

Progress note on the Global LEI Initiative

This is the second of a series of notes on the implementation of the legal entity identifier (LEI) initiative. The first progress note is available [here](#)

Following endorsement of the FSB report and recommendations by the G-20, the LEI Implementation Group (IG) has been tasked with taking forward the planning and development work to launch the global LEI system by March 2013. The IG is collaborating closely with private sector experts through a Private Sector Preparatory Group (PSPG) of some 200 members from 25 jurisdictions across the globe.

For the launch of the global LEI system by March 2013, the global governance structure, including a written charter, the Regulatory Oversight Committee (ROC) and the Central Operating Unit (COU) will have been created. Designation of the Board of Directors of the COU and the design of processes to integrate local operating units (LOUs) and the COU will be underway.

Charter for the Regulatory Oversight Committee (ROC): The key first step to launch the system is to prepare the Charter for the Regulatory Oversight Committee for endorsement by the FSB in October and the G-20 Finance Ministers and Central Bank Governors in early November. Endorsement of the Charter will initiate the process for the ROC to be formed. In turn, formation of the ROC as the permanent governance arrangement for the LEI system is a prerequisite for the creation of the global LEI foundation which is the legal form for the Central Operating Unit. Good progress is being made to prepare the Charter to a very tight timeline.

Location and legal form of the global LEI foundation: The articles and governing documents for the global LEI foundation (or legal equivalent) that is the legal form of the Central Operating Unit will have a key bearing on the overall governance of the system. For example, the articles of the foundation may specify the regulatory oversight responsibilities of the ROC or may set out specific public interest objectives that the foundation must adopt. To assist analysis and the development of recommendations on the jurisdiction for the foundation and the appropriate legal form, the FSB Secretariat put out a call for advice from legal experts on a pro bono basis. The deadline was the 10 September – responses are currently being reviewed to facilitate the development of recommendations.

Number allocation scheme for the Global LEI system: The IG has commissioned an urgent study from the Private Sector Preparatory Group (PSPG) on the appropriate numbering scheme for the global LEI system. A number of experts have recently emphasised the importance of the identifier generation scheme in terms of the flexibility, costs, and operational requirements of the LEI system from the stand-point of short-term implementation and integration of local systems, as well as long-term flexibility and resilience of the global

system. Interested PSPG experts are asked to prepare recommendations by September 28 to enable the IG to develop a proposal for the final global LEI system numbering scheme.

The FSB IG is holding a Global Legal Entity Identifier (LEI) System Operational Solution [Demonstration Day](#) on 15 October in Basel, Switzerland. Nominations are being accepted until 22 September 2012.