

Update by the LEI ROC

The Legal Entity Identifier Regulatory Oversight Committee (LEI ROC) publishes today the following update on developments within the LEI System:

Accreditation of LEI issuers by the Global LEI Foundation (GLEIF)

The GLEIF published this month the first accreditations of LEI Issuers, also called Local Operating Units (LOUs), of the Global LEI System.¹ The two first LOUs accredited by the GLEIF were previously endorsed by the ROC as pre-LOUs: KDPW and Legal Entity Identifier India Limited (LEIL).² The publication of the accreditation of a third LOU, for a new entrant in the Global LEI System, is expected to take place in February.

The accreditation of LEI Issuers by the GLEIF replaces the interim ROC endorsement framework.³ The ROC has decided that **all pre-LOUs endorsed by the ROC should be accredited by the GLEIF by end 2017** if they want to continue their activities as LEI Issuers beyond that date.

The completion of the accreditation of all active LEI Issuers will allow the GLEIF to fully assume its role with respect to the LEI issuers, as envisaged in the Governance Principles of the Global LEI System. The accreditation of previously endorsed pre-LOUs also reflects the ongoing monitoring of compliance with GLEIS Governance Principles and ensures consistency of treatment among all LEI Issuers.

Implementation of relationship data in the Global LEI System

The LEI ROC published on 10 March 2016 its report on “Collecting data on direct and ultimate parents of legal entities in the Global LEI System – Phase 1”.⁴ The GLEIF is currently finalising, in consultation with LEI Issuers, the technical specifications for recording this relationship data, which will start being implemented in early 2017. It is expected that all LEI Issuers will have developed by 1 May 2017 the capacity to record relationships with direct and ultimate parents as defined in the report.

Relationship data will support a number of regulatory uses of the LEI. For instance, as noted in the ROC report of March 2016, in the EU, the collection of parent data for commodity derivative reporting is expected to start in early 2018. Another identified use starting at the same time is the need to know parent information as part of the U.S. FFIEC Banking Agencies’ Home Mortgage Disclosure Act by all banks and nonbanks that issue mortgages in the U.S. and meet the reporting thresholds. Other uses are

¹ <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations>

² LEIL is the successor of CCIL, which was endorsed by the ROC in November 2014.

³ http://www.leiroc.org/publications/gls/lou_20151007-1.pdf

⁴ http://www.leiroc.org/publications/gls/lou_20161003-1.pdf

identified in the Basel Committee consultation document on revisions to their guidance on correspondent banking.⁵

Separately, the ROC has initiated work on improving the way relationships of funds are recorded in the Global LEI System (currently under the concept of Fund Family). The LEI ROC expects to launch a public consultation in the first half of 2017. Implementation would not occur before early 2018.

Other LEI ROC projects

Uses of the LEI: the LEI ROC will publish in the first half of 2017 a new progress report on LEI uses and their expansion, as well as on the implementation of checks on the status of LEIs used in reporting. As noted by the ROC in its previous progress report, “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”. Market participants should use LEIs with an “issued” status (for active entities) only, as this status means that the relevant entity is committed to keep its reference data current under the conditions foreseen in the LEI System.

Data quality: the ROC is overseeing the GLEIF’s programme for monitoring data quality in the Global LEI System, with a focus on the implementation of the accreditation process.

Branches: on 11 July 2016, the LEI ROC published the final version of its policy document on including data on international/foreign branches in the Global LEI System.⁶ As for parent entities, it is expected that all LOUs will have developed by 1 May 2017 the capacity to issue LEI to such branches, under technical specifications developed by the GLEIF, in a way that ensures that the conditions set by the ROC are met.

Corporate actions and data history: the LEI ROC has initiated a review of how some corporate actions, such as mergers and acquisitions, affect LEI records. One of the objectives is to determine whether there is a need to improve the way information on such actions is recorded and retrieved. A public consultation should take place in the first half of 2017.

Individuals: on 30 September 2015, the LEI ROC published a statement clarifying the conditions under which individuals acting in a business capacity are eligible to obtain LEIs.⁷ As envisaged in this document, the ROC is considering whether LEI eligibility could be extended to other types of individuals, such as those licensed or authorised by a financial regulator.

⁵ <http://www.bis.org/bcbs/publ/d389.htm>

⁶ http://www.leiroc.org/publications/gls/roc_20160711-1.pdf

⁷ http://www.leiroc.org/publications/gls/lou_20150930-1.pdf