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LEI Regulatory Oversight Committee Makes Progress in the Establishment of the Global LEI System and Produces Key Decisions for Interim Global System

The Regulatory Oversight Committee (ROC) of the Global Legal Entity Identifier (LEI) System made significant progress last week in establishing an interim system to provide globally acceptable “pre-LEIs” that can be used in the near term for regulatory reporting purposes.

Forty six authorities from around the world participated in the ROC’s second plenary meeting in Mexico City, Mexico, on June 11/12, hosted by the Bank of Mexico.

The ROC agreed on all material issues relating to the development of statutes that will govern the foundation at the operational centre of the global LEI system. These statutes will be delivered for review by the Financial Stability Board in its role as the proposed founder and will allow the next steps in establishing the Central Operating Unit (COU) of the global system to be taken, including a call for nominees for the inaugural board of directors of the foundation. ROC Members welcomed this significant progress and look forward to the board nomination process.

At its first plenary meeting in January, the ROC agreed to establish an interim “pre-LEI system” for global acceptance of “pre-LEIs” that meet global standards and following the subsequent definition of these global standards, the ROC agreed in Mexico City on a process for ROC endorsement and global acceptance of pre-LEIs and pre-LOUs. The process for the endorsement of pre-LEIs requires submission by a sponsoring authority to the ROC of information that demonstrates that the pre-LOU meets a set of minimum global standards, followed by examination and endorsement by the ROC.

Before the end of June, the ROC will release a step-by-step description of the procedure necessary for ROC endorsement and the guidelines to facilitate the implementation of the global standards for pre-LEIs. This information will provide the necessary clarity and guidance for those entities and possible sponsors which are envisaging to become or already involved in the issuance of pre-LEIs.

In addition to supporting an interim system, these steps will facilitate seamless transition of the global system by the Central Operating Unit, once it is established by the foundation.

The ROC will begin processing incoming requests from sponsors for global endorsement once the procedures and conditions for endorsement have been released. First endorsement decisions are expected to occur during this summer. All ROC members agreed to accept pre-LEIs issued by ROC-endorsed pre-LOUs. Existing pre-LOUs should contact their ROC sponsors for further information.



In addition, in order to facilitate the prompt use of pre-LEIs and global acceptance of operating pre-LOUs that may not yet meet a circumscribed subset of the global standards, the ROC also agreed to a process for conditional endorsement. Under this conditional endorsement, the sponsor commits to ensure that the relevant pre-LOU will meet the global standards within a specified timeline. The relevant pre-LEIs will be globally accepted once the associated ROC-defined criteria are fulfilled. All ROC members agreed to accept pre-LEIs that are identified as meeting the global standards issued by conditionally endorsed pre-LOUs. Thus, in some instances, previously-issued pre-LEIs will become globally accepted at the point of conditional endorsement of the pre-LOU. This process will allow the proper convergence of all pre-LEIs to the standards set by the ROC, while at the same time providing a practical approach to ensure that the validated and certified codes issued so far can be used globally.

A progress note with the information described above and further specific information is forthcoming.