



LEI

GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

# Global Legal Entity Identifier Foundation

The global mission of the GLEIS.

GLEIF Chair Gerard Hartsink  
Mexico City, 18 November 2015

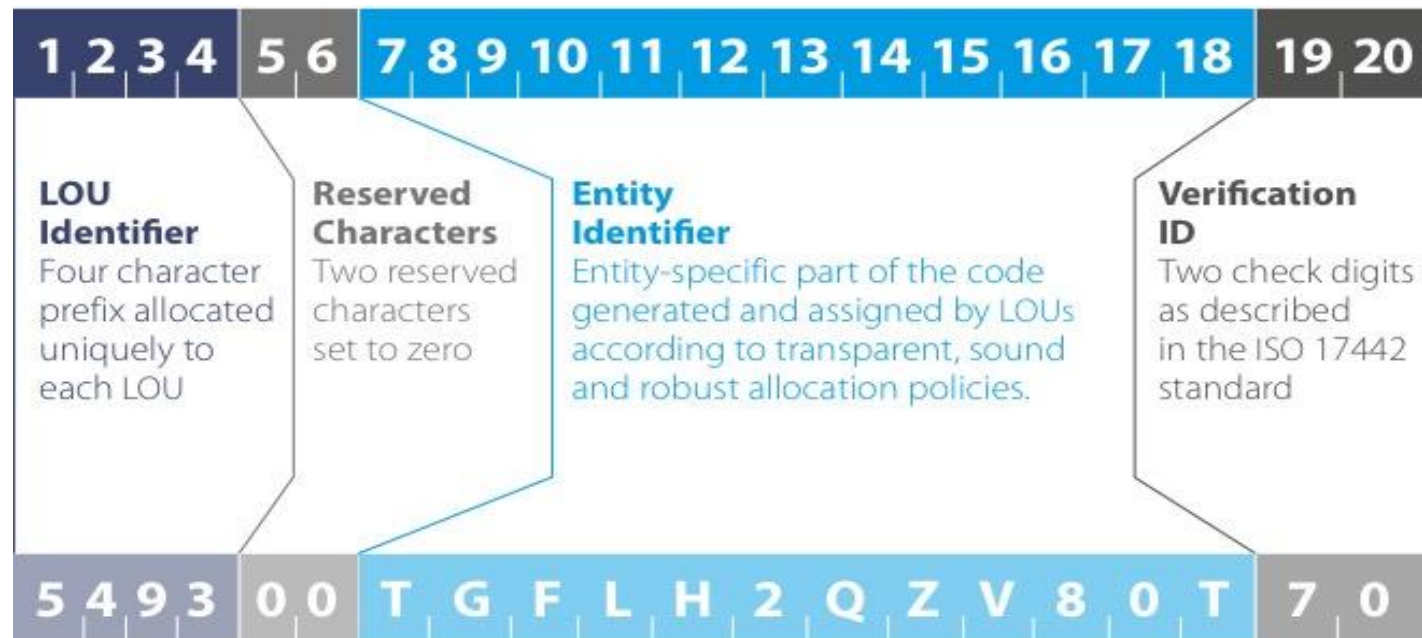
1. The Legal Entity Identifier (LEI)
2. Why LEI?
3. The role of the Global Legal Entity Identifier Foundation (GLEIF) in the Global LEI System (GLEIS)
4. GLEIF next steps

# 1. The Legal Entity Identifier (LEI)

# The LEI is based on the ISO 17442 standard



- Unique 20 digit alphanumeric code based on ISO 17442 standard assigned to legal entities
- LEIs are issued by local operating units (LOUs)
- LOUs supply registration, renewal and other services, and act as the primary interface for registrants for LEIs



**Example:** ABB Sécheron S.A., Switzerland

## 2. Why LEI?

## Financial Stability Board press release (30 June 2014)



- **“Unique identification of parties to financial transactions underpins multiple financial stability objectives.”**
  - Improved risk management in firms
  - Better assessment of micro and macro prudential risks
  - Facilitation of orderly resolution
  
- **“It also provides many benefits to the private sector.”**
  - Lowering operational risks
  - Facilitating straight through processing

## Mark Carney and Bertrand Badré in the Financial Times (3 June 2015)



- “Authorities must ensure that they provide a clear and consistent interpretation and enforcement of international standards.”
- **“They should work with the financial industry to pursue technical measures, such as the global Legal Entity Identifier system, which standardizes identification, and Know Your Customer platforms that help avoid duplicating due diligence work.”**
- “Both solutions are already being implemented, but they need regulators’ support to reach the scale needed to achieve more reliable due diligence.”

Mark Carney is the Chairman of the Financial Stability Board. Bertrand Badré is Chief Financial Officer of the World Bank.

## For what (financial) transactions



- **Required by the public authorities in the following areas**
  - See ‘Rulemaking’ initiatives page at [www.gleif.org](http://www.gleif.org)
- **Risk assessment, market surveillance and enforcement**
  - Reporting to derivatives regulators
  - Reporting to securities regulators
  - Reporting to central banks
  - Reporting to insurance regulators
  - Reporting to pension funds regulators
  - Balance of payments reporting
  - AML (anti money laundering),  
CFT (combating the financing of terrorism) and sanction regimes
- **Other needs of the public sector**
  - Provision of statistical market research
  - Collateral management central banks
  - Public procurement



## Benefits of LEI adoption for users in the private sector



- **Global Financial Markets Association (GFMA)\*:**
  - “LEIs allow for consistent identification of parties to financial transactions, facilitating a **consistent and integrated view of exposures.**”
  - “A global, standardized LEI will enable organizations to more effectively measure and **manage counterparty exposure, while providing substantial operational efficiencies and customer service improvements** to the industry.”

\*GFMA represents the common interests of the world's leading financial and capital market participants, and speaks for the industry on the most important global market issues. GFMA's mission is to provide a forum for global systemically important banks to develop policies and strategies on issues of global concern within the regulatory environment. ([www.gfma.org](http://www.gfma.org))

## Benefits of LEI adoption for users in the private sector



- **LEI adoption responds to business needs with regard to identification management in the following areas**
  - Correspondent banking
  - Trade finance (UCP 600)
  - Cash management corporates
  - Asset management for (pension) funds
  - Payment schemes
  - Card payment schemes
  - E-invoicing schemes
  - OTC (over-the-counter) trading
  - Trading, clearing and settlement rulebooks
  - Collateral Management
  - Data management
  - Credit rating
  - Market research

## Use cases: application of the LEI in the private sector



- LEI data are free of charge downloadable from [www.gleif.org](http://www.gleif.org)
- **Example: data management**
  - Easier mapping of legal entity reference data from multiple suppliers by using the LEI
  - Identification management of legal entities possible with reference data information only, e.g. mapping of legal company names across various systems
  - Higher data quality across operational systems leads to reduced data management cost, since LEI data is quality-assured via annual renewal cycles
  - Increased reporting capabilities at a lower cost

### **3. The role of the Global Legal Entity Identifier Foundation (GLEIF) in the Global LEI System (GLEIS)**

## What is GLEIF?



- GLEIF is a Swiss Foundation founded by the **Financial Stability Board (FSB)**
- The Foundation has an (international) Board of 14 Directors that held its inaugural meeting on 26 June 2014
- The **Regulatory Oversight Committee (ROC)** oversees GLEIF
  - Represents members from public authorities across the globe
  - Three ROC Observers attend GLEIF Board meetings
- The **CPMI-IOSCO\* Principles** for Financial Market Infrastructures 2012 are applicable to the oversight of GLEIF by the ROC

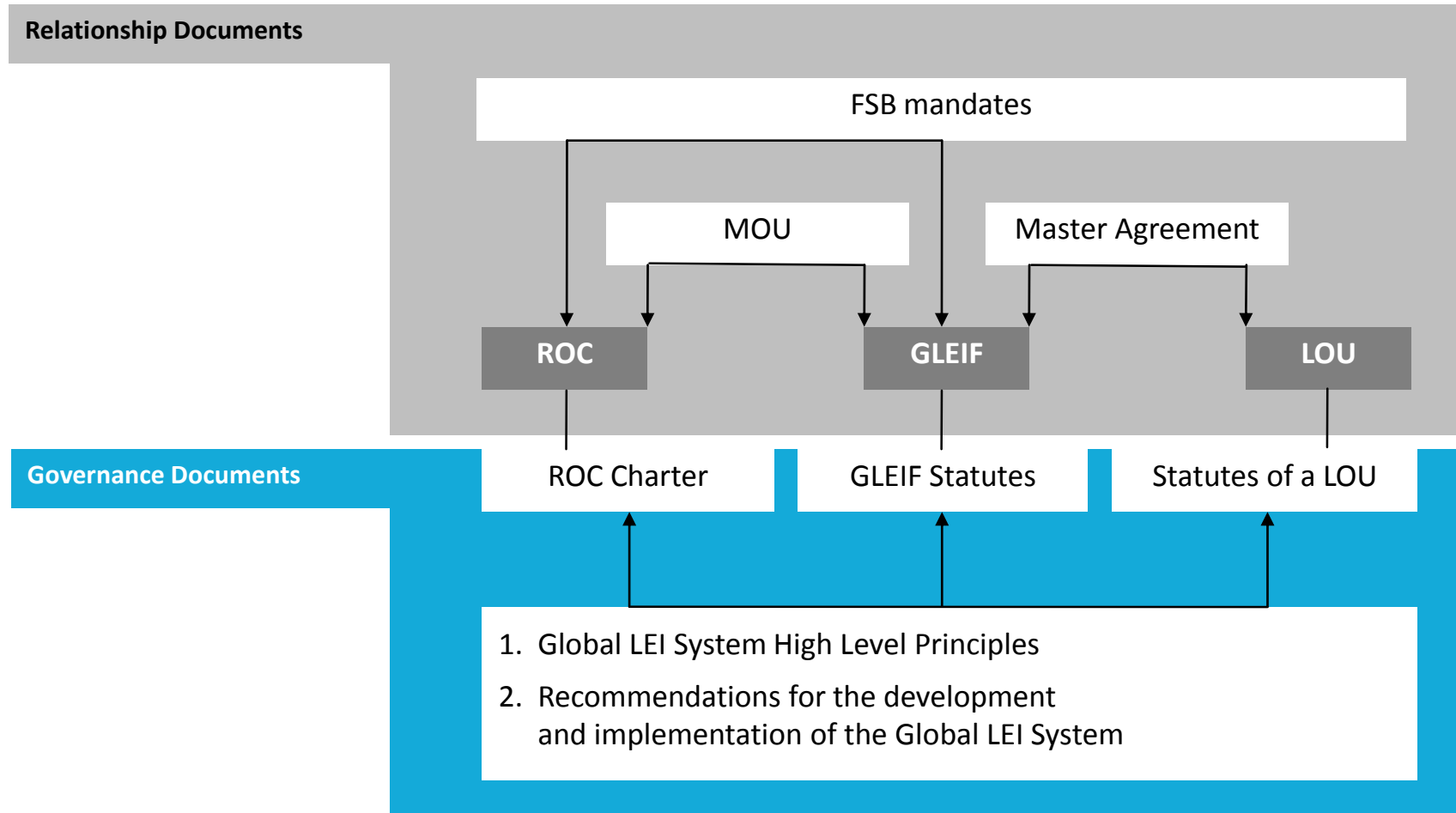
\*CPMI: Committee on Payments and Market Infrastructures  
IOSCO: International Organization of Securities Commissions

# The role of GLEIF in the Global LEI System



- **GLEIF performs four main functions:**
  1. **Rulemaking:** defines, issues and enforces worldwide uniform operational and technical standards and protocols for LEIs and LEI Reference Data. On 7 October 2015 GLEIF published the Master Agreement, which is the contractual framework governing the relationship between GLEIF and the LOUs.
  2. **Operations:** provides the technical infrastructure necessary to unite and to make publicly available at [www.gleif.org](http://www.gleif.org) the LEI information published by Local Operating Units (LOUs)
  3. **Monitoring:** accredits LOUs and monitors compliance of LOUs and users with the operational and technical standards and protocols. GLEIF ensures the applicant LOU meets the required standards via accreditation. Reporting on ongoing compliance will begin in 2016.
  4. **Communication:** makes all relevant documentation available at [www.gleif.org](http://www.gleif.org)

# Global LEI System relationship and governance documents



## 4. GLEIF next steps



## Next steps for GLEIF



### 1. “Who is who” (in progress)

- Rollout program is GLEIF’s current key focus
- ROC prepares policies for adding BR (Business Register) and Entity Legal Forms ISO 20275 to the CDF (Common Data File)
- The ROC published on 30 September a clarifying statement on individual in a business capacity and on 19 October a Consultation document on branches

### 2. “Who owns whom”

- Draft consultation paper on direct and ultimate parents of the ROC was published on 7 September 2015
- The ROC Chair has informed GLEIF that it will get a mandate to execute this program

**Thank you for your attention!**

For more information, visit the GLEIF Website at [www.gleif.org](http://www.gleif.org)

# Limitations



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