

## Press release

Press enquiries:  
Basel +41 61 280 8188

press@bis.org

Ref no: 33/2012

8 June 2012

### **FSB releases “A Global Legal Entity Identifier for Financial Markets: FSB Report to the G20”**

The Financial Stability Board (FSB) today published “*A Global Legal Entity Identifier for Financial Markets – FSB Report to the G20*”.

The aim of the global Legal Entity Identifier (LEI) system is to uniquely identify counterparties to financial transactions and to provide high quality reference data on them (such as the name, address, and basic ownership information).

The FSB report responds to the mandate issued by the G20 at the Cannes Summit and will be transmitted for consideration at the forthcoming Los Cabos Summit. It sets out 35 recommendations for the development and implementation of the global LEI system. These recommendations are guided by a set of ‘High Level Principles’ which outline the objectives that a global LEI system should meet.

FSB Chairman, Mark Carney noted: “*The FSB strongly supports the implementation of a global legal entity identifier system that uniquely identifies counterparties to financial transactions. This system would be a ‘building block’ for many financial stability and regulatory objectives, and it would deliver substantial benefits to financial firms.*”

The FSB’s recommendations draw extensively on advice from the FSB LEI [Industry Advisory Panel](#) and participants in public/private workshops. The proposals for the initial reference data and code are fully in line with the recently published standard for the LEI developed as an industry consensus solution by the International Organisation for Standardisation ISO 17442:2012.

A three-tier structure for the global LEI system is recommended, comprising a Regulatory Oversight Committee, Central Operating Unit, and Local Operating Units .

The Regulatory Oversight Committee (ROC) would have the ultimate responsibility for the governance of the global LEI system in the public interest. It would comprise authorities which support the core principles and purposes of the system.

The Central Operating Unit (COU) is the pivotal operational arm of the global LEI system. In particular, the COU has responsibility for ensuring the application of uniform global operational standards and protocols that deliver: global uniqueness of

the LEI; seamless, open access to the global LEI and to high quality reference data for users (with the depth of access controlled by appropriate access rights<sup>1</sup>); as well as protocols and methods for how local systems can connect to the COU. The COU is proposed to be created as a legal entity in the form of a not for profit foundation<sup>2</sup> that would rely on broad industry participation, expertise and knowledge to identify and develop the most technologically, financially and legally sound methods to implement the global LEI system in line with the standards and framework defined by the ROC. A Board of Directors, which may include both industry representatives and independent participants, would direct the operations of the COU. The COU's Board, in consultation with the ROC, would also provide recommendations on whether to outsource any particular function or operation of the global LEI system or whether to develop a particular solution "in-house."

Local Operating Units (LOUs) would be the local implementers of the global system. LOUs would offer local registration, validation, and maintenance of reference data; protection of information that must be stored locally; and would facilitate the use of local languages and organisation types. LOUs could build on local business registry or numbering services to maximise the utilisation of local infrastructure.

Conditional on endorsement of the Report by G20, an FSB LEI Implementation Group will undertake the necessary preparatory work with a wide range of private industry representatives to develop a central platform to facilitate the integration of local identification schemes into a logically centralised database of unique LEIs based on consistent standards, protocols, procedures etc that appears seamless to users. An open invitation and solicitation of interest in joining the global industry LEI foundation consultative group will be made via a public announcement.

The recommended implementation plan targets launch of the global LEI system on a self-standing basis by March 2013.

### **Notes to editors**

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

The FSB is chaired by Mark Carney, Governor of the Bank of Canada. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, [www.financialstabilityboard.org](http://www.financialstabilityboard.org).

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<sup>1</sup> The COU will support the maintenance of a 'logically' centralised database of identifiers and corresponding reference data – as with the Internet, the database will appear to users to be from a single seamless system, but again as with the Internet, the data will be physically stored on different systems across the globe. Technology will deliver the logical centralisation.

<sup>2</sup> Or body of equivalent legal form.

