.org/external/np/g20/pdf/2015/6thprogressrep.pdf>

correspondent banking, which includes several sections on the LEI, related to facilitating AML/CFT due diligence.²⁵

The LEI, as a tool to reliably identify parties to financial transactions, could assist in the prevention of money laundering and terrorist financing and the implementation of sanction regimes in several ways:

- Help financial institutions to identify specific entities unambiguously and improve the effectiveness of automatic screening packages, particularly for identifying sanctioned entities (e.g., reducing the number of “false positive” when screening names and addresses that only partially match the data of a given entity).
- Help manage data reported to financial intelligence units, by identifying more easily transactions of the same entity reported by different financial institutions.
- Improve the effectiveness of other tools and mechanisms currently under development, especially if it were used as an identifier for legal entities in databases outside the Global LEI System (such as Know-Your-Customer – KYC – utilities or in the databases on beneficial ownership that are being established in some jurisdictions or other information sharing mechanisms).

However, although the LEI may facilitate customer due diligence (e.g.: determining more easily that an entity is already a customer and avoid duplicating due diligence and records), the LEI is meant for identification in a data sense (a unique code to avoid confusing two entities), not in an AML sense (identification as part of the customer due diligence) and the Global LEI System is not meant to perform identification due diligence on behalf of third parties.

Similarly, the collection of data on parent entities in the GLEIS (see next section) is distinct from the identification of the beneficial owner required in AML/CFT standards, which focus on identifying natural persons that are behind legal entities.²⁶ Rather, the collection of data on parent entities, as described in the next section, is meant to identify entities that belong to the same corporate group, and is therefore different in nature, although this information could in some instances support AML/CFT due diligence.

4.4. Correspondent banking

For correspondent banking specifically, the CPMI report mentioned in the previous section recommends that *“In addition to the general promotion of LEIs for legal entities, relevant stakeholders may consider specifically promoting the use of the LEI for all banks involved in correspondent banking as a means of identification which should be provided in KYC utilities and information-sharing arrangements. In a cross-border context, this measure is ideally to be coordinated and applied simultaneously in a high number of jurisdictions. In addition, authorities and relevant stakeholders (eg the Wolfsberg Group) may consider promoting*

²⁵ <http://www.bis.org/cpmi/publ/d136.htm>.

²⁶ FATF standards focus on “the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. [The beneficial owner] also includes those persons who exercise ultimate effective control over a legal person or arrangement”.

BIC²⁷ to LEI mapping facilities which allow for an easy mapping of routing information available in the payment message to the relevant LEI.”

Concerning wire transfers, the CPMI notes that the LEI may also become in the future an option for supporting the implementation of specific FATF recommendations, such as recommendation 16 on the provision of originator and beneficiary information in payment messages. The current design of relevant payment messages does not foresee the provision of the LEI in fields containing information on the ordering customer/final beneficiary but is geared rather to the provision of other information in line with FATF recommendation 16. Therefore, the current message design provides for the information needed to identify each and every customer – corporates as well as natural persons – without the need to specify an LEI. Meanwhile, the LEI may promote the unambiguous identification of parties to a transaction, albeit only for those that are eligible to an LEI.

The CPMI observes that it seems premature to promote a requirement of including the LEI in payment messages for the time being, given the relatively low current LEI coverage, and the high transition costs of changes in payment messages. However, in the long term, and as payment messages evolve, a discussion on the development of LEI dedicated codes or data items could take place and be coordinated with other necessary changes in payment message formats.²⁸ In the area of securities messages, discussions are already ongoing in order to allow the LEI to be used as a party identifier across ISO 15022 category 5 messages, given the wider LEI coverage already existing for securities.

5. Actions taken by the ROC to respond to users’ needs

As foreseen in the governance principles of the system, the ROC should undertake regular reviews of the scope and extent of coverage of the LEI so that the system can meet evolving requirements of both the regulatory community and industry participants. The ROC has already taken action to respond to users’ need and prepare improvements of the system. These actions involve the consultation of the GLEIF, the LOUs and other stakeholders.

5.1. Addition of information on the direct and ultimate parents of legal entities

The G20-endorsed FSB report “A Global Legal Entity Identifier for Financial Markets” called for the GLEIS to include the “*Level 1*” “business card” information on entities (e.g.: official name of the legal entity, address of its headquarters)²⁹, followed later by “*Level 2*” data on relationships among entities.³⁰ Recommendation 12 of the report specifically called for the

²⁷ Business Identifier Code: The LEI is not used as a routing code for cross-border payments; instead, the BIC is widely used for this purpose.

²⁸ For instance, when ISO20022 messages are considered for use in correspondent banking, as such a change would imply changes to bank IT systems in any case.

²⁹ As defined in the ISO 17442:2012 standard.

³⁰ See https://www.financialstabilityboard.org/publications/r_120608.pdf (8 June 2012).

development of proposals for additional reference data on the direct and ultimate parent(s) of legal entities and relationship or ownership data. The FSB report underlined that this information was essential for risk aggregation, which is a key objective for setting up the GLEIS.

The LEI ROC published on 7 September 2015 a consultation document for the collection of data on the direct and ultimate parents of legal entities in the Global LEI System.³¹ The objective is to start the implementation in 2016. To define the policy requirements to be met for this data collection, the ROC reviewed examples of potential uses of this information in the area of banking supervision (large exposures; data aggregation and risk reporting), securities regulation (aggregation of OTC derivatives data), licensing (banking, insurance and securities sectors), resolution of failing financial institutions, financial stability, anti-money laundering and countering the financing of terrorism. This data collection is expected to meet, at least to some extent, a number of these needs and contribute to the expansion of the system.

5.2. Clarification on the use of the LEI for individuals acting in a business capacity.

The ROC published on 30 September 2015 a statement³² clarifying that individuals acting in a business capacity are eligible to obtain LEIs, provided they conduct an independent business activity as evidenced by registration in a business registry, with only one LEI issued for the same individual and adequate verifications that data protection, privacy or other obstacles do not prevent the publication of the current LEI data file. In addition to improving consistency in the way LOUs assess eligibility for LEIs, the ROC also considered authorities' needs, including the fact that, in some jurisdictions, individuals acting in a business capacity are treated in the same way as other types of businesses in financial regulations.³³

However, other individuals are not eligible to obtain LEIs including, but not limited to: natural persons acting in a private or non-professional capacity; and professionals acting as employees (as opposed to trading in their own names), even if they are subject to some form of licensing or authorisation by a financial regulator. Any specific identification needs concerning professionals acting as employees will be considered separately in the future by the ROC.

³¹ http://www.leiroc.org/publications/gls/lou_20150907-1.pdf.

³² http://www.leiroc.org/publications/gls/lou_20150930-1.pdf.

³³ For instance, a number of legislative requirements in the European Union apply to “undertakings”. In the context of reporting requirements of derivative contracts in EMIR (see [EU05] in Annex 1), the European Commission, based on case law of the European Court of Justice, (Case C41/90, Höfner and Elser, [1991] ECR I, 1979) specified that “undertaking” refers to an “entity engaged in any economic activity in the market regardless of the legal status of the entity or the way is financed”. Individuals acting as undertakings may therefore be considered subject to reporting obligations (FAQ on EMIR, N°14). The EU rules on Markets in Financial Instruments (Directive 2014/65/EU and Regulation (EU) No 600/2014) also specify that an undertaking which is not a legal person may be licensed as an investment firm provided that (a) their legal status ensures a level of protection for third parties' interest equivalent to that afforded by legal persons and (b) they are subject to equivalent prudential supervision appropriate to their legal form.

5.3. Consultation on the use of the LEI for international branches

On 19 October 2015, the ROC published for consultation a proposal to allow LEIs to be issued to branches under the conditions that (i) the branch is an international branch; (ii) the branch is registered in a publicly accessible local business registry in its host country; and (iii) the head office (or headquarters) of the branch already has an LEI.

An LEI for international branches would support for instance, the supervision of international branches by national supervisor and, in the event of a failure, the orderly resolution for entities that have cross-border business activities; the identification of trades reported by different branches in trade repositories that cover different jurisdictions; and more generally would offer the benefits of a universal identifier to support information exchange on branch activities between the home and host supervisors of international financial institutions. Data on international branches may also be necessary for macro-prudential supervision, market structure analysis, and statistical reporting.

5.4. Standardisation of the information on business registries in the Global LEI System, facilitating matching with existing national databases

In November 2014, the ROC conducted a public consultation on a draft list of business registries or other registration authorities that recorded the creation of an entity.³⁴ This list includes a code that should facilitate the use of this information, for instance for retrieving additional information on the entity recorded by these business registries or registration authorities, and more generally matching the LEI with other databases using the identifier of the legal entity in the business registry or other registration authority.

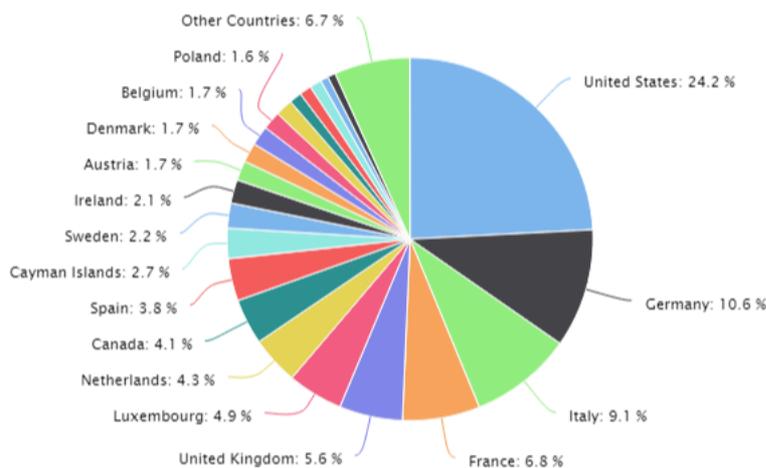
As these naming conventions belong to the area of technical standards in the remit of the GLEIF, this work was transferred to the GLEIF to be taken forward.

6. Recommendations for supporting the expansion of the system

The numerous LEI uses already adopted have supported a rapid expansion of the LEI, with over 390'000 LEIs issued in some 3 years to entities in 195 countries. This is illustrated by the fact that issuance remains concentrated in jurisdictions that have a number of regulatory uses already in force for some time, especially the United States (over 96'000 LEIs) and the European Union (over 245'000 LEIs). Although 127 jurisdictions have each less than 100 LEIs, the large number of jurisdictions with at least 1 LEI shows that the Global LEI System and its network of Local Operating Units are able to issue LEIs almost anywhere in the world. The main jurisdictions where LEIs have been issued to date can be found in the graph below. More detailed data, including an interactive map, can be found on the GLEIF website.³⁵

³⁴ http://www.leiroc.org/publications/gls/lou_20141110-1.pdf

³⁵ <https://www.gleif.org/lei/search>



Main jurisdictions where LEIs have been issued (based on the legal address of the entity, as a percentage of the total number of LEIs) - Source: GLEIF

Although the LEI still covers only a small fraction, maybe around 0,1 or 0,2%, of the few hundred millions of eligible entities³⁶, coverage is significantly higher for the entities that have been the primary focus of regulatory uses issued so far, with for instance 16% of entities that have either a debt or equity listing on an exchange.³⁷

Out of 6.4 million active debt securities, shares and investment fund shares/units tracked by the European System of Central Banks using its Centralised Securities Database (CSDB), more than 52% are issued by an entity having an LEI. This represents more than 45% in terms of amount outstanding and market capitalisation. Among the population of issuers of securities the LEI coverage is around 9%, possibly covering most of the largest issuers of securities. As to securities issued by EU residents, coverage reaches 17% in terms of issuers of securities (including the majority of the largest issuers), 84% in terms of instruments and 67% in terms of total amount outstanding and market capitalisation. For EU residents, close to half of the remaining amount outstanding and market capitalisation not covered by LEI is related to securities issued by EU government entities.³⁸

The regulatory uses already adopted but that have not yet entered into force as well as the additional uses already in preparation described in this report will ensure the continued progression of coverage and demonstrate the commitments by ROC members to reap the benefits of this innovation.

³⁶ Assuming there could be between 200 and 400 millions of eligible entities. There are 125 million formal Micro, Small, and Medium Enterprises in the 132 economies reviewed in World Bank/IFC, Micro, Small, and Medium Enterprises, Around the World: How Many Are There, and What Affects the Count? 2010, <http://www.ifc.org/wps/wcm/connect/9ae1dd80495860d6a482b519583b6d16/MSME-CI-AnalysisNote.pdf?MOD=AJPERES>. Some data vendors identify around 200 million entities, but may use a different definition including any distinct business location.

³⁷ According to Alacra reference data alert, September 2015, inside the LEI, issue VII, <https://www.alacra.com/alacra/help/InsidetheLEIpart7.pdf>.

³⁸ The proportion of issuers without an LEI is expected to be further reduced in the EU with draft rule [EU10] described in Annex 1, which foresees that all EU trading venues and systematic internalisers obtain, validate and report the LEI of the issuers of the financial instruments traded on their systems by 3 January 2017 and draft rule [EU16], which foresees that all issuers whose securities are admitted to trading on regulated markets will be required to have an LEI by 1 January 2017.

Based on the experience of the early adopters, the ROC wishes to highlight two recommendations to support the further expansion of the system.

6.1. Only current LEIs should be used

Currently, approximately 20% of the LEIs that have been issued have a “lapsed” status, which happens when the entity has failed to verify the continued accuracy of its reference data for more than one year and to pay the associated fee. The GLEIS continues to include information on these LEIs in the global database, for transparency and to support data history, as these LEIs may have used in the past. This status also reflects the liberty that entities have to leave the system, when they are not required to have an LEI under applicable laws and regulations.

However, lapsed LEIs should not be used, be it in regulatory reporting or more generally by market participants: the associated reference data may not be up-to-date anymore. In addition, the lack of update entails several risks:

- The “lapsed” status may in fact correspond to an entity that has ceased its activity or merged with another but failed to inform the managing LOU³⁹ and this event has not, or not yet, been detected by the LOU.
- There is a risk, over time, that changes in names are not recorded and that a second LEI be assigned to the same entity, jeopardizing the uniqueness of the LEI.

Any use of lapsed LEIs would also affect the funding of the system, and prevent the decrease in fees that will accompany larger issuance.

The ROC therefore clarifies that any reference to the LEI should be understood as restricted to current LEIs, that is those that are “issued” or “pending transfer”. Several actions will increase the effectiveness of this measure:

- ROC members and other regulators are invited to provide the same clarification in rules governing the use of the LEIs, and more generally to use the language recommended in Annex 2 when referring to the LEI or GLEIS to ensure that they are not, in fact, accepting not only lapsed LEIs, but also annulled, cancelled or otherwise non-current LEIs in their reporting. Several regulators have already provided this clarification.⁴⁰ In addition, validation rules, by which market participants will be

³⁹ Thus preventing the LOU to assign the correct status of “retired” or “merged”, and in the latter case to provide information on the successor entity.

⁴⁰ For instance, rules governing the reporting to the CFTC require LEI reference data to remain current: § 45.6 (e) (1) of the Code of Federal Regulations (Reporting of level one reference data) states the following: “... All subsequent changes and corrections to level one reference data previously reported shall be reported to issuer, by means of self-registration, third-party registration, or both, as soon as technologically practicable following occurrence of any such change or discovery of the need for a correction.” Issuer here is the LEI utility that has issued the LEI (meaning LOU). Concerning the reporting of derivatives in the European Union, ESMA specifies in its Trade Repositories (TR) Q&A 10(b) that counterparties shall identify themselves in EMIR reports with an LEI issued and duly renewed and maintained according to the terms of any of the endorsed LOU of the GLEIS (see http://www.esma.europa.eu/system/files/2015-1485_qa_xiv_on_emir_implementation_october_2015.pdf p. 67-68). In addition, according to ESMA TR Q&A 20b, the EU Trade Repositories supervised by ESMA are instructed to validate the LEIs in the EMIR reports, this includes not only format validations (based on the character length) but also content validations against the GLEIF database to ensure that the code reported is included in the database. In the specific case of the LEI of the reporting counterparty/delegated reporting entity, the TRs are requested to check that the code used is a valid and duly maintained LEI, in other words the registration status of a given LEI cannot be “lapsed” due to lack of payment of the maintenance fee. TRs should reject the

required to validate LEIs against the official database of LEIs, will also start to be implemented in some jurisdictions⁴¹, and the ROC encourages their expansion.

- As explained in section 2.1, the new Master Agreement between the GLEIF and LOUs will ensure that contracts between LOUs and legal entities support the provision of accurate and up-to-date information by registrants. In particular, these contracts should foresee that the legal entity should provide true, full and authentic information, review the accuracy of this information at least once annually and promptly submit any changes, all this for the life of the entity, unless the entity chooses to abandon any use of the LEI and terminates the contract without porting its LEI to another LOU. This requirement builds on existing GLEIS principles that LOUs have the responsibility to encourage necessary updating.
- The database published by the GLEIF (see section 2.3) and new functionalities to support on-line verifications will also facilitate the detection of non-current LEIs.

6.2. Standard setters and jurisdictions should consider adopting an LEI strategy that meets their needs

There are merits in the various authorities considering the actions of others when assessing the costs and benefits of the LEI. Different rules requiring the LEIs may, in fact, cover in part the same population. Assessing a measure in isolation from other domestic or foreign rules also requiring the use of LEIs and covering some of the same population of legal entities could lead to an overestimate of the cost of the LEI coverage needed to implement a given use of the LEI.

Formulating an explicit strategy may be even more necessary when large scale uses of the LEI start to be considered, where the LEI would be used, for instance, in credit registries, in wire transfers, or more generally to identify counterparties of financial institutions to facilitate a more consistent reporting of international exposures across institutions or support the faster evaluation by third parties of the exposures of an institution in resolution.

Several types of strategies can support LEI expansion, for example:

reports that fail their validation checks prescribed in the Q&A. (see http://www.esma.europa.eu/system/files/2015-1485_ga_xiv_on_emir_implementation_october_2015.pdf, p. 78-79).

⁴¹ For instance, according to ESMA draft technical standards on MiFIR, investment firms that wish to trade in financial instrument traded in the EU will be required to obtain an LEI and ensure that the reference data related to their LEI is renewed according to the terms of any of the accredited Local Operating Units of the GLEIS. Investment firms will also be required to obtain the LEI of their clients (if eligible), validate the format and content of the LEI code against ISO 17442 and the global LEI database maintained by the Central Operating Unit. Investment firms will no longer be allowed to provide a service that would trigger the obligation of an investment firm to submit a report for a transaction entered into on behalf of a client who is eligible for an LEI, prior to the LEI being obtained from that client [EU11].

i) Increase in the number of rules and regulations requiring the LEI, and in the number of jurisdiction adopting such rules

The first rules requiring the LEIs have tended to focus on more sophisticated market participants. The progressive expansion of such rules, and the growing number of jurisdictions that adopt them, will already ensure a steady increase of LEIs numbers over the next few years, as evidenced by the estimates in Annex 1. Such expansion could be coordinated in some areas with the support of international standard setting bodies, as illustrated earlier in this report. This will in turn increase the benefits from the network effect of LEI coverage, and contribute to reduce the unitary cost of the LEI, thus paving the way for larger scale uses of the LEI.

ii) Adoption of the LEI as a universal identifier by some jurisdictions

Several jurisdictions are envisaging using the LEI as a universal identifier for domestic entities, in addition to already existing identifiers. The LEI can for instance help overcome the existence of several domestic identifiers covering different types of entities, offer the benefits of an internationally recognised identifier or allow countries to leverage on the infrastructure developed by the GLEIS.

Jurisdictions envisaging such adoption would equip with an LEI a number of entities ranging from several hundred thousand to several millions. The price of the LEI is an important consideration in such strategies, and any analysis should factor in the economies of scale of such adoption. For instance, the GLEIF budget of approximately USD 5 million requires a per-LEI fee of USD 20 when there are 250 000 fee paying LEIs. The GLEIF budget is expected to remain in this range even if millions of LEIs are issued, everything else being equal, but the GLEIF fee would then amount to a few dollars per LEIs. The GLEIF fee structure may also in the future recognise the contribution of jurisdictions adopting the LEI for all their entities.

Economies of scale would also affect the pricing of LOUs, which currently range from the absence of a fee, when the LOU is entirely subsidised, to approximately USD 200 for the initial issuance fee and USD 100 for the annual maintenance fee, in the case of private sector LOUs that are active in 50 countries or more.

iii) Voluntary adoption of the LEI by market participants

Market participants also have an active role to play in promoting the adoption of the LEI. They can themselves voluntarily adopt the LEI, or request that their counterparties have an LEI. Several global systematically important financial institutions have chosen that all entities within their group would have an LEI and thus contributed to the expansion of LEI coverage. The ROC and GLEIF will see how to encourage further such adoption.

Other approaches can also support LEI expansion: for instance, as described in more details in Annex 2, authorities may incentivise LEI adoption by offering to report the LEI instead of providing the data that can be found in the Global LEI System. The LEI is indeed a way to reduce duplicative reporting and leverage information that is available from another source. Annex 1 also provides examples of authorities requesting that the LEI be systematically reported to them or disclosed to market participants when the entity subject to reporting or disclosure has an LEI, thereby expanding the benefits of the adoption of the LEI by legal entities, especially where these entities are not directly within their regulatory remit.

The broad approaches described above are not mutually exclusive or limitative and can be combined or used in succession. They are meant to assist jurisdictions and standard setters to develop the strategy that will best meet their needs, taking into account the differences in the legal and regulatory frameworks in which they are operating, the mandates and objectives governing their actions, as well as the structures and economic conditions of the different jurisdictions, markets and sectors where the LEI can be used.

Annex I - Summary table of actions that are final or where a draft has been published

IMPORTANT NOTE: the information in this report is provided to the best of the knowledge of the ROC, in a summary form, and is not intended as legal advice. Only the official publications of the relevant jurisdictions should be relied upon.

Colour code for the 3 rd column ("LEI is")
- The LEI is purely optional other identifiers are allowed even if the relevant entity has an LEI
- The LEI is requested only if the relevant entity already has one
- The entity is required to obtain an LEI

Colour code for the 5 th column ("Implementation by")
- A draft has been published
- The action is final (eg: final text published):
- The action is final and any deadline set for complying with the LEI provision has lapsed.

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
Argentina - Central Bank of Argentina [AR01]	Supervision of financial institutions: Financial institutions regulated by the Central Bank of Argentina are required to obtain an LEI (banks and non-banks financial institutions including financial companies).	Required	80	7 August 2015	http://www.bcra.gov.ar/pdfs/comytexord/a5642.pdf and http://www.bcra.gov.ar/pdfs/comytexord/b11029.pdf
Australia – ASIC [AU01]	Derivative reporting Identification of counterparties in OTC derivative reporting	Requested	A few thousands	Oct. 2014 to Oct. 2015 ⁴²	http://www.comlaw.gov.au/Details/F2015C00262
Australia – ASIC [AU02]	Securities transaction reporting: Identification of the client that originated an order in the reporting of information about securities transactions from a market participant to a market operator.	Optional		August 2013	http://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-223-guidance-on-asic-market-integrity-rules-for-competition-in-exchange-markets/
Canada - <i>Ontario</i> <i>Securities Commission;</i> <i>Manitoba</i> <i>Securities Commission;</i> <i>Autorité des marchés financiers</i> <i>(Québec)</i> [CA01]	Derivative reporting: Identification of each counterparty, clearing agency, clearing member, broker/clearing intermediary and electronic trading venue to a transaction in the recordkeeping and reporting of a derivative transaction subject to the reporting requirements.	Required	16,000-20,000	Reporting started on 31 October 2014	http://www.osc.gov.on.ca/documents/en/Securities-Category9/rule_20140915_91-507_unofficial-consolidation-derivatives-data-reporting.pdf http://www.lautorite.qc.ca/files/pdf/reglementation/instruments-derives/reglements/91-507/2013nov14-91-507-avis-publ-en.pdf http://docs.mbsecurities.ca/msc/irp/en/101715/1/document.do

⁴² Depending on the reporting entity and the type of derivative instrument

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
Canada <i>Alberta Securities Commission / British Columbia Securities Commission / Financial and Consumer Services Commission / Nova Scotia Securities Commission / Financial and Consumer Affairs Authority (Saskatchewan)</i> [CA02]	Derivative reporting: Identification of each counterparty to a transaction in the recordkeeping and reporting of a derivative transaction subject to the reporting requirements	Required		Draft published on: 21.01.2015 60-day comment period expired March 24, 2015 Implementation expected in 2016	Paragraph 27(a) and subsection 28(1) of Proposed Multilateral Instrument 96-101 http://www.albertasecurities.com

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
Canada Investment Industry Regulatory Organization of Canada (IIROC) [CA03]	Fixed income transaction reporting: IIROC Dealer Members must confidentially report details of all fixed income transactions to IIROC, including the LEI (if the entity has one) of the reporting Dealer Member and of the trade counterparty if that counterparty is another IIROC Dealer Member, Bank, Inter-Dealer Bond Broker (IDBB), or Alternative Trading System (ATS). If the counterparty is a customer, the LEI of the customer may be provided optionally	Requested	Less than 300	1 November 2015	http://www.iiroc.ca/Documents/2014/1e5d1c52-fd61-4e93-b16f-abc26e72234c_en.pdf
EU – European Banking Authority [EU01]	Banking supervision: Competent authorities in Member States should require that all credit and financial institution in the European Union subject to reporting obligations under Regulation (EU) No 575/2013 obtain an LEI and use it to fulfil their reporting obligations	Required	5,000 – 6,000	31 March 2014 to 31 December 2014 depending on the institution	https://www.eba.europa.eu/documents/10180/561173/EBA-REC-2014-01+%28Recommendation+on+the+use+of+the+Legal+Entity+Identifier%29.pdf
EU – European Banking Authority [EU02]	Banking supervision: reporting to EBA of data on Large exposures, as well as identifying entities within the consolidated group. The EBA Q&A of 7 March 2014 admits that the LEI field can be left empty when an LEI is not available, provided the alternative code field is used	Requested		March 2014	https://www.eba.europa.eu/single-rule-book-qa?p_p_id=questions_and_answers_WAR_questions_and_answersportlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_pos=1&p_p_col_count=2&questions_and_answers_WAR_questions_and_answersportlet_jspPage=%2Fhtml%2Fquestions%2Fviewquestion.jsp&questions_and_answers_WAR_questions_and_answersportlet_viewTab=1&questions_and_answers_WAR_questions_and_answersportlet_questionId=427910&questions_and_answers_WAR_questions_and_answersportlet_statusSearch=1

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU - European Insurance and Occupational Pensions Authority (EIOPA) [EU03]	Insurance supervision Competent authorities in Member States should require that all insurance institutions and institutions for occupational retirement provision (IORP) under their supervision obtain an LEI, that the LEI be consistently used for national reporting, and used for reporting to EIOPA	Required	5,000-6,000 (insurance); 140,000 to 250,000 (IORP)	By 30 June 2015 for institutions subject to Solvency II; by 30 June 2016 for other institutions	https://eiopa.europa.eu/Publications/Guidelines/LEI_GLs_EN_ORI.pdf
EU - European Insurance and Occupational Pensions Authority (EIOPA) [EU04]	Insurance Supervision For institutions reporting Solvency II information, national competent authorities should request that all such institutions obtain a LEI code for all entities in the scope of the group as defined under article 212 (1) (c) of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive), on which information is required under their reporting obligations	Required		Same as above	https://eiopa.europa.eu/Publications/Guidelines/LEI_GLs_EN_ORI.pdf

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU - European Securities and Markets Authority (ESMA) [EU05]	<p>Derivative transactions reporting</p> <p>Identification of the entities involved in a derivative contract (counterparties; beneficiary; broking entity; CCP; clearing member; entity submitting a report) and of the underlying of a derivative contract.</p> <p>Trade Repositories supervised by ESMA are instructed to validate the LEIs used in regulatory reporting, including format validation and validation against the GLEIF database. See also section 6.1 on this report on the measures taken to prevent the use of lapsed LEIs in reporting (footnote40) TRs should reject the reports that fail their validation checks.</p>	Required	Over 350,000 counterparties including individuals	12 February 2014	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:352:0020:0029:EN:PDF ESMA validation rules for to be applied by Trade Repositories: http://www.esma.europa.eu/system/files/emir_validation_table.xlsx ESMA consultation on review of standards for reporting: http://www.esma.europa.eu/system/files/esma-2014-1352_consultation_paper_on_the_review_of_emir_reporting_standards_under_article_9_0.pdf
EU – ESMA [EU06]	<p>Identification of managers of alternative investment funds</p>	Requested	7,000	August 2014 (for NCAs)	http://www.esma.europa.eu/content/Guidelines-reporting-obligations-under-Articles-33d-and-241-2-and-4-AIFMD-0
EU – ESMA [EU07]	<p>Identification of credit rating agencies in the reporting of fees charged to their clients</p>	Required	40	Q1 2016	http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1428494389130&uri=CELEX:32015R0001 (Annex I, field 2 of tables 1 to 4)

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU – ESMA [EU08]	Credit rating agencies regulation Identification of (i) credit rating agencies; (ii) entities for which credit ratings have been issued (iii) in case of the subsidiary of a rated parent, the parent entity; (iv) in case of credit ratings on structured finance instruments, the identification of the originator.	Required if entity is eligible (but alternatives envisaged until LEI available / more widely used)	Maximum 50,500 (multiple counts for entities rated by several agencies)	March 2016	http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1428495271399&uri=CELEX:32015R0002
EU – ESMA [EU09]	Financial market regulation Identification of the issuer of structured finance instruments	Required	-	1 January 2017	http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1428504312070&uri=CELEX:32015R0003
EU – ESMA [EU10]	Financial market regulation Obligation for European trading venues and systematic internalisers to supply financial instruments reference data, including the LEI of the issuer of financial instruments that are subject to transaction reporting obligations under Art. 26 MiFIR	Required	At least 7000 (securities admitted to trading on a regulated market)	3 January 2017 (Draft RTS submitted to European Commission on 28 September 2015)	http://www.esma.europa.eu/system/files/2015-esma-1464_annex_i_-_draft_rts_and_its_on_mifid_ii_and_mifir.pdf Draft RTS 23

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU – ESMA [EU11]	<p>Transaction reporting in financial instruments: identification of the investment firms and their clients subject to transaction reporting obligation under Art. 26 MiFIR⁴³.</p> <p>Investment firms are required to ensure that the reference data related to their LEI is renewed according to the terms of any of the accredited Local Operating Units of the GLEIS.</p> <p>Investment firms are required to obtain the LEI of their clients, validate the format and content of the LEI code against ISO 17442 and the global LEI database maintained by the Central Operating Unit. Investment firms cannot provide a service that would trigger the obligation of an investment firm to submit a transaction report for a transaction entered into on behalf of a client who is eligible for an LEI, prior to the LEI being obtained from that client.</p>	Required (if the entity is eligible for an LEI/if the client is a legal entity)		3 January 2017 (Draft RTS submitted to European Commission on 28 September 2015)	<p>http://www.esma.europa.eu/system/files/2015-esma-1464_annex_i_-_draft_rts_and_its_on_mifid_ii_and_mifir.pdf</p> <p>Draft RTS 22, Article 5 and Article 13</p>

⁴³ Regulation EU 600/2014; the reporting obligation applies to: “a) financial instruments which are admitted to trading or traded on a trading venue or for which a request for admission to trading has been made; (b) financial instruments where the underlying is a financial instrument traded on a trading venue; and (c) financial instruments where the underlying is an index or a basket composed of financial instruments traded on a trading venue. The obligation shall apply to transactions in financial instruments referred to in points (a) to (c) irrespective of whether or not such transactions are carried out on the trading venue.

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU – ESMA [EU12]	<p>Financial market regulation</p> <p>Order record keeping requirements for EU trading venues: identification of members or participants in the venue, non-executing brokers and clients that submit orders.</p>	Required (same as above for clients)		3 January 2017 (Draft RTS submitted to European Commission on 28 September 2015)	<p>http://www.esma.europa.eu/system/files/2014-1570_cp_mifid_ii_part_2.pdf</p> <p>Draft RTS 34, Art. 3</p>
EU – ESMA [EU13]	<p>Financial market regulation</p> <p>Execution venues must publish data on the quality of execution of transactions – the execution venues to be identified by LEI or Market Identifier Code.</p> <p>Investment firms must publish data on the identity of top five execution venues for each class of financial instruments – the execution venues to be identified by LEI or Market Identifier Code.</p>	purely optional/other identifiers allowed even if the entity has an LEI		3 January 2017 (Draft RTS submitted to European Commission on 28 September 2015)	<p>http://www.esma.europa.eu/system/files/2015-esma-1464_annex_i_-_draft_rts_and_its_on_mifid_ii_and_mifir.pdf</p> <p>Draft RTS 27 and 28.</p>
EU – ESMA [EU14]	<p>Financial market regulation</p> <p>Third country firm applying for the provision of investment services or performance of activities in the EU shall submit to ESMA their LEI</p>	requested		3 January 2017 (Draft RTS submitted to European Commission on 30 June 2015)	<p>http://www.esma.europa.eu/system/files/2015-esma-1006_-_mifid_ii_final_report_on_mifid_ip_technical_standards.pdf</p> <p>Draft RTS under Article 46(7) of MiFIR</p>

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU - ESMA [EU15]	Financial market regulation For reporting of Managers' dealing: identification of issuer, emission allowances market participants, auction platform, auctioneer or auction monitors concerned by the reporting and public disclosure of the transactions conducted by their managers	Required		Draft published on: 28 September 2015 Implementation by 3 July 2016	http://www.esma.europa.eu/system/files/2015-esma-1455_-_final_report_mar_ts.pdf Annex XIV
EU – ESMA [EU16]	Financial market regulation: Identification of issuers whose securities are admitted to trading on regulated markets	Required (if eligible to an LEI)	7,000	Implementation by 1 Jan. 2017 (Draft published 25 September 2015)	http://www.esma.europa.eu/system/files/2015-1460_-_esma_final_report_on_draft_rts_on_eeap.pdf
EU – ESMA [EU17]	Financial market regulation: Identification of (1) Central Securities Depositories (CSDs), CSD participants, settlement banks, issuers, (2) settlement internalisers, (3) CSD participants' clients (legal persons) where known to the CSD	Required (except use (3), optional)	40 CSDs; 26,000 CSD participants; 7,000 issuers	(1) and (3) End 2016/ 2017 (depending on the date of the authorisation of the CSDs under CSDR) (2) End 2017/early 2018 (2 year phase in from publication of final rule) (Draft published 28 September 2015)	http://www.esma.europa.eu/system/files/2015-esma-1457_-_annex_ii_-_csdr_ts_on_csd_requirements_and_internalised_settlement.pdf

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
EU- Joint Committee of the European Supervisory Authorities (ESMA, EBA, EIOPA) [EU18]	Financial conglomerate supervision: reporting of significant transactions between group entities, and of significant risk concentration by counterparties and groups of interconnected counterparties, geographical areas, economic sectors, currencies, identifying the names, company register numbers or other identification numbers of the relevant group companies of the financial conglomerate and their respective counterparties, including LEI, where applicable	Requested		Final text of 28 July 2015; to enter into force 20 days after its publication in the Official Journal of the European Union	COMMISSION DELEGATED REGULATION (EU) .../... of 28.7.2015 supplementing Directive 2002/87/EC of the European Parliament and of the Council with regard to regulatory technical standards specifying the definitions and coordinating the supplementary supervision of risk concentration and intra-group transactions http://ec.europa.eu/transparency/regdoc/rep/3/2015/EN/3-2015-5067-EN-F1-1.PDF
EU – ESMA [EU19]	Financial market regulation For reporting of suspicious transactions and orders to authorities: identification of (i) the reporting entity and (ii) the suspected entity (as part of the prevention of insider dealing, market manipulation or attempted insider dealing or market manipulation)	requested		Draft published on: 28 September 2015 Implementation by 3 July 2016	http://www.esma.europa.eu/system/files/2015-esma-1455-final-report-mar-ts.pdf (Annex XI)
Hong Kong- HKMA [HK01]	Derivative transaction reporting: collecting, keeping and maintaining details of certain OTC derivatives transactions by banks (interest rate swap and non-deliverable forward). The interim regime is expected to be replaced by a new regime in 2015.	Requested	180 banks	5 Aug. 2013	http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2013/20130628e2.pdf
Mexico – Banco de Mexico [MX01]	Credit institutions and their counterparts According to deadlines to be set by Banco de Mexico	Required		Text published in September 2015; implementation deadlines to be set	http://www.banxico.org.mx/sistema-financiero/informacion-general/codigo-lei-referencia-banco-m001.html

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
Russia - Central Bank of Russia [RU01]	OTC Derivative transaction reporting: counterparty identification starting with credit organizations, broker-dealers, asset managers, depositories, book runners, private pension funds, investment funds, trade organizers, clearing organizations, insurance companies	Required (only for FX swaps currently; for all OTC derivatives from Oct. 2015)	1,000 to 2,000	1 Jan 2015 for counterparties listed in column 1; 1 July 2015 for other counterparties	http://cbr.ru/sbrfr/contributors/repositories/3253-U.pdf
Russia- Central Bank of Russia [RU02]	Financial market regulation Identification of securities owners that are entities that perform the record keeping of securities ownership (nominee holders, depositories, including foreign entities).	Required	500 to 700	1 Aug 2014	http://pravo.gov.ru/proxy/ips/?docbody=&nd=102040905&intelsearch=39-%D4%C7
Singapore – [SG01]	Derivative transaction reporting: identification of reporting entities, counterparties, clearing entity of interest rate derivatives contract or credit derivatives contract traded in Singapore or booked in Singapore	Required for specified persons		Entered into force on 31 October 2013	Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 http://www.mas.gov.sg/~media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Securities%20Futures%20and%20Fund%20Management/Regulations%20Guidance%20and%20Licensing/Regulations/Reporting%20Regs.pdf

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
Switzerland [CH01]	Derivative transaction reporting: Identification of reporting entities, reporting and non-reporting counterparties, in certain instances: identification of clearing member of reporting counterparty, identification of CCP	Required		Draft published; implementation expected by 1 January 2016	Annex 2 of draft Implementing ordinance to the Swiss Financial Markets Infrastructure Act, published on August 20, 2015 by the Swiss Federal Council - German (p. 65): http://www.news.admin.ch/NSBSubscriber/message/attachments/40658.pdf - French: (p. 68) http://www.news.admin.ch/NSBSubscriber/message/attachments/40661.pdf Explanatory report on the ordinance, respectively: http://www.news.admin.ch/NSBSubscriber/message/attachments/40659.pdf http://www.news.admin.ch/NSBSubscriber/message/attachments/40662.pdf
US – SEC [US01]	Financial market regulation Identification of investment advisers registered or reporting with SEC (Form ADV)	Requested	15'000 (1000 LEIs reported)	March 2012	17 CFR Parts 275 and 279, “Rules Implementing Amendments to the Investment Advisers Act of 1940; Final Rule,” 76 Fed. Reg. 42950, July 19, 2011. Link to Source.
US - SEC and CFTC [US02]	Financial market regulation: Identification of investment advisers to private funds (includes the reporting fund and any parallel fund and certain commodity pool operators and commodity trading advisors; also large liquidity fund advisers (USD 1 bn or more in combined MMF and large liquidity fund assets). (Form PF)	Requested	2,700 advisers and 25,000 private funds	Data field as of December 2012, reported beginning March 2013	17 CFR Part 4 and 17 CFR Parts 275 and 279, “Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF; Joint Final Rules,” 76 Fed. Reg. 71128, November 16, 2011. Link to Source Form PF (Paper Version). Link to Source

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
US – CFTC [US03]	Derivative transaction reporting: identification of each counterparty to any swap subject to the jurisdiction of the CFTC in all recordkeeping and reporting	Required	40,000	31 Dec .2012 (applies also to non-expired swaps entered into before that date)	17 CFR Part 45, “Swap Data Recordkeeping and Reporting Requirements; Final Rule,” 77 Fed. Reg. 2136, January 13, 2012. Link to Source . 17 CFR Part 46, “Swap Data Recordkeeping and Reporting Requirements: Pre-Enactment and Transition Swaps; Final Rule,” 77 Fed. Reg. 35200, June 12, 2012. Link to Source
US - CFTC [US04]	Derivative transaction reporting: Identification of filing counterparty in the annual filing of physically delivered commodity options exempted from the reporting above (Form TO).	Requested	Same population as above	1 March 2014	“Commodity Options; Final Rule and Interim Final Rule,” 77 Fed. Reg. 25320, April 27, 2012. Link to Source . “Agency Information Collection Activities: Proposed Collection, Comment Request: Form TO, Annual Notice Filing for Counterparties to Unreported Trade Options; Notice,” 77 Fed. Reg. 74647, December 17, 2012. Link to Source . Relief from the Reporting Requirements of § 32.3(b)(1) of the Commission’s Regulations, and Certain Recordkeeping Requirements of § 32.3(b), for End Users Eligible for the Trade Option Exemption, CFTC Staff No-Action Letter No., 13-08, April 5, 2013. Link to Source .
US - SEC and self regulatory organisations [US05]	Financial market regulation: Consolidated tracking system or consolidated audit trail system to capture customer and order event information for orders in national market system securities	Optional/ Other identifiers allowed even if entity has an LEI		TBD (final text published on 1 Aug. 2012)	17 CFR Part 242, “Consolidated Audit Trail; Final Rule,” 77 Fed. Reg. 45722, August 1, 2012. Link to Source 1 . Link to Source 2

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
US - National Association of Insurance Commissioners (NAIC) [US06]	Insurance supervision: Identification of mortgagers, counterparties, depositories issuers of stock and bonds in which the insurance company is investing, for reporting to the supervisor.	Requested		31 March 2013	2013 NAIC Annual Statement and 2014 Quarterly Statement Filing Guidance for the Legal Entity Identifier (LEI) Electronic Only Column in the Investment Schedules,” NAIC Blanks (E) Working Group, 2012-30BWG, August 11, 2012. Link to Source 1 . Link to Source 2 .
US – CFTC [US07]	Derivative transaction reporting: Trader identification/market participant data for the reporting of certain trading accounts active in designated contract markets or swap execution facilities. Form 102 requires the reporting party to provide the LEI (if any) of the reporting party and of various other parties reportable on the form, such as account owners, controllers, and originators.	Requested	36000 (may overlap CFR part 45)	2 phases: 1 Oct 2015 1 Feb. 2016 (entered into force on 1.10 2014)	17 CFR Parts 15, 17, 18 and 20, “Ownership and Control Reports, Forms 102/102S, 40/40S, and 71; Final Rule,” 78 Fed. Reg. 69178, November 18, 2013. Link to Source
US-SEC and Municipal Securities Rulemaking Board (MSRB) [US08]	Financial market regulation: registration of all MSRB-regulated entities (brokers, dealers, municipal securities dealers and municipal advisors) (Form A 12)	Optional/other identifiers allowed even if entity has an LEI	2162 MSRB registrants (26 provided LEI)	10 Aug 2014	Exchange Act Release No. 34-71616; File No. SR-MSRB-2013-09 (February 26, 2014). Link to Source 1 . Link to Source 2 . Link to Source 3 . Guidance on the MSRB Municipal Advisor Registration Process, MSRB Regulatory Notice 2014-10, May 12, 2014. Link to Source . MSRB Registration Manual for Dealers and Municipal Advisors, July 2014. Link to Source .
US – SEC [US09]	Financial market regulation Identification of the reporter and of securities held by the reporter or subject to repo, in the monthly reporting by Money Market Funds (MMF) (Form N-MFP)	Requested	590 reporting entities. Unspecified for securities reported	16 April 2016	17 CFR Parts 230, 239, 270, 274 and 279, “Money Market Fund Reform; Amendments to Form PF; Final Rule,” 79 Fed. Reg. 47736, August 14, 2014. Link to Source .

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
US – CFPB Consumer Financial Protection Bureau [US10]	Financial market regulation Reporting of universal loan identifier including the LEI of the home mortgage lender	Required	7000 to 10000	Draft published on 29 August 2014	12 CFR Part 1003, “Home Mortgage Disclosure (Regulation C); Proposed Rule with Request for Comment,” 79 Fed. Reg. 51732, August 29, 2014. Link to Source
US – SEC [US11]	Financial market regulation: rated entities Identification of obligors rated by Nationally Recognized Statistical Rating Organisations (NRSROs), or issuers whose securities are rated by NRSROs	Requested	10 NRSRO (unspecified for rated entities)	15 June 2015	17 CFR Parts 232, 240, 249, and 249b, “Nationally Recognized Statistical Rating Organizations; Final Rule,” 79 Fed. Reg. 55078, September 15, 2014. Link to Source.
US – Six agencies [US12]	Financial market regulation: securitized assets Identification of the obligor of loans or asset held or to be held by an open market collateralized loan obligation (CLO), in the information provided to potential investors	Requested	Unknown	24 Dec 2016	12 CFR Part 43, 12 CFR Part 244, 12 CFR Part 373, 12 CFR Part 1234, 12 CFR Part 246 and 24 Part 267, “Credit Risk Retention; Final Rule,” 79 Fed. Reg. 77602, December 24, 2014. Link to Source.
US-Treasury [US13]	Financial market regulation and bank supervision: identification of counterparties of certain entities (“records entities”) that are parties to an open qualified financial contract (QFC) or guarantee, support or are linked to an open QFC and meet certain size or other threshold condition	Not determined yet	Unknown	Draft published on 7 January 2015	31 CFR Part 148, “Qualified Financial Contracts Recordkeeping Related to Orderly Liquidation Authority; Proposed Rule,” 80 Fed. Reg. 966, January 7, 2015. Link to Source

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
US-SEC [US14]	Derivative transaction reporting: Identification of persons involved in security-based swaps that are reported to security-based swap data repositories (registered SDRs)	Required for participants in registered SDRs	At least 3500	TBD (Draft compliance dates published on 19 March 2015)	17 CFR Part 242, "Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information; Final rule," 80 Fed. Reg. 14564, March 19, 2015. Link to Source . 17 CFR Part 242, "Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information, Proposed Rule," 80 Fed. Reg. 14740, March 19, 2015. Link to Source .
US-Fed Board [US15]	Financial market regulation and bank supervision: identification of all banking and non-banking reportable entities in forms FR Y-6, FR Y-7 and F Y 10. ⁴⁴ Top tier entities are already required to report their LEI since 2014.	Requested	125000	31 December 2015 Sept. 2015 (Final approval 2 July 2015)	Proposed Agency Information Collection Activities; Comment Request," Fed. Reg., 15009, March 20, 2015. Link to Source Notice of final approval, Fed. Reg., 38202, 2 July 2015: http://www.gpo.gov/fdsys/pkg/FR-2015-07-02/pdf/2015-16247.pdf

⁴⁴ Annual Report of Holding Companies; Annual Report of Foreign Banking Organizations; Report of Changes in Organizational Structure for Bank holding companies (BHCs) and savings and loan holding companies (SLHCs) (collectively, holding companies (HCs)), securities holding companies, foreign banking organizations (FBOs), state member banks unaffiliated with a BHC, Edge Act and agreement corporations, and nationally chartered banks that are not controlled by a BHC (with regard to their foreign investments only).

Jurisdiction - Authority	Action Summary Description	LEI is:	number of LEIs	Implementation by:	Link to source
US-SEC [US16]	<p>Financial market regulation: registered investment companies</p> <p>SEC proposed new rules and forms, and amendments to existing rules and forms, to modernize the reporting and disclosure of information by registered investment companies. New proposed reporting forms require or request LEIs.</p> <p>The SEC proposal, if adopted, would require each fund to report the LEI of: (i) the registered investment company, and (ii) each series (<i>i.e.</i>, the fund). The proposed forms also request the LEI, if any and as applicable, of various counterparties, issuers of investments held by the funds, and various service providers of the fund.</p>		Approximately 3,000 registrants (including approximately 16,500 series thereof)	Draft published on 12 June 2015	“Investment Company Reporting Modernization; Proposed Rule,” 80 Fed. Reg., 33590, June 12, 2015. Link to Source .
US – Federal Energy Regulatory Commission (FERC) [US17]	<p>Energy Market Regulation:</p> <p>The Federal Energy Regulatory Commission (FERC) proposes to have electric market participants report their “Connected Entities” using LEIs. According to the proposed rule, FERC proposes “that regional transmission organizations (RTOs) and independent system operators (ISOs) require their market participants to obtain LEIs, and to report their own LEI and the LEI of each of their Connected Entities, if the Connected Entity has obtained one.”</p>	Required in some parts and Requested “if the entity has one” in other parts		Draft published on 29 September 2015	“Collection of Connected Entity Data From Regional Transmission Organizations and Independent System Operators,” 80 Fed. Reg., 58382, September 29, 2015. Link to Source .

Recommended language for referring to the LEI in laws and regulations

Combining different examples, the definitions below seek to provide sufficient specificity, while being sufficiently flexible to avoid having to revise the rules or regulations in case of evolutions of the system. Many alternative ways can be envisaged, and the recommended definitions presented here are meant to assist regulators and lawmakers.

Global LEI System: international framework for the unique identification of legal entities, as defined by 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.

ROC: the group of regulators charged by the G20 with the oversight of the Global LEI System

LEI: a code for the unique identification of legal entities that (i) was issued and is maintained by an operator, called local operating unit (LOU), which has a valid endorsement by the LEI ROC or a valid accreditation by the central operating unit designated by the LEI ROC, (ii) meets the technical requirements of the Global LEI System regarding the structure of the code, the content of the reference data associated with the code, and the issuance and maintenance of the code⁴⁵; (iii) is considered current under the rules of the Global LEI System.

In addition to the definition of the LEI presented above and to make sure only current LEIs are used in reporting, regulators may want to insert in their own rules:

- An enforceable requirement for reporting entities to update their reference data (as prescribed in [EU01-02-05-11]; [HK01]; [US03-09-14] of Annex 1). For instance: “All subsequent changes and corrections to the reference data previously reported shall be reported to the LOU, as soon as technologically practicable following occurrence of any such change or discovery of the need for a correction”.
- A requirement to validate the LEI against the official global LEI database maintained by the central operating unit designated by the LEI ROC (as prescribed in [EU05] and [EU11] of Annex 1). Guidance may specify that the official global LEI database is the one maintained by the Global LEI Foundation.

Authorities considering to require the use of the LEI may combine several approaches:

- A direct requirement for reporting entities that are eligible for LEI to obtain the LEI code⁴⁶. For example, depending on jurisdictions, credit or financial institutions,

⁴⁵ The reference to entirety of the technical requirements of the Global LEI System should be preferred to the reference to the ISO17442:2012 standards, which only covers some, but not all requirements governing the code structure and reference data, and does not include the further specifications by the ROC and the GLEIF.

⁴⁶ These requirements have already been introduced in certain jurisdictions: see [AR01]; [CA01-02]; [EU01-03-04-05-07-09-10-11-12-15-16-17-18]; [MX01]; [RU01]; [RU02]; [SG01]; [TR01]; [US03-09] in Annex 1.

pension funds and insurance companies subject to prudential supervision; investment firms trading in financial instruments; credit rating agencies; central securities depositories and settlement internalisers.

- A requirement for entities eligible for LEI that are not directly subject to the reporting requirements to be identified with LEI, where the legal framework allows this, for instance based on the mandate to regulate markets. For example the clients; CCPs; intermediaries and counterparties of the reporting entities; entities for which a credit rating have been issued; issuers of financial instruments; participants in the CSD system and settlement banks.
- A requirement for reporting entities not to provide a service that would trigger the obligation to report a transaction entered into on behalf of another entity who is eligible for an LEI, prior to the LEI being obtained from that entity (as prescribed in [EU11] of Annex 1) .

The LEI is a way to reduce duplicative reporting and leverage information that is available from another source, including from the Global LEI System. Especially where authorities consider that they cannot require the relevant entities to obtain an LEI, or cannot directly require entities to report to the Global LEI System data that is optional in the Global LEI System, they may incentivise further LEI adoption by offering to report the LEI instead of providing the data that can be found in the Global LEI System, for instance:

“if a reporting party provides an LEI [as defined above] on Form XXXX, then the reporting party is not required to report any of the information marked in the form [in italics] (eg: name and address), provided such information is part of the reference data associated with the relevant LEI in the Global LEI System.⁴⁷ Furthermore, in the event the Global LEI System is modified in the future to accept any of the information marked on the forms [in bold], then the reporting party will not be required to report any of these fields, provided such information is part of the reference data associated with the relevant LEI in the Global LEI System.”⁴⁸

The mention “provided such information is part of the reference data associated with the relevant LEI in the Global LEI System” is particularly recommended for optional data (eg, the legal form of the entity) but may also ensure, subject to the analysis of the relevant legal framework, that any reporting entity that would have failed, for instance, to correctly report or update the data in the Global LEI System would still be subject to enforcement action, as the option of using the LEI would become invalid.

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⁴⁸ Multiple examples can be found in action [US07] by the CFTC, on Form 102, Federal Register /Vol. 78, No. 222 /Monday, November 18, 2013 /Rules and Regulations p. 69233.