



LEI

GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

# The Global Legal Entity Identifier System

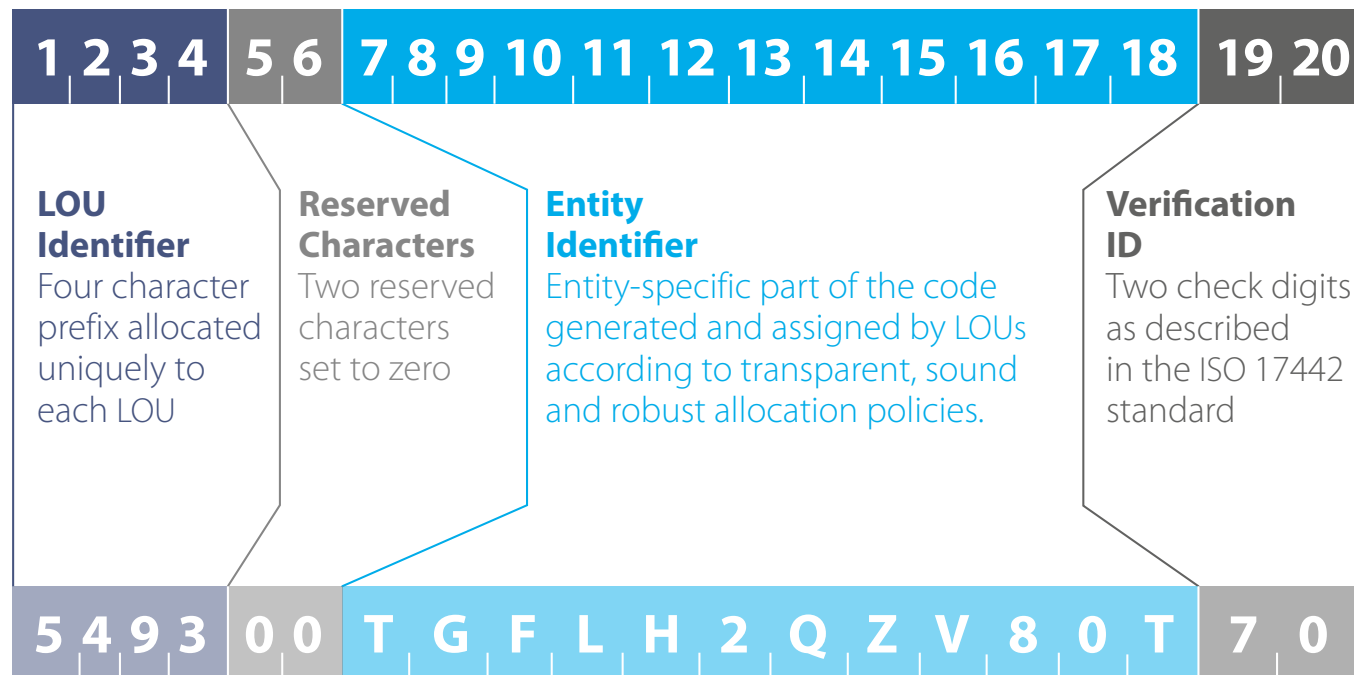
## Current status and outlook

Securities Market Practice Group  
La Hulpe, 15 April 2015

# What is a LEI?



- LEI = Legal Entity Identifier
- Unique 20 digit alphanumeric code based on ISO 17442 standard assigned to legal entities



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

## For what (financial) transactions



- Required by the public authorities to
  - Assess risks, conduct market surveillance and enforcement
  - Supervise market participants
  - Regulatory reporting to derivatives and securities regulators
  - Regulatory reporting to Central Banks
  - AML, CFT and sanction regimes
  - Balance of Payments reporting
  - Public Procurement
- Benefits for the private sector include
  - Improved risk management
  - Operational efficiencies
  - Other needs
  - Correspondent banking
  - Trade finance
  - Payment and card payment schemes
  - e-Commerce websites for delivery of goods and services
  - Trading, clearing and settlement rulebooks

## Who supports the LEI initiative?



- The **Governments** of the **G20 countries** asked in their November 2011 Cannes Summit for a Global LEI
- The **FSB** (Financial Stability Board) recommendations for the development of a **Global LEI System (GLEIS)** were endorsed by the G20 in their Los Cabos Summit in June 2012
- The FSB created the **ROC** (Regulatory Oversight Committee) with about 80 regulators
- The FSB established the **GLEIF** in June 2014 in close cooperation with the ROC

## Who issues LEIs?



- Legal entities may request an LEI from a **LOU** (Local Operating Unit) of their choice
- There are about **30 competing pre-LOUs** so far that have received a “license to operate” from the ROC (in the future the GLEIF will manage the accreditation of LOUs)
- The LOUs operate on a “**non-profit cost-recovery model**”
- Over 350.000 LEIs have been issued so far (March 2015)

## What is the GLEIF?



- **GLEIF** = Global LEI Foundation
- The GLEIF is a Swiss Foundation founded by the **FSB**
- The Foundation has an (international) Board of 16 Directors that held its Inaugural meeting on 26 June 2014
- The **ROC oversees the GLEIF**. Three ROC Observers attend the GLEIF Board meetings

## GLEIF's main responsibilities



GLEIF is responsible for three main functions:

- **Rulemaking Function** – proposing, defining, issuing and enforcing worldwide uniform operational legal and technical standards and protocols for LEIs and LEI Reference Data.
- **Operational Function** – operating a Central Operating Unit, which shall maintain a central database of LEIs and corresponding LEI Reference Data, shall maintain a high level of data quality and shall make available – along with LOUs – LEI and LEI Reference Data to the public and to commercial customers
- **Monitoring Function** – monitoring of compliance of LOUs and users with standards and protocols and with the terms of this Master Operating Framework Agreement

All three functions require a deep understanding of the requirements regarding the underlying **infrastructure** and the related **services**.

## GLEIF: Vision, mission and objectives



### G20 and FSB vision for the GLEIS:

- to overcome weaknesses in **financial reporting**
- to **identify** participants in any financial transaction
- to create the **LEI as a public good**, offering collective benefits that are hard to capture by private market incentives alone
- to establish the LEI system in the best interest of the **public and private sector**



## GLEIF: Vision, mission and objectives



### **GLEIF mission** (art 3 Statutes):

- to act as the operational arm of a global Legal Entity Identifier system
- to support on a not-for-profit basis the implementation of a global Legal Entity Identifier (“LEI”) to identify uniquely legally distinct entities
- to contribute to and facilitate many financial stability objectives, including:
  - improved risk management
  - better assessment of micro and macroprudential risks
  - facilitation of orderly resolution
  - containing market abuse and curbing financial fraud
  - higher overall quality and accuracy of financial data
  - as well as meeting purposes set out in the Preamble of the GLEIF Statutes for the use by authorities and by the private sector.

## GLEIF objectives (in the context of the service model)



1. Provide open and free access to publicly available data from the Global LEI System.
2. Create and maintain an operational GLEIF model that is efficient and avoids excessive costs.
3. Ensure that no entity involved in the Global LEI System exploits its relationship with the system in a way contrary to the broad public interest.
4. Ensure that the Global LEI System meets broad public and private sector requirements, including: data should be non-proprietary, with no bundling of services, or restrictions on access, usage, or redistribution.
5. Help creating standards and general policies for the Global LEI System to ensure that they are in the broad public interest.
6. Provide a high level of transparency in the operation of the Global LEI System.

## GLEIF scope with regards to technology



### In- and out-of-scope topics for GLEIF

Given the GLEIF Statutes, the ROC Charter, the FSB report “A Global Legal Entity Identifier for Financial Markets” and the GLEIF will

- become a gatekeeper for openly available LEI data,
- ensures high data high quality with free access to everyone,
- operates with high service levels,
- provides transparency to all stakeholders and market participants.

GLEIF will **not** become

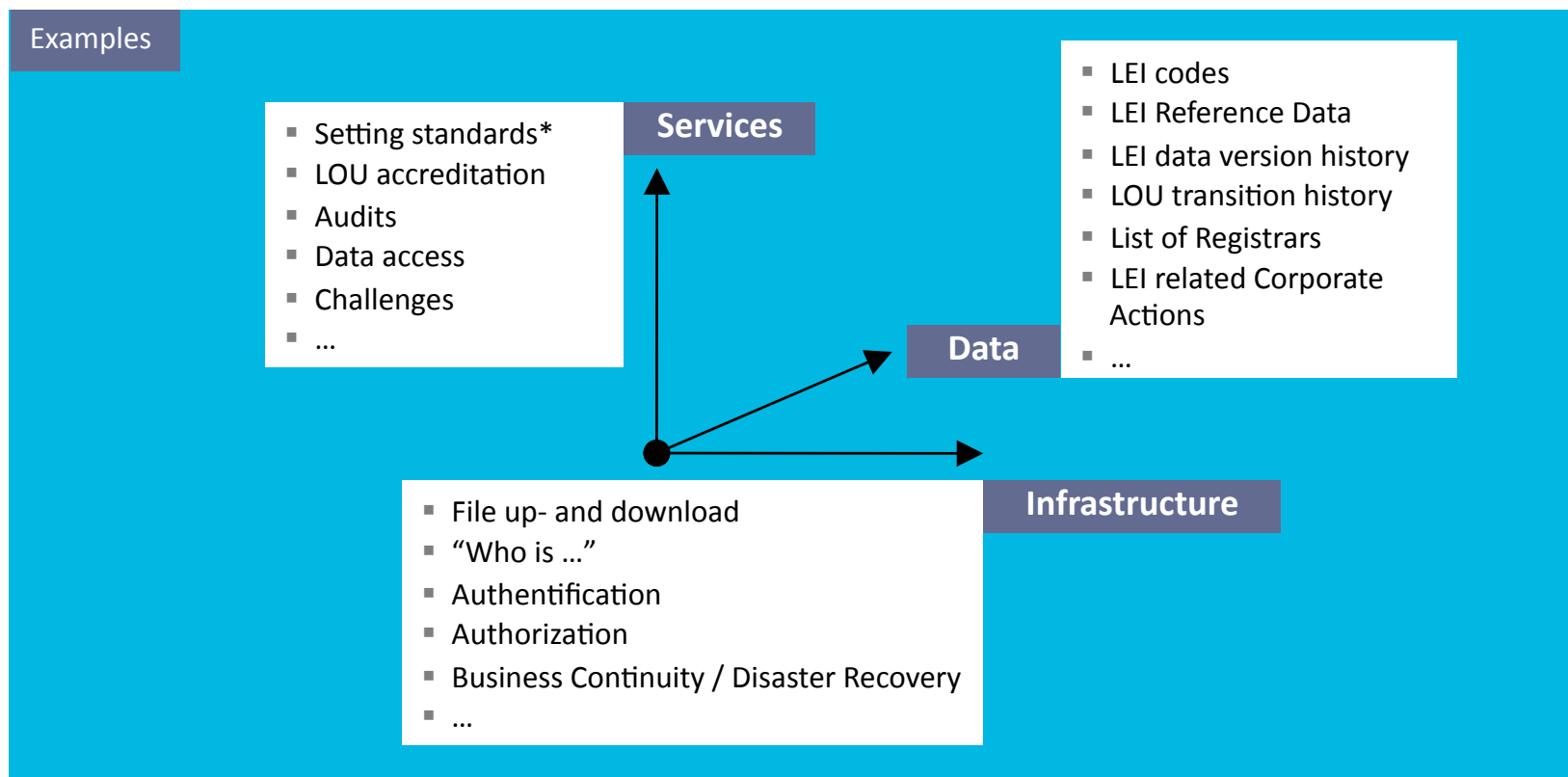
- a data vendor,
- a realtime service facilitator\*,
- the legal owner of all the components of the GLEIS,
- financially liable for wrong data.

\* For instance network utility and connectivity providers such as Radianz, 7 Ticks, etc.

# GLEIF's responsibility

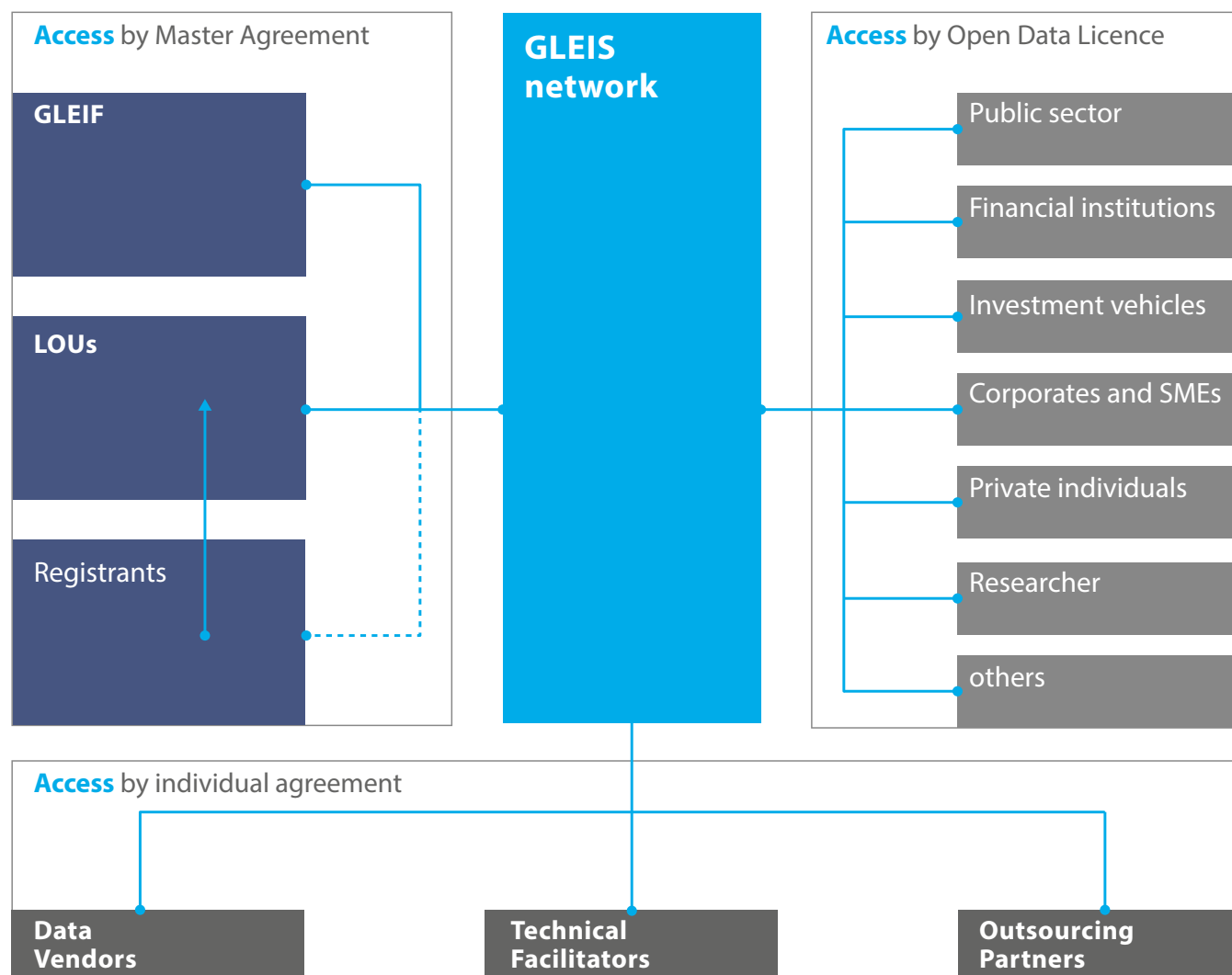


GLEIF is accountable and responsible for setting up the GLEIS in three dimensions. Business and technical process design will follow these dimensions.



\* "Setting legal and technical standards and protocols" as service to the public and private sectors

# GLEIS as a legal network



## Exchange of data

- LEI data exchange between LOUs and GLEIF will be implemented using W3C standards, including XML, HTTP(s), FTP(s), SOAP and others
- Common Data File Format 1.0 and corresponding ISO standards for data models
- Data encoding using UTF-8

## Storage of data

- GLEIF will store all LEI and LEI Reference data “forever”, including data on LEI transfers, changes to reference data items, analytical and derived data (where necessary), files being uploaded or generated
- GLEIF will use inMemory and SSD technology as well as appropriate backup devices
- Usage data will be stored compliant to data protection and data privacy laws

# Data architecture of a federative GLEIS



## Access to data

- Data access to individual LEI records will be unlimited\* via [www.gleif.org](http://www.gleif.org)
- File access to the “golden copy” of LEI data will be unlimited via FTP Proxy

## Communications

- Documents on [www.gleif.org](http://www.gleif.org) will be published in PDF.
- All documents will come in English language only.
- Web site will be in English first, but technically ready for multiple languages including Arabian and Asian graphical character sets.
- Web site will be developed in HTML5, Javascript and CSS3, using responsive design.
- Some widgets may be implemented as code snippets to be integrated in 3rd party web sites (e.g. a LEI search).

\* Unlimited in a technical sense. Restrictions from data privacy laws or any legal agreement will apply.

### Actuality

- All elements will be of highest possible actuality, including the underlying LEI data.
- „golden copy“ files will be kept intraday up2date. Downloads will include all LEIs stored in the central database.



The central GLEIF database will contain the following data sets

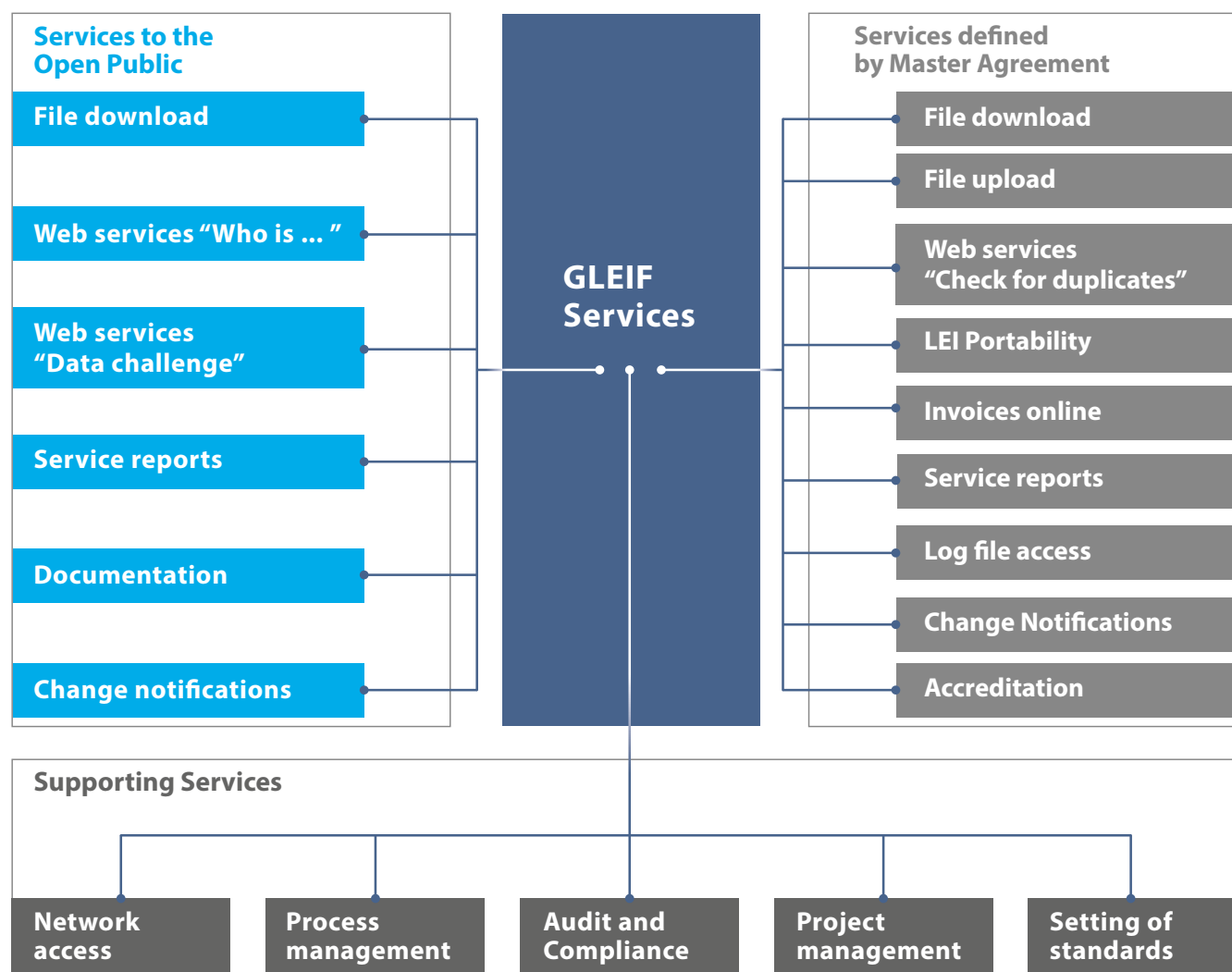
- Global coverage on all LOU LEIs and related Reference Data (“golden copy”)
- GLEIF might issue LEIs in its own right (backup function)
- LEI corporate actions
- Complete transaction history of all changes.
- GLEIF may add information about the usage of the data and related analytics.
- Quality measurements

### **Central LEI Repository and Golden Copy**

The GLEIF database shall be named **Central LEI Repository**

The file containing all current LEIs and LEI Reference Data shall be called “golden copy”

# GLEIF services in the GLEIS



## Potential services of other GLEIS participants



### Potential GLEIS participants beyond GLEIF and LOUs:

- Regulators
- Market Data vendors
- Technical facilitators, e.g. Telecoms, hosting & housing providers
- Financial market intermediaries
- Business registrars
- Audit firms
- Notaries public

### They might offer additional services such as:

- Enriched content sets
- Binary protocols and data formats, realtime services
- Proxy services
- Consulting services
- Training services

**GLEIF seeks partnerships with additional GLEIS participants**

**Thank you for your attention!**

# Limitations



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