

Year End Progress Note of the Regulatory Oversight Committee

ROC welcomes the launch by the Global LEI Foundation of its website www.GLEIF.org and starts work on the collection in the Global LEI System of information on the direct and ultimate parents of legal entities

In 2014, the global project to assign unique identifiers to parties in financial transactions turned a corner, bringing the world closer to mapping connections in the financial system and cutting industry costs for cleaning, aggregating, and reporting data. The LEI is a foundational common standard for identifying entities that engage in financial transactions. Fully adopted, it becomes a linchpin for making connections in the massive volumes of financial data that course through the international economy every day, and will help companies manage their risk and government regulators analyze data related to financial stability.

The defining moment was the inaugural meeting of the Board of Directors of the Global Legal Entity Identifier Foundation on June 26 in Zurich, Switzerland. See http://www.leiroc.org/publications/gls/gleif_20140629_2.pdf. Under the continued oversight of the LEI Regulatory Oversight Committee (ROC), the Foundation has taken rapid steps to assume management of LEI operations across the globe.

The Board will direct the construction of the technology infrastructure of the LEI system and ensure adherence to the governing principles and standards of the system endorsed by public authorities, including the reliability, quality, and uniqueness of LEIs. Initially, it has launched an informational website, www.GLEIF.org that provides a wealth of information about the Foundation, its Directors and the governing principles and standards, and the system more broadly. The GLEIF website also helps entities understand why an LEI can help an entity in risk management, efficiency and reporting, and learn the process for obtaining and maintaining an LEI code.

By careful design, the 16 members of the Foundation Board are from the private sector, bringing to fruition the public-private vision for establishment of the LEI system. This combination of public and private-sector involvement promises to spur even broader adoption of the LEI. Mirroring the ROC's composition, the Foundation membership reflects a broad range of geographic perspectives and technical expertise drawn from across the Americas, Europe, Asia, the Middle East and Africa. The GLEIF Board members work for financial firms, industrial

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companies, standards organizations, data-consuming firms, and other entities with a clear relevance for the LEI.

The GLEIF is also working closely with over twenty endorsed pre-Local Operating Units (LOUs) that assign codes. A master agreement is being developed that will govern the relationship between the GLEIF and these LOUs so that, in the coming months, a fully operational Global LEI System can be managed by the GLEIF.

2014 has been a productive year for the Global LEI System. In addition to establishment of the Foundation, already early-stage registrars have issued more than 300,000 LEIs in more than 170 countries. The members of the ROC, representing more than 60 public authorities in over 40 jurisdictions, are agreed that with the Foundation in place, those identifiers are now full-fledged LEIs and not anymore called “pre-LEIs”. The LEIs are now being used for regulatory reporting around the world, in accordance with applicable laws, as well as other public and private sector purposes. The ROC also endorsed in 2014 a common data format (CDF) to be used by pre-LOUs as a standard for publishing LEIs and LEI reference data. Implementing operational standards like the CDF will become the work of the GLEIF, allowing convergence around more granular common standards for the information contained in the LEI record.

Going forward, the ROC will continue to focus on broad policy standards. In light of the stage of development of the Global LEI System, the next pressing policy objective is the implementation of information on organizational relationship structures, particularly hierarchical structures. To this end, the ROC established in December 2014 a task force to develop a proposal for principles and standards for collecting in the Global LEI System information on the direct and ultimate parents of legal entities. This effort promises valuable insights into the often complex makeup of legal entities, into how large financial institutions are structured, and into how they are connected to each other, and the ROC has now redoubled its efforts to focus on this important next aspect of the LEI system. A public consultation is expected to be organized on this topic in the course of 2015. Phased implementation of such information is expected to begin around the end of 2015.