



The Global Legal Entity Identifier (LEI)

Financial Information Forum of Latin American and Caribbean Central Banks

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Michael Ritter, Deutsche Bundesbank, Head of Central Credit Register, Vice-Chair of the LEI ROC

What is the LEI?

The LEI is...

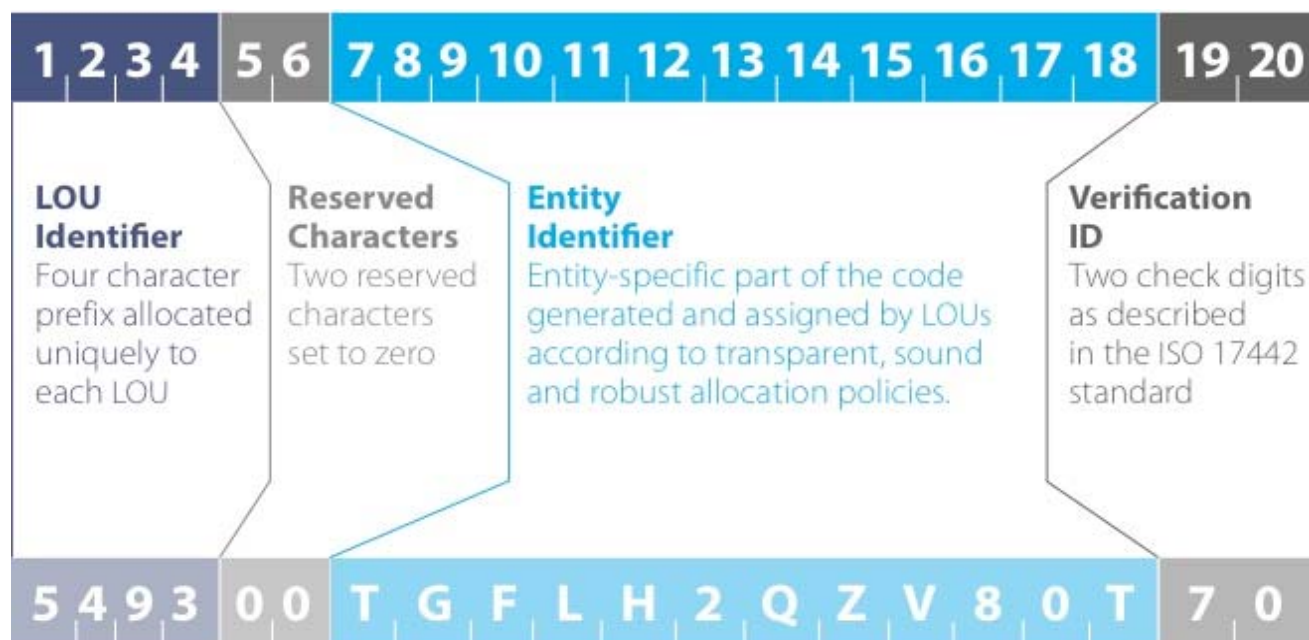
- ... a 20 digit dump number to globally identify legal entities
- ... a global public good
- ... free of charge for data users.

LEI data:

- Level 1: who is who: reference data, business card information (done)
- Level 2: who owns whom: relationship data (in preparation)
- Level 3: who owns what: financial data (a vision)

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

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Legal Entity Identifier (LEI)

CURRENT LEI REFERENCE DATA

- Legal entity name (e.g.: The Royal Bank of Scotland)
- Other entity names (e.g.: transliteration)
- Address of the headquarters
- Address of legal formation
- Business registry ID (where applicable)
- Business registry name (where applicable)
- Legal jurisdiction
- Legal form of the entity
- Associated entity (fund manager/umbrella fund)
- Entity status (active/inactive; if inactive, also expiration date and reason; successor entity if any)
- Initial registration date; last update; next update
- Registration status (e.g. "issued", "lapsed" if last update >1 year)
- Local Operating Unit (LOU) managing the record
- Validation sources

LEGAL ENTITY IDENTIFIER

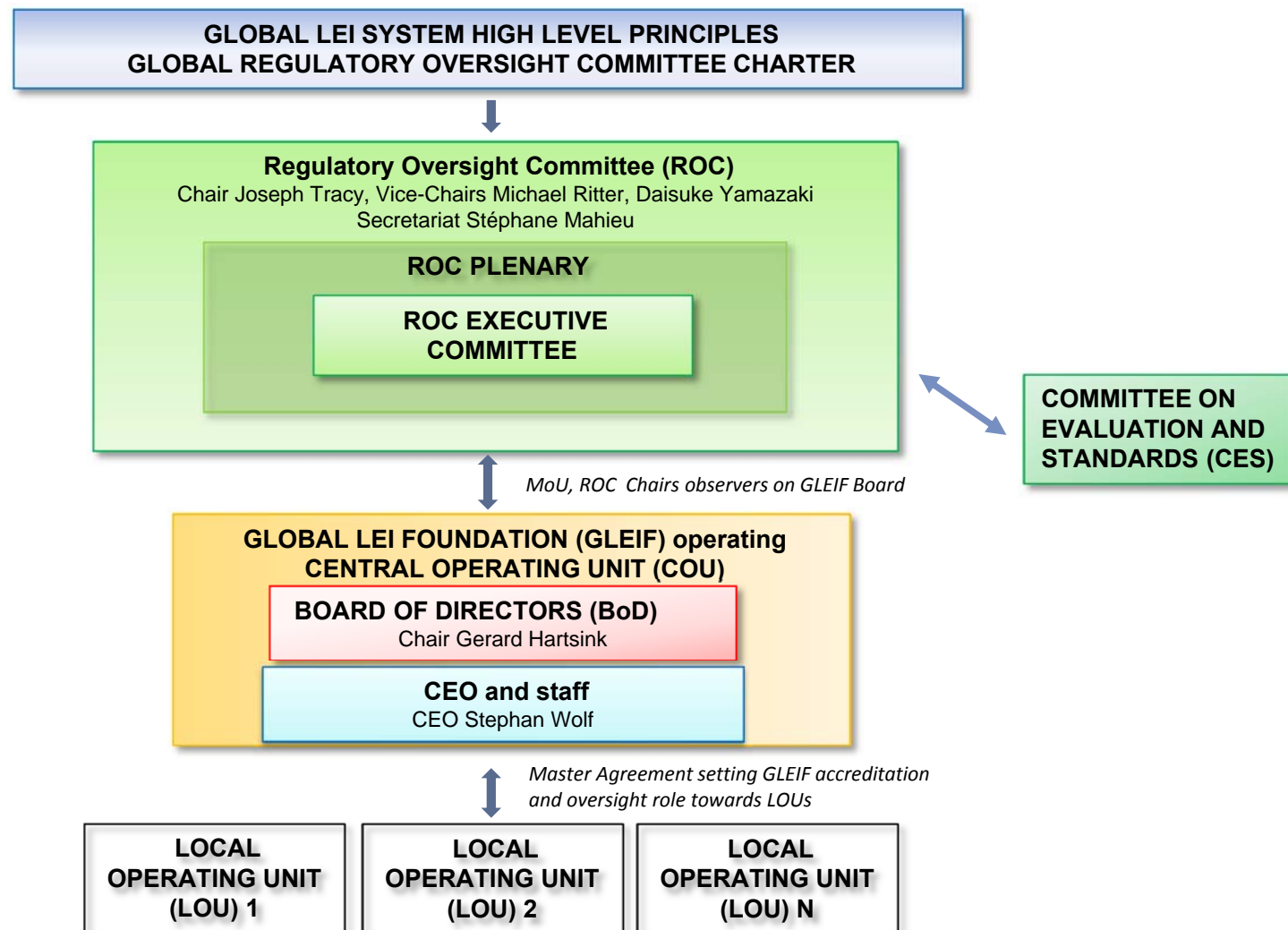
213800KUD8LAJWSQ9D15

- No embedded meaning
- 2 last characters are check digits
- 4 first characters: prefix of LOU that first issued the LEI, to support decentralised issuance, but LEI stays the same if ported to a different LOU

The LEI – eligible entities

- Legal person or structure organised under the laws of any jurisdiction. Legal entities include, but are not limited to, unique parties that are legally 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, etc.)
 - Individuals acting in a business capacity (e.g. sole traders)
 - Examples of eligible entities: all financial intermediaries; banks and finance companies; all entities that issue equity, debt or other securities for other capital structures; all entities under the purview of a financial regulator and their affiliates, subsidiaries and holding companies
- Excludes natural persons (boundary to be clarified by the ROC)
- Extension to branches (by definition of the ROC) expected at the end of 2016

Current GLEIS architecture and governance

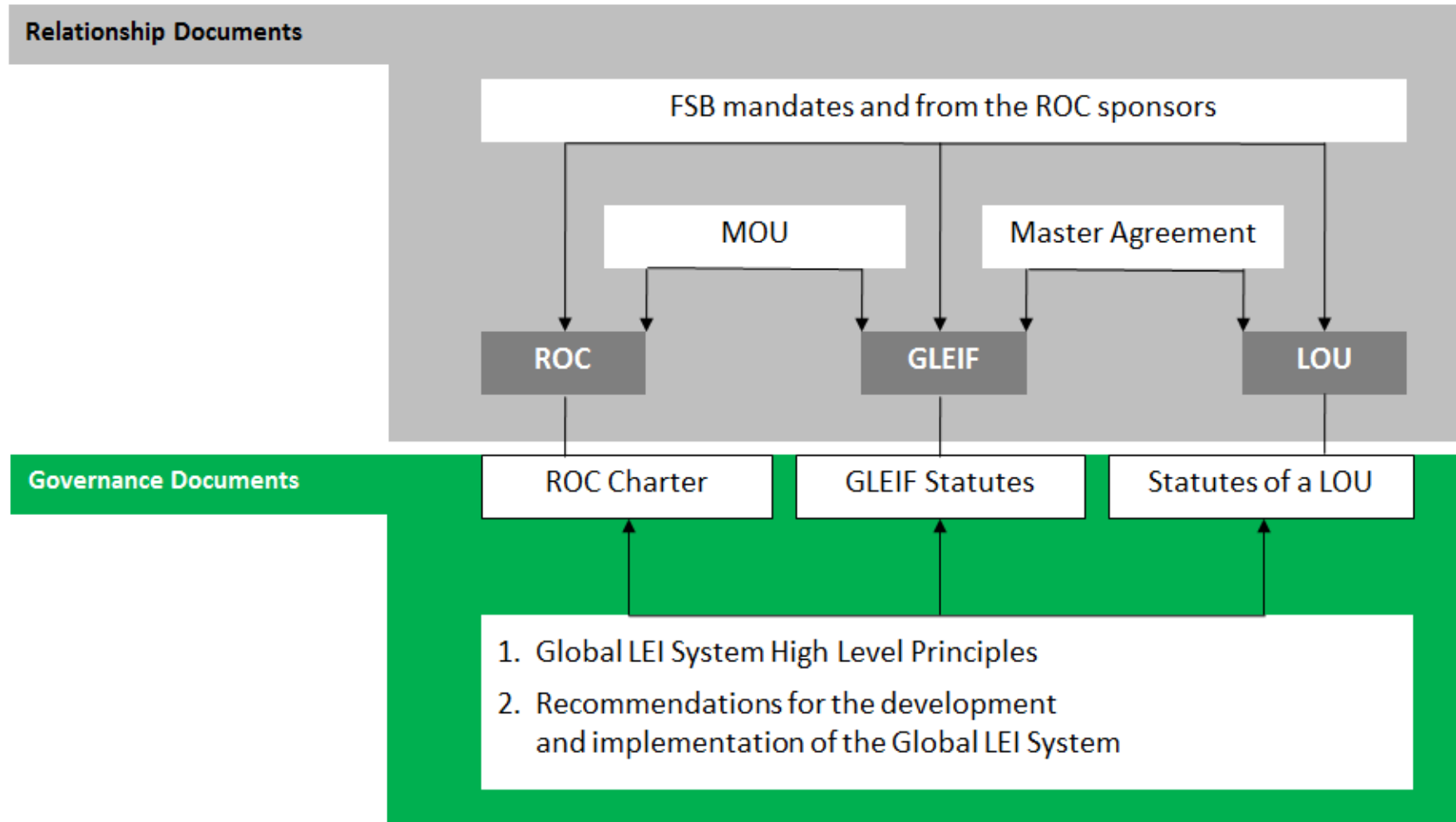


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GLEIS relationship and governance documents



LEI Governance – the Regulatory Oversight Committee (ROC)

Fully Functioning ROC established in January 2013:

- 72 members and 19 observers from over 50 jurisdictions
- Open to any public sector authority, international financial institutions international public sector bodies (e.g. Central Banks, Regulators, ...)
- Chairs, Executive Committee (regionally balanced)
- Task Forces (e.g. Relationship data)
- ROC supported by an advisory technical committee, the Committee on Evaluation and Standards (CES)
- LEI Private Sector Preparatory Group
- Website: www.leiroc.org

LEI Governance - the Global LEI Foundation (GLEIF)

- Established by the FSB as a non-for-profit organisation in Basel, Switzerland (June 2014)
- Statutes and business plan approved by the ROC and FSB
- First board of 15 members (BoD) appointed by the ROC with balanced representation of industry participants from different geographic areas and sectors of the economy
- CEO of the GLEIF appointed by the BoD
- Funded by fee of \$20 per LEI, expected to decrease with LEI numbers

LEI Governance - the role of the GLEIF

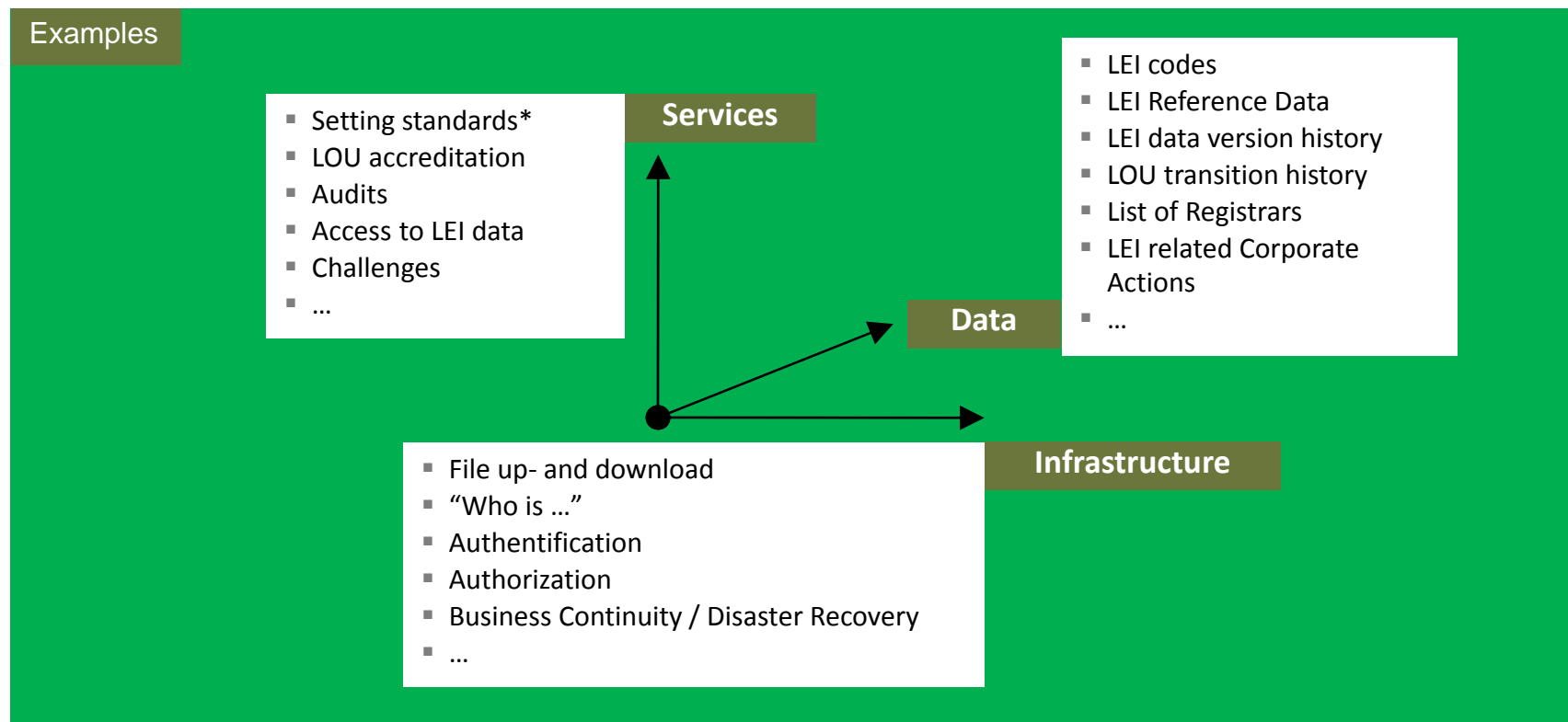
Main functions of the GLEIF:

- 1) **Rulemaking**: proposes, defines, issues and enforces worldwide uniform operational and technical standards and protocols for LEIs and LEI Reference Data
- 2) **Operations**: provides the technical infrastructure necessary to unite and to make publicly available at www.gleif.org the LEI information (LEIs and related LEI reference data) 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, data quality management within the GLEIS
- 4) **Communication**: makes all relevant documentation available at www.gleif.org

LEI Governance - the role of the GLEIF

GLEIF is accountable and responsible for setting up the GLEIS in three dimensions (Services, Data, Infrastructure).

Business and technical process design will follow these dimensions.



LEI Governance - GLEIF dimensions

GLEIF collects daily the LEI data from the LOUs

- LOUs deliver the data to GLEIF in the CDF (Common Data File) format
- GLEIF publishes daily the concatenated file with all individual files of the LOUs
- The GLEIF concatenated file is available at www.gleif.org

This daily GLEIF unique service is available free of charge to any user

LEI Governance – GLEIF dimensions

Common Data File Format (CDF)

LEI Data Record			[1..*]
LEI	LEI		[0,1]
Entity			[1]
LegalName	Name		[1]
OtherEntityNames	OtherEntityName		[0..n]
LegalAddress	Address		[1]
HeadquartersAddress	Address		[1]
OtherAddresses	OtherAddress		[0..n]
BusinessRegisterEntityID	BusinessRegisterEntity ID		[0,1]
LegalJurisdiction	JurisdictionCode		[0,1]
LegalForm	Name		[0,1]
AssociatedEntity	Associated		[*]
Entity Status	EntityStatusEnum		[1]
EntityExpirationDate	DateTime		[0,1]
EntityExpirationReason	EntityExpirationReasonEnum		[0,1]
SuccessorEntity	Successor		[0,1]
Registration			[1]
InitialRegistrationDate	DateTime		[1]
LastUpdateDate	DateTime		[1]
Registration Status	RegistrationStatusEnum		[1]
NextRenewalDate	DateTime		[1]
ManagingLOU	LEI		[1]
Validation Sources	ValidationSourcesEnum		[1]
Extention			[0,1]

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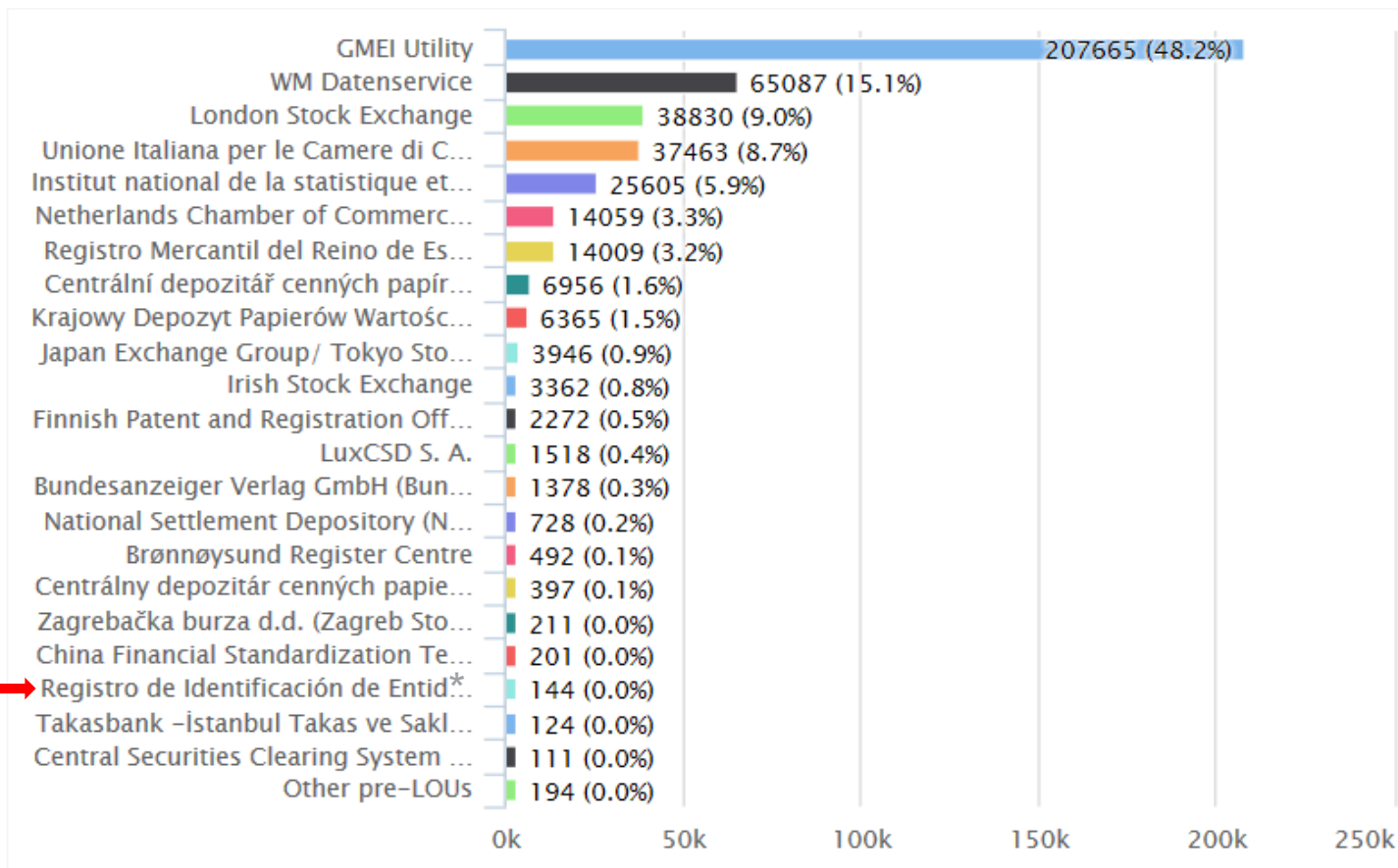
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LEI Governance - the LOUs

- The **Local Operating Units** (LOUs) of the LEI System:
 - **Issue LEIs** at the request of the authorised representative of the entity;
 - Collect and **validate LEI reference data** against reliable sources;
 - Ensure that reference **data is certified by the entity**, which has the primary responsibility for the accuracy of its data;
 - Entities are requested to **periodically verify the continued accuracy** of their reference data (e.g., at least through yearly certification)
 - LOUs generally charge a fee for first issuance and yearly certification
 - The entity can port its LEI free of charge from one LOU to another
- **30 endorsed LOUs as of April 2016:**
 - Various types: business registries, stock exchanges, trade repositories, custodians of financial instruments, central banks or numbering agencies issuing International Securities Identification Numbers
 - Some serve a given country; others offer services to entities worldwide

LEI Governance - the LOUs

30 ROC-endorsed pre-LOUs => **approx. 431,000 LEIs issued in 196 countries** (source: GLEIF, LEI-Statistics)



*Registro de Identificación de Entidades del BCRA (Central Bank of Argentina pre-LOU)

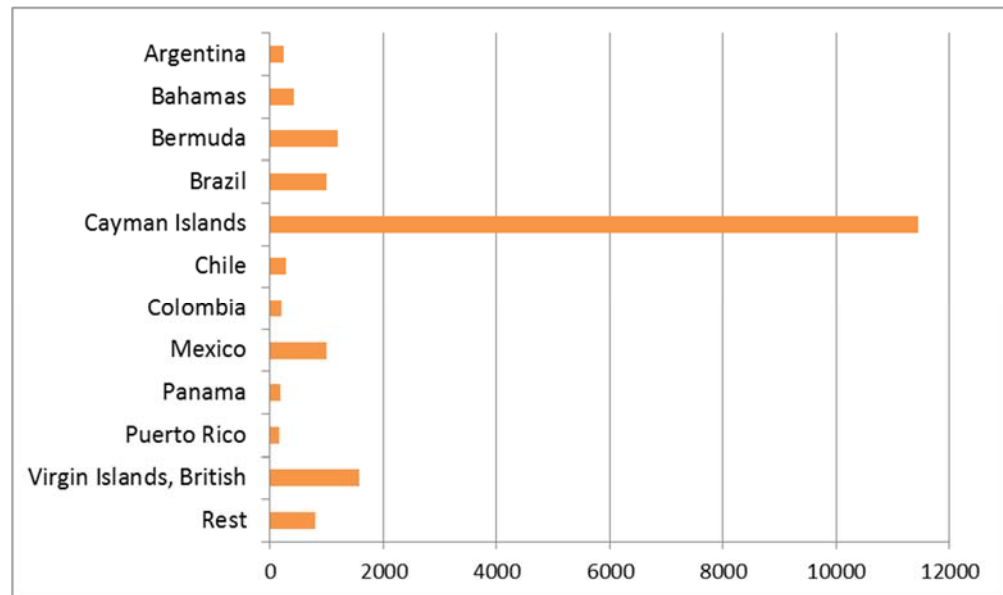
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The LEI – Focus Latin America and the Caribbean (here: LEIs by country)

Anguilla	23
Antigua and Barbuda	8
Argentina	238
Aruba	6
Bahamas	429
Barbados	92
Belize	43
Bermuda	1205
Bolivia	6
Bonaire, Sint Eustatius and Saba	1
Brazil	996
Cayman Islands	11453
Chile	271
Colombia	208
Costa Rica	62
Curaçao	90
Dominica	5
Dominican Republic	19
Ecuador	23
El Salvador	20
Falkland Islands (Malvinas)	2
Guadeloupe	1
Guatemala	31
Honduras	23
Jamaica	10
Martinique	1
Mexico	1006
Nicaragua	14
Panama	186
Paraguay	66
Peru	98
Puerto Rico	169
Saint Barthélemy	3
Saint Kitts and Nevis	8
Saint Lucia	7
Saint Martin (French part)	2
Saint Vincent and the Grenadines	12
Sint Maarten (Dutch part)	1
Suriname	1
Trinidad and Tobago	9
Uruguay	83
Venezuela	13
Virgin Islands, British	1582
Virgin Islands, U.S.	18
Σ	18544



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Transparency of (financial) transactions as user requirements of the public sector

Required by public authorities in the following areas:

(see also 'Rulemaking' initiatives page at 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 in central banks
 - Public procurement

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
 - 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
 - Data management
 - Credit rating
 - Market research

Recent developments I

- Further development of standards and policies (ongoing process by **ROC and CES**):
 - Policies for collecting data on **direct and ultimate parent of legal entities**:
 - Incremental approach, starting implementation around the end of 2016
 - Entities report their ultimate accounting consolidating parent
 - Application of accounting definitions as a starting point
 - Condition that the parent already has an LEI (LEI-to-LEI relationship)
 - Policies for adding **branches**:
 - Envisaged implementation in 2016
 - Limiting eligibility to international branches, one LEI per host jurisdiction
 - Registration in a local business register
 - Condition that the head office already has an LEI (LEI-to-LEI relationship)
 - Policies regarding **individuals acting in a business capacity**:
 - Condition: Independent business activity as evidenced by registration in a business registry (e.g. sole traders)
 - Clarification regarding “independent business activity” and “business registry” soon

Recent developments II

- Further development of standards and policies (ongoing process by **ROC and CES**):
 - Evaluation of data quality in the GLEIS and the accreditation process
 - Development of an appropriate definition of sectoral classification in the GLEIS
 - Initiation of work on the handling of corporate actions and related aspects of history information of entities in the GLEIS

- Continuation of accreditation and monitoring processes by the GLEIF.

- Expanded lookup and download database (Golden Copy) available

- Initiate promotion of the use of the LEI to extend coverage

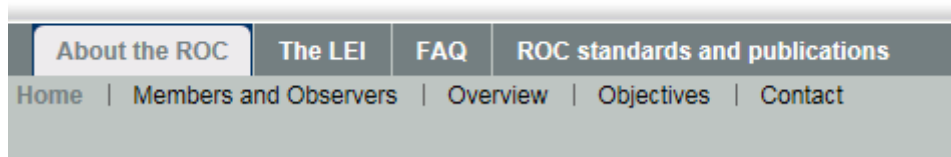
Next steps in discussion

- Bulk onboarding of Organizations with Authoritative Sources (e.g. Business Registers and other official sources have the possibility to issue LEIs to the entire population of their register)
- Business model: Top down approach (ultimate parent responsible for all entities in the group => registrations, recording hierarchical information)
- Scope of assigning an LEI => fund managers, umbrella or sub-fund level, board members or trustees, general partners, etc.

Useful links for up-to-date information

1) <http://www.leiroc.org/index.htm>

LEI ROC



2) <https://www.gleif.org/en/about>



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Thank you for your attention!

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