CHARTER OF THE REGULATORY OVERSIGHT COMMITTEE FOR THE GLOBAL LEGAL ENTITY IDENTIFIER (LEI) SYSTEM

5 NOVEMBER 2012
Charter of the Regulatory Oversight Committee

For the

Global Legal Entity Identifier System

Having regard to:

1. the call of the Heads of State and Government of the Group of Twenty on the Financial Stability Board (FSB) to take the lead in helping coordinate work among the regulatory community to prepare recommendations for the appropriate governance framework, representing the public interest, for a global Legal Entity Identifier (LEI) (Cannes Summit, November 2011, “Declaration – Building Our Common Future: Renewed Collective Action for the Benefit of All”); and

2. the endorsement by the Heads of State and Government of the Group of Twenty of the FSB recommendations regarding the framework for development of a global LEI system for parties to financial transactions, with a global governance framework representing the public interest (Los Cabos Summit, June 2012); and

Recognizing the need to develop and maintain for the broad public good a Global LEI System that is to be used: (a) by authorities of any jurisdiction or financial sector to, assess systemic risk and maintain financial stability, conduct market surveillance and enforcement, supervise market participants, conduct resolution activities, prepare high quality financial data, and to undertake other official functions; and (b) by the private sector to support improved risk management, increased operational efficiency, more accurate calculation of exposures, and other needs.

We, the Finance Ministers and Central Bank Governors of the Group of Twenty, and the Financial Stability Board have set forth this Charter for the Regulatory Oversight Committee (ROC) of the Global Legal Identifier System. The Global LEI System is composed of the ROC together with an operational component, consisting of the LEI foundation (or equivalent legal form) operating the Central Operating Unit (COU), and the federated Local Operating Units (LOUs) providing registration and other services.

1. Mission

The mission of the ROC is to uphold the governance principles of and to oversee the Global LEI System, in the broad public interest, in accordance with:

a) the Global LEI System High Level Principles and FSB recommendations, as endorsed by the Heads of State and Government of the Group of Twenty (Los Cabos, June 2012) (Annex A and B);

b) any additional principles adopted by this ROC; and

c) any amendment to the provisions of this Charter.

In furtherance of this mission, the ROC is to take appropriate action to protect the public interest through regulatory oversight of the Global LEI System.
2. **Objectives and responsibilities of the ROC**

a) In protecting the broad public interest, the objectives of the ROC are to ensure:

(1) open and free access to publicly available data from the Global LEI System, including the following:
   i. data should be non-proprietary, with no bundling of services, or restrictions on access, usage, or redistribution;
   ii. all public data should be readily available on a continuous basis, easily and widely accessible using modern technology, and free of charge;
   iii. confidential data should be safeguarded and with due regard for any applicable data protection legislation;
   iv. data and operating processes should not be subject to any type of intellectual property restrictions, except those judged necessary by the ROC for protecting the broad public interest;
   v. restrictions should not be placed on a registrant on the use of its own LEI.

(2) open access to obtaining an LEI, including:
   i. by providing that any entities required, or eligible, to obtain an LEI are able to acquire one under open and non-discriminatory terms;
   ii. by providing that fees, where and when imposed by the COU, are set on a non-profit cost-recovery basis under the premise that the operational model of the COU is efficient and avoids excessive costs and, that where possible, a parallel arrangement holds for the LOUs;
   iii. by providing that the intellectual property necessary for or associated with the operation of the Global LEI System is held in a way that facilitates achievement of the High Level Principles.

(3) 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) that the Global LEI System meets broad public and private sector requirements, including:
   i. ensuring the uniqueness, consistency, exclusivity, accuracy, reliability, timeliness of access, portability, and persistence of the LEI code and reference data;
   ii. evaluating continually the relevance of existing standards, and proposing new or adapting existing standards for the Global LEI System that serve the broad public interest or reflect changes in financial markets or other relevant areas as required;
   iii. promoting the use and scope of the Global LEI System to expand the collective benefit from widespread adoption; and
iv. allowing use of local languages and character sets in registration, as well as allowing access to the Global LEI System in a common language and character set.

b) In carrying out its mission and objectives, the ROC has the following responsibilities and authorities:

(1) to be the ultimate authority for oversight of the Global LEI System, including guidance, standards, high level plans, policies, and protocols. The capacity to review and approve all decisions relating to the governance and strategy of the global LEI foundation operating the COU;

(2) to facilitate the establishment of, and to designate the global LEI foundation (or body of equivalent legal form) as the legal entity that operates the COU;

(3) to oversee standards and general policies for the Global LEI System to ensure that they are in the broad public interest, including, but not limited to:

i. standards for LEI reference data and for other aspects of the operations of the Global LEI System;

ii. standards for participation of LOUs in the Global LEI System;

iii. cost-recovery principles, protocols, and procedures for the COU budget formation;

iv. material contracts review to ensure that the objectives in section 2 a) are respected; and

v. standards for business continuity, disaster recovery and automated system safeguards.

(4) to request and receive independent audits of the Global LEI System for financial control, best business practices, and data quality standards;

(5) to appoint the initial Board of Directors of the global LEI foundation operating the COU, to review the appointment and continuance of Directors, and to request (or direct, if consistent with the governing law of the global LEI foundation) removal of Directors for cause, according to public-interest protection criteria established by the ROC to be reflected in the governing documents of the global LEI foundation;

(6) to appoint, public or independent Directors of the global LEI foundation operating the COU from outside of the regulatory community with special powers, determined by the ROC and to the extent permissible under the law governing the LEI foundation, who as individuals are to act in the broad public interest, (pursuant to the criteria established by the ROC and reflected in the governing documents of the global LEI foundation);

(7) to issue guidance to the COU or other parts of the Global LEI System to protect the broad public interest as expressed in the High Level Principles or in this Charter;
to monitor the performance of the Global LEI System, through inspections, hearings, reports and other means;

(9) to promote a high level of transparency in the operation of the Global LEI System;

(10) to establish or appoint such special advisory, technical, or professional committees, working groups, or panels, as may be useful in carrying out the mission, objectives, and responsibilities of the ROC. The membership of such committees, working groups, or panels may be composed of Members of the ROC, other persons, (including from both the regulatory community or private sector), or both;

(11) to consider establishment of an appropriate framework for mediating or resolving disputes;

(12) to adopt, in addition to the provisions of this Charter, such rules or procedures as may be necessary to carry out the mission, objectives and responsibilities of the ROC; and

(13) to undertake any such other functions and actions as may be necessary and permissible to carry out the mission, objectives, and responsibilities of the ROC.

3. Members

a) The following are eligible to be a Member of the ROC:

(1) any public sector authority and jurisdiction including regulatory and supervisory authorities and central banks;

(2) public international financial institutions; and

(3) international public sector standard setting, regulatory, supervisory, and central bank bodies and supranational authorities.

on condition that they are dedicated to working actively for the broad public interest in accordance with the Global LEI System High Level Principles and to working actively towards the objectives specified in this Charter. The public international financial institutions that are so dedicated participate as Members in accordance with their respective legal and policy frameworks.

b) Membership criteria may be reviewed every 3 years, or earlier under circumstances where needs for review are identified, by the Plenary in the light of the ROC’s mission, objectives and responsibilities.

c) Recognising the need to support effective decision making and thus to contain the number of decision-making Members, jurisdictions are invited to ensure co-ordination among authorities that meet the eligibility criteria.

d) In the event that the number of eligible members wishing to join the ROC reaches such a size that makes decision-making impractical, Plenary Members should review whether new provisions are needed to limit Plenary Membership.
4. **Commitments of Members**

Assent to the Charter means that a Member is to:

a) uphold the High-Level Principles and goals set forth in the Charter to protect the broad public interest in relation to the Global LEI System;

b) participate actively in the work of the ROC; and

c) support the introduction of the Global LEI System for official or international identification purposes.

5. **Observers**

a) Public authorities and jurisdictions, public international financial institutions, and international public sector standard setting, regulatory, supervisory, and central bank bodies and supranational authorities, as defined in 3 a) above, that support the High Level Principles and wish to be informed of the proceedings of the ROC, but do not wish to participate actively in the decision making and governance process may become Observers.

b) An Observer may attend meetings of the Plenary and participate in the ROC in a manner to be determined by the Plenary, Executive Committee, or any other groups, committees, working groups or panels that invite the Observer.

An Observer may not participate in the decision making of the Plenary or the Executive Committee.

6. **Structure**

The ROC is composed of the following:

a) the Plenary;

b) the Executive Committee;

c) the Committee on Evaluation and Standards; and

d) other committees, working groups, or panels as provided for in Section 2 (b) (10) above.

7. **Decision making**

a) Decisions by the Plenary, Executive Committee, and any other groups, committees, or bodies established by the ROC should be taken by consensus where possible.

b) Members of the ROC have the duty to work towards consensus.

c) The Chair has the duty to seek as broad a consensus as possible.

d) Members who have stated an objection have the right to delay a decision for a fixed, short period and ask the Chair to seek an alternative solution.
Voting should only occur in exceptional circumstances where consensus cannot be reached using the procedures outlined above. For such an eventuality, the ROC is to develop voting procedures with a geographically balanced majority for adopting decisions in the event that consensus cannot be reached for either or both the Plenary and the Executive Committee.

8. Plenary Membership and Responsibilities

a) The Plenary consists of one designated representative of each Member of the ROC.

b) The Plenary is the ultimate decision-making body of the ROC.

c) The Plenary is presided over by the Chair of the ROC.

d) The Plenary:

1. decides on the manner in which the Plenary conducts its affairs;
2. approves the work program of the ROC;
3. oversees the standards and general policies for the Global LEI System, to ensure that they protect the broad public interest, taking account of the analysis and recommendations of the Executive Committee;
4. exercises oversight of the adherence of the Global LEI System to the High Level Principles and the goals specified in this Charter, and promotes transparency throughout the system;
5. reviews membership criteria every 3 years or earlier where needs for review are identified, in the light of the ROC mission, objectives and responsibilities;
6. appoints the Chair, the Vice Chair(s), and the Executive Committee;
7. provides the Executive Committee with specific dedicated responsibilities and powers to take forward the work of the ROC and assigns responsibility for decisions on operational oversight issues to the Executive Committee;
8. facilitates the establishment of, and designates the global LEI foundation (or body of equivalent legal form) as the legal entity that operates the COU and terminates this designation;
9. appoints the initial Board of Directors of the global LEI foundation operating the COU and reviews appointment and continuance of Directors, and thereafter requests removal of Directors, as specified in 2 (b) (5) of this Charter, taking due account of the recommendations of the Executive Committee;
10. appoints, public or independent Directors as foreseen in section 2 (b) (6);
11. hears at least twice a year, and as deemed necessary by the Plenary, a report from the Chair of the Board of Directors of the global LEI foundation operating the COU;
12. establishes the Committee on Evaluation and Standards and appoints its chair;
establishes other committees, working groups and panels, as necessary, including membership and responsibilities;

appoints the Secretariat;

reviews and approves any amendments to this Charter; and

decides on any other matter governing the business and affairs of the ROC.

9. Plenary Representation and Attendance

a) All Members are entitled to attend and participate in the Plenary.

b) The Chair of the ROC presides over the Plenary.

c) The Plenary is expected to meet at least 2 times each year.

10. Executive Committee

a) An Executive Committee is established and composed of an initial maximum of twenty-three (23) Members selected by, and from among the Plenary Membership. Regional Executive Committee Members are to be selected by and from the Plenary Members for that region. Members representing global public international financial institutions and standard setting bodies are to be selected by the Plenary.

b) Membership of the Executive Committee is to be balanced jurisdictionally and regionally. The initial composition of the Executive Committee is to consist of a maximum of five (5) Members from at least 2 jurisdictions in each of the following regions: North America (including Mexico and the Caribbean); Europe (including the Commonwealth of Independent States); Asia (excluding the Middle East); and Central and South America, Africa, Oceania, and the Middle East. In addition, up to three (3) Members may be appointed to represent global public international financial institutions and standard setting bodies. The maximum size and composition of the Executive Committee is to be reviewed every 3 years, in accordance with criteria to be developed and approved by the Plenary. The Chair and the Vice Chair(s) are to be appointed from the Membership of the Executive Committee.

c) Members of the Executive Committee are to be appointed for a maximum 3 year term, subject to renewal. Initial appointments may include some shorter term appointments to facilitate rotation in each region upon the decision of a region.

d) The Executive Committee is to take forward the work of the ROC including decisions on operational oversight issues, under specified delegated responsibilities and powers provided by the Plenary.

e) The Executive Committee may establish working groups and panels as needed to take forward the work of the Executive Committee.

f) In addition to its delegated responsibilities, the duties of the Executive Committee include the following:

(1) providing regular information and recommendations to the Plenary to keep the Plenary fully engaged and capable of action;
informing the Plenary on the fulfilment of the delegated oversight responsibilities provided to the Executive Committee;

monitoring and guiding the progress of the ROC’s ongoing work;

preparing options for decision for matters reserved to the Plenary;

conducting ongoing oversight of the Global LEI System to monitor adherence to the High Level Principles and other agreed principles, policies and standards to protect the broad public interest. In furtherance of this mission the Executive Committee shall hear at least twice a year, and as deemed necessary by the Executive Committee, a report from the Chair of the Board of Directors of the global LEI foundation operating the COU;

analysing and developing recommendations for principles, standards and general policies for the Global LEI System, ensuring that they serve the broad public interest, including, but not limited to:

i. standards for LEI reference data and for other aspects of the Global LEI System’s operations;

ii. standards for participation of LOUs in the Global LEI System;

iii. cost-recovery principles, protocols, and procedures for the COU budget formation;

iv. material contracts review to ensure that the objectives in section 2 a) are respected; and

v. standards for business continuity, disaster recovery, and automated system safeguards.

reviewing and commissioning work from the Committee on Evaluation and Standards or other committees, working groups and panels and co-ordinating work across those groups;

requesting and receiving independent audits of the system for: financial control, best business practices, and data quality standards;

performing on site reviews of the COU, subject to COU security requirements;

requesting on as needed basis information from the Directors of the global LEI foundation operating the COU;

issuing guidance to the COU or other parts of the Global LEI System to protect the broad public interest as expressed in the High Level Principles or in this Charter;

considering establishment of an appropriate framework for mediating or resolving disputes;

overseeing the work of the ROC Secretariat;

preparing the Plenary meetings, including making recommendations as appropriate in order to allow the Plenary to efficiently fulfil its mandate; and
taking forward, after consultation and consistent with the directions of the Plenary, any other work necessary for the ROC to meet its mandate.

11. **Committee on Evaluation and Standards (CES)**

The CES has the following responsibilities to support the regulatory oversight functions of the ROC and the Executive Committee:

- **a)** to evaluate the adequacy of existing standards and protocols in the light of the High Level Principles and other principles adopted by the ROC and that serve the broad public interest;
- **b)** to propose revised or additional standards, or protocols as necessary;
- **c)** to recommend to the Executive Committee the development of additional standards and protocols or the modification of existing standards and protocols as necessary; and
- **d)** to perform any other tasks and functions as requested by the Plenary or Executive Committee.

Members of the CES do not necessarily need to be the individuals or organisations participating in the ROC. The CES reports to the Executive Committee on a regular basis and to the Plenary when requested.

12. **Chair**

- **a)** The Chair and the Vice Chair(s) are appointed by the Plenary from the Membership of the Executive Committee for a term of 2 consecutive years extendable for a maximum of one year.
- **b)** The Chair convenes and chairs the meetings of the Plenary and of the Executive Committee.
- **c)** The Chair is the principal spokesperson for the ROC and represents the ROC externally. The Chair should be informed of all significant matters that concern the ROC.
- **d)** The Chair is to take all decisions and act as necessary to achieve the objectives of the ROC, in accordance with directions given by the Plenary or the Executive Committee.
- **e)** The Chair is to act in the best interests of the ROC and ROC Membership.
- **f)** The Chair has a duty to seek as broad a consensus as possible.
- **g)** The Chair is to be supported by up to two Vice-Chair(s), appointed by the Plenary from the Membership of the Executive Committee for a term concurrent to the Chair. The Chair and Vice-Chair(s) are to be from different geographic regions.
13. Secretariat

a) The Plenary is to appoint a Secretariat to support the ROC, taking account of a recommendation from the Chair and the Executive Committee.

b) The Secretariat is directed by the Chair of the ROC, on behalf of the Plenary and Executive Committee.

c) The duty of the Secretariat is to support the work of the ROC. The Secretariat does not participate in any ROC decision making.

d) The Secretariat is to maintain and publish a list of Plenary Members.

e) The initial Secretariat is to be provided through the establishment of an agreement with an existing public international financial institution, that could help the ROC to mobilise and organise the necessary secretariat services during the first 3 years of formation.

f) On an ongoing basis, the costs of the Secretariat are to be provided from registration fees levied on registrants consistent with modalities to be established by the Plenary.

g) The Plenary is to review all aspects of Secretariat arrangements 3 years after the formation of the ROC.

14. Funding of the ROC

On an ongoing basis, the funding of the ROC is to be provided from registration fees levied on registrants consistent with modalities to be established by the Plenary.

15. Establishment

a) The ROC is to be formed following endorsement of this Charter by the Group of Twenty and the FSB, and there being:

(1) at least eleven (11) authorities assenting to this Charter, including:

(2) at least three (3) from each of three regional groupings: North America (including Mexico and the Caribbean); Europe (including the Commonwealth of Independent States); and Asia (excluding the Middle East); and

(3) at least two (2) from a regional group comprising Central and South America, Africa, Oceania, and the Middle East; and

(4) of those authorities assenting within each of the four regions, at least two (2) deriving from different jurisdictions.

b) Prior to the formation of the ROC and appointment of the Chair of the ROC by the Plenary, assent to the Charter is to be made by letter from eligible authorities to the Chair of the FSB.
c) On formation of the ROC, and appointment of the Chair of the ROC by the Plenary, assent to the Charter is to be made by letter from eligible authorities to the Chair of the ROC. Membership becomes active once the Chair has provided confirmation.

d) A Member may terminate its Membership by letter to the Chair of the ROC.

e) A request for Observer status is to be made by letter from eligible authorities to the Chair of the FSB prior to the formation of the ROC, and thereafter by letter to the Chair of the ROC.

16. Access to information

The ROC is to have access to documents of the global LEI foundation operating the COU as well as those of the COU. The non-public information contained in these documents is to be treated as confidential information by the Members of the ROC. Provisions regarding such access are to be reflected in by-laws of the LEI foundation.

17. Confidentiality

The ROC Members are to treat all non-public information and documents, provided to or obtained by them under or in connection with LEI oversight activities and this Charter, as confidential. The Members are to ensure that confidential information provided to them in the context of the regulatory oversight arrangements is to be used only for the oversight of the Global LEI System, and is not to be used by them for any other purpose, including in their capacities as users of the LEI services, provided that the foregoing does not prejudice their responsibilities under national laws or regulatory requirements.

18. Amendment Clause

Amendment of any of the provisions of this Charter may be proposed by the Executive Committee or Plenary and if adopted by the Plenary modifies this Charter. Such adoption is subject to the decision-making framework for the ROC, or by specific procedures to be defined by the Plenary.

19. Review Clause

The ROC may review the Charter as necessary, in an appropriate manner. The review may cover all aspects of the governance arrangements for the Global LEI System. An initial review is to take place by no later than October 2017. By this date, the Plenary is to examine this Charter on the basis of a report from the Executive Committee and is to determine whether the mission and organization of the ROC need to be reviewed.
20. Legal Effect

This Charter does not create any legal rights or obligations or modify or supersede any national or international laws or regulatory requirements in force in any applicable jurisdiction, or applying to, any of the Members.

Nothing in this Charter is to require or to be deemed to require any of the Members to act in a manner which amounts to or may amount to violation of any of the provisions of any such national or international laws, legal frameworks, or regulatory requirements, or to prejudice or affect the exercise of any of their rights and discretions thereunder.

By endorsing or assenting to this Charter or becoming a Member of the ROC, no Member waives any immunity from suit or privilege to which it may otherwise be entitled and no Member submits to the jurisdiction of any court or arbitral body that would not otherwise have jurisdiction.

21. Annexes

The Annexes to this Charter, are considered part of the Charter:

Annex B: Recommendations for the development and implementation of the Global LEI System.
Annex A: Global LEI System High Level Principles

1. The Global LEI system should uniquely identify participants to financial transactions.

2. The LEI system should meet the requirements of the global regulatory community for accurate, consistent and unique entity identification.

3. The LEI system should be designed in a manner that provides benefits to financial market participants.

4. Flexibility must be built into the global LEI system to provide the capability for the system to expand, evolve, and adapt to accommodate innovations in financial markets.

5. The LEI system should not be “locked-in” with a particular service provider for any key system functions or processes. The principles of competition should be ensured on both global and local levels where appropriate.

6. The global LEI system should support a high degree of federation and local implementation under agreed and implemented common standards.

7. The LEI system should meet evolving requirements of both the regulatory community and industry participants in terms of information content, scope of coverage, timeliness and availability.

8. The LEI Regulatory Oversight Committee should have the responsibility of upholding the governance principles and oversight of the global LEI system functioning to serve the public interest. The Committee has the ultimate power and authority over the global LEI system.

9. The mission, role and responsibilities of the ROC shall be specified by the global LEI Regulatory Oversight Committee Charter, which shall establish the Committee.

10. Participation in the global LEI Regulatory Oversight Committee shall be open to all authorities subscribing to the High Level Principles and to the objectives and commitments in the Charter.

11. The LEI Central Operating Unit should have the mission and role to ensure the application of uniform global operational standards and protocols set by the ROC and act as the operational arm of the global LEI system. It shall be established as a foundation or legal equivalent.

12. The LEI Central Operating Unit should have a balanced representation of industry participants from different geographic areas and sectors of economy. Its Board of Directors should be selected from industry representatives, plus independent participants.
13. The LEI system should allow the local provision by Local Operating Units of all LEI functions which the ROC determines are not required to be centralised.

14. The LEI system should promote the provision of accurate LEI reference data at the local level from LEI registrants and ensure global uniqueness of the registrants.

15. Any global universal intellectual property rights should belong to the global LEI system.
Annex B: Recommendations for the development and implementation of the Global LEI System

Recommendation 1

**SETTING UP A GLOBAL LEI SYSTEM** The FSB strongly supports the development and implementation of a global LEI system that uniquely identifies participants to financial transactions.

Recommendation 2

**GLOBAL REGULATORY COMMUNITY REQUIREMENTS** The LEI system should meet the requirements of the global regulatory community (including supranational organisations). The potential benefits of the LEI include: to support authorities in fulfilling their mandates to assess systemic risk and maintain financial stability; conduct market surveillance and enforcement; supervise market participants; conduct resolution activities; prepare high quality financial data and undertake other regulatory functions.

Recommendation 3

**GLOBAL LEI SYSTEM GOVERNING DOCUMENTS** Global LEI system High Level Principles set out the principles and commitments that specify and define the governance and structure of the global LEI system. A global LEI Regulatory Oversight Committee Charter should specify the mission, role and responsibilities of the Committee as well as the process for its establishment. Support for the High Level Principles agreement and Charter will indicate a desire to participate in the global LEI system.

Recommendation 4

**SUPPORT OF FINANCIAL MARKET PARTICIPANTS** The LEI system should be designed in a manner that provides benefits to financial market participants.

Recommendation 5

**SYSTEM FLEXIBILITY** Flexibility must be built into the global LEI system to provide the capability for the system to expand, evolve and adapt to accommodate innovations in financial markets. It must also allow the seamless introduction of new participants. To these ends, critical software and other relevant elements must be defined and made publicly available without any licensing, intellectual property or similar restrictions under open source principles. The LEI should be portable within the global LEI system.

Recommendation 6

**COMPETITION AND ANTI-TRUST CONSIDERATIONS** The LEI system should be designed to ensure that it is not “locked-in” with a particular service provider for any key system functions or processes, and that the principles of competition are ensured on both global and local levels where appropriate. The governance framework should provide

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1 In this context a portable LEI means that the code could be transferred from one LOU to another LOU. This may be necessary, for example, in case of the LEI being obtained originally from a foreign LOU before a local LOU was established or if an entity changed its legal address or headquarters, etc.
safeguards to ensure that competition principles and anti-trust considerations are upheld. The local implementation of the global LEI system should meet local anti-trust requirements.

Recommendation 7

**FEDERATED NATURE OF THE LEI SYSTEM** The global LEI system should support a high degree of federation and local implementation under agreed and implemented common standards.

Recommendation 8

**SCOPE OF COVERAGE** Eligibility of ‘legal entities’ to apply for an LEI should be broadly defined, in order to identify the legal entities relevant to any financial transaction. No more than one LEI shall be assigned to any legal entity.

Recommendation 9

**LEI REFERENCE DATA AT SYSTEM LAUNCH** The official name of the legal entity, the address of the headquarters of the legal entity, the address of legal formation, the date of the first LEI assignment, the date of last update of the LEI, the date of expiry, business registry information (if applicable), alongside a 20 digit alphanumeric code should form the basis for the global system at the launch of the global LEI initiative. For entities with a date of expiry, the reason for the expiry should be recorded, and, if applicable, the LEI of the entity or entities that acquired the expired entity.

Recommendation 10

**REVIEW OF SCOPE OF COVERAGE AND REFERENCE DATA** The Regulatory Oversight Committee should undertake regular reviews of the scope and extent of coverage of the LEI to reflect emerging regulatory and market requirements for the LEI use according to an agreed schedule. The Regulatory Oversight Committee should undertake regular reviews of the LEI reference data according to a set schedule to monitor the required changes, additions, retirements and modifications.

Recommendation 11

**STANDARDS FOR THE LEI SYSTEM** The LEI system should meet, to the degree possible, evolving requirements of both the regulatory community and industry participants in terms of information content, scope, timeliness and availability. The Regulatory Oversight Committee is responsible for the final determination for any standards for the LEI to be utilised in the global LEI system. When proposing areas for the development of new standards, the Regulatory Oversight Committee should strongly consider utilising existing standard setting organizations to develop such standards, provided that such organizations incorporate the requirements for the standards as determined and communicated by the Regulatory Oversight Committee.

Recommendation 12

**LEI REFERENCE DATA ON OWNERSHIP** The FSB LEI Implementation Group should as soon as possible develop proposals for additional reference data on the direct and ultimate
parent(s) of legal entities and relationship or ownership data more generally and to prepare recommendations by the end of 2012. The group should work closely with private sector experts in developing the proposals.

Recommendation 13

**LEI OPERATIONAL AND HISTORICAL DATA** The LEI system should maintain high quality records that retain relevant information on amendments (query, add, modify or delete of any data element) to data items as well as additional data to facilitate the surveillance and control of the system by the COU where appropriate.

Recommendation 14

**CENTRAL OPERATING UNIT** The mission and role of the Central Operating Unit should be to ensure the application of uniform global operational standards and protocols that deliver global uniqueness of the LEI, seamless access to the global LEI and to high quality reference data for users with depth of access controlled by appropriate access rights, as well as protocols and methods for how local systems can connect to the Central Operating Unit.

Recommendation 15

**FORMATION OF THE CENTRAL OPERATING UNIT** The LEI Implementation Group should develop a detailed plan for the formation of the Central Operating Unit via the establishment of a not-for-profit LEI foundation by interested industry participants under the oversight of the formed LEI Regulatory Oversight Committee. The foundation would rely on industry participants, their 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 Regulatory Oversight Committee. Representatives from all geographic areas and industry sectors would be invited to participate in the preparatory work underpinning the formation of the LEI foundation as the Central Operating Unit in a manner defined by the Implementation Group.

Recommendation 16

**BALANCED REPRESENTATION IN THE CENTRAL OPERATING UNIT** The Regulatory Oversight Committee and LEI Implementation Group should ensure that the global LEI foundation takes account of the interests of financial and non-financial industry participants from different geographic areas and economic sectors.

Recommendation 17

**LOCAL OPERATING UNITS** The LEI system should allow the local provision of all LEI functions which the Regulatory Oversight Committee determines do not need to be centralised. The LEI system should enable the use of local languages, organisation types and relationship structures as required. Procedures to integrate local systems into the global LEI system should be developed by the LEI Implementation Group in consultation with local jurisdictions and potential Local Operating Units (when available) in a way and manner that

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2 Or body of equivalent legal form.
meets the global LEI system High Level Principles. The Central Operating Unit of the LEI system should be able to provide support to Local Operating Unit operations when necessary according to criteria and requirements established by the Regulatory Oversight Committee and administered by the Central Operating Unit.

Recommendation 18

LEI DATA VALIDATION The LEI system should promote the provision of accurate LEI reference data at the local level from LEI registrants. Responsibility for the accuracy of reference data should rest with the LEI registrant, but Local Operating Units have responsibility to exercise due diligence in guarding against errors, as consistent with Regulatory Oversight Committee standards, and to encourage necessary updating. The Central Operating Unit has responsibility to check registrations for global uniqueness and to coordinate reconciliation by Local Operating Units where necessary. Accuracy should be ensured at the local level by the registered entities. Self-registration should be encouraged as a best practice for the global LEI system.

Recommendation 19

LEI ISSUANCE WHEN NO LOCAL REGISTRAR AVAILABLE Whenever possible the LEI registration should take place with the relevant Local Operating Unit. When a Local Operating Unit is not available, the Regulatory Oversight Committee and a local jurisdiction (when willing to engage) should agree on approaches for local entities to obtain LEIs. The Implementation Group should develop proposals for such mechanisms via: (1) establishing a mechanism of obtaining LEIs through other Local Operating Units; (2) establishing a mechanism of obtaining LEIs from a registration facility in the Central Operating Unit; and (3) any other mechanisms that are appropriate.

Recommendation 20

SUSTAINABLE FUNDING The steady state funding of the global LEI system should be self-sustainable and reliable. The funding system should be based on an efficient non-profit cost-recovery model. The system should have two components: a local discretionary charge; and a common fee based on the number of registrations in each LOU to pay for the centralised operations in the Central Operating Unit, alongside any costs of implementing and sustaining the governance framework. Fees should be sufficiently modest not to act as a barrier to acquiring an LEI.

Recommendation 21

GLOBAL REGULATORY OVERSIGHT COMMITTEE CHARTER The governance framework of the global LEI system should be developed at the international level in an open and transparent manner that supports collective governance of the global system. A global LEI Regulatory Oversight Committee Charter should set out the formation and operations of the Regulatory Oversight Committee. The global LEI Regulatory Oversight Committee Charter should be prepared by the FSB LEI Implementation Group for endorsement by the G-20 at the Finance Ministers and Central Bank Governors meeting in November 2012 or by the FSB Plenary in October.
Recommendation 22

REGULATORY OVERSIGHT COMMITTEE  A Regulatory Oversight Committee, as specified in the Charter, should have the responsibility of upholding the governance principles and oversight of the global LEI system functioning to serve the public interest. The Regulatory Oversight Committee should be a body representing regulators and other government or supranational entities engaged in regulating or monitoring the financial system or markets. Membership and decision making processes would be established by the Charter. Wherever possible, decisions would be reached by consensus.

Recommendation 23

POWER AND AUTHORITY OF THE REGULATORY OVERSIGHT COMMITTEE  The Regulatory Oversight Committee has the ultimate power and authority over the global LEI system. Any power delegated to the Central Operating Unit, Local Operating Units and other entities can be reversed by the Regulatory Oversight Committee. The Regulatory Oversight Committee should establish a formal oversight plan to ensure that its directives to the Central Operating Unit or other parts of the system are enforced and that the governance principles are upheld.

Recommendation 24

PARTICIPATION IN THE REGULATORY OVERSIGHT COMMITTEE  To participate in the LEI Regulatory Oversight Committee, an authority should indicate support for the global LEI High Level Principles and Charter for the Regulatory Oversight Committee. Authorities may elect to be a full member of the Regulatory Oversight Committee or an observer. The rights and responsibilities of members and observer status participants should be defined in the Charter.

Recommendation 25

LEVERAGING INFRASTRUCTURE OF AN INTERNATIONAL FINANCIAL ORGANISATION  In developing proposals to establish the Regulatory Oversight Committee following agreement on the Charter, the Implementation Group should if possible and, subject to agreement, leverage on the existing infrastructure of an international financial organisation to initiate and stand-up the global LEI governance structure in a timely manner, utilising the experience of the international organisation in executing international initiatives.

Recommendation 26

GOVERNING DOCUMENTS FOR THE CENTRAL OPERATING UNIT  Alongside the development of the global Charter, the Implementation Group should develop legal documents governing the mandate provided by the Regulatory Oversight Committee to the Central Operating Unit as well as other legal documents needed to specify the full governance framework for the global LEI system.

Recommendation 27

Local authorities may also reserve rights to be engaged in decisions on local registration operations to the extent that they act in accordance with the High-Level Principles of the LEI system.
BOARD OF DIRECTORS OF THE CENTRAL OPERATING UNIT  The Central Operating Unit shall have a Board of Directors. The Regulatory Oversight Committee has the right to veto membership of the BOD, as well as to remove members. The ROC has the right to appoint independent members.

Recommendation 28

FORMATION OF THE INITIAL BOARD OF DIRECTORS OF THE CENTRAL OPERATING UNIT  The Central Operating Unit’s initial Board of Directors should be appointed by the Regulatory Oversight Committee, taking into account the need for geographic and sectoral diversity. The Implementation Group should develop the fitness criteria, size, role etc for the BOD that should be reviewed in two years by the Regulatory Oversight Committee.

Recommendation 29

POWERS AND FUNCTIONS OF THE BOD OF THE CENTRAL OPERATING UNIT  The Board of Directors of the Central Operating Unit should be granted powers to direct the management and operations of the Central Operating Unit in line with the overall standards set by the Regulatory Oversight Committee.

Recommendation 30

CONTINGENCY ARRANGEMENTS  The Regulatory Oversight Committee is responsible for setting and overseeing the application of business continuity standards for the global LEI system in line with best practices for key financial infrastructure. Rules and procedures should be defined that the Central Operating Unit and Local Operating Units must follow in case of insolvency, bankruptcy, etc in order to ensure continuity of the global LEI system. A protocol should also be developed for maintenance of secure parallel copies of the LEI, in a manner that respects local laws.

Recommendation 31

LEI INTELLECTUAL PROPERTY  The LEI Implementation Group should conduct analysis and provide recommendations on the treatment of the “LEI” intellectual property (such as the LEI code, software, reference data, any other LEI data, operational protocols, etc) according to the principles of open access and the nature of the LEI system as a public good. The objective of this analysis shall be to ensure a regime that assures the availability in the public domain, without limit on use or redistribution, of LEI data, reference data, and processes. Any intellectual property rights should be held by, or licensed to the global LEI foundation unless defined otherwise by the Regulatory Oversight Committee. Copyright should be used to the extent possible to promote the free flow or combination of information from disparate sources.

Recommendation 32

FSB LEI IMPLEMENTATION GROUP  Subject to the G-20 supporting further work to launch the global LEI, and entrusting implementation planning to the FSB, an FSB LEI

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4 In this context independent members mean non-industry representatives.
Implementation Group (IG) should be established with a clear mandate to launch the global LEI system on a self-standing basis. The LEI Implementation Group should cease to exist upon formation of the Regulatory Oversight Committee which should be by 31 March 2013 at the latest.

Recommendation 33

STRUCTURE OF THE FSB LEI IMPLEMENTATION GROUP A time-limited FSB LEI Implementation Group of interested and willing experts (legal, IT, and other) from the global regulatory community that includes interested parties from the FSB LEI Expert Group should be formed to take the global LEI initiative forward into the global implementation phase until the Regulatory Oversight Committee is established. The IG should be led by representatives from different geographic areas to reflect the global nature of the LEI initiative and will be supported by the FSB Secretariat. The IG should develop proposals for the global LEI system stand-up as defined in the mandate below for review and endorsement by the FSB Plenary in October 2012 and, as appropriate, final review and endorsement by G-20 Finance Ministers and Central Bank Governors in November 2012.

Recommendation 34

RESPONSIBILITIES OF THE FSB LEI IMPLEMENTATION GROUP The mandate of the FSB LEI Implementation Group should be to prepare a draft global LEI Regulatory Oversight Committee Charter, proposals for the establishment of the LEI Regulatory Oversight Committee and related structures, develop all necessary legal documents for Regulatory Oversight Committee operations, develop necessary intellectual property agreements and contracts, conduct research and provide recommendations on LEI related information sharing arrangements; set up the process and any necessary legal documentation necessary for establishment of the Central Operating Unit and its Board of Directors; and set up the process for establishment of the necessary standards, protocols, rules and procedures and organizational design for the Central Operating Unit.

Recommendation 35

ESTABLISHMENT OF THE GLOBAL LEI SYSTEM The global LEI system will be established by the endorsement of the high level Charter for the Regulatory Oversight Committee by the G-20 Finance Ministers and Governors in November or by the FSB Plenary in October.