

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

5 NOVEMBER 2012

1 **Charter of the Regulatory Oversight Committee**

2 **For the**

3 **Global Legal Entity Identifier System**

4  
5 Having regard to:

- 6  
7 (1) the call of the Heads of State and Government of the Group of Twenty on the Financial  
8 Stability Board (FSB) to take the lead in helping coordinate work among the regulatory  
9 community to prepare recommendations for the appropriate governance framework,  
10 representing the public interest, for a global Legal Entity Identifier (LEI) (Cannes  
11 Summit, November 2011, “*Declaration – Building Our Common Future: Renewed*  
12 *Collective Action for the Benefit of All*”); and  
13  
14 (2) the endorsement by the Heads of State and Government of the Group of Twenty of the  
15 FSB recommendations regarding the framework for development of a global LEI system  
16 for parties to financial transactions, with a global governance framework representing the  
17 public interest (Los Cabos Summit, June 2012); and  
18

19 Recognizing the need to develop and maintain for the broad public good a Global LEI  
20 System that is to be used: (a) by authorities of any jurisdiction or financial sector to, assess  
21 systemic risk and maintain financial stability, conduct market surveillance and enforcement,  
22 supervise market participants, conduct resolution activities, prepare high quality financial  
23 data, and to undertake other official functions; and (b) by the private sector to support  
24 improved risk management, increased operational efficiency, more accurate calculation of  
25 exposures, and other needs.  
26

27 We, the Finance Ministers and Central Bank Governors of the Group of Twenty, and the  
28 Financial Stability Board have set forth this Charter for the Regulatory Oversight Committee  
29 (ROC) of the Global Legal Identifier System. The Global LEI System is composed of the  
30 ROC together with an operational component, consisting of the LEI foundation (or equivalent  
31 legal form) operating the Central Operating Unit (COU), and the federated Local Operating  
32 Units (LOUs) providing registration and other services.  
33

34 **1. Mission**

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

- 37 a) the Global LEI System High Level Principles and FSB recommendations, as endorsed  
38 by the Heads of State and Government of the Group of Twenty (Los Cabos, June 2012)  
39 (Annex A and B);  
40 b) any additional principles adopted by this ROC; and  
41 c) any amendment to the provisions of this Charter.

42 In furtherance of this mission, the ROC is to take appropriate action to protect the public  
43 interest through regulatory oversight of the Global LEI System.

44 **2. Objectives and responsibilities of the ROC**

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

46 (1) open and free access to publicly available data from the Global LEI System,  
47 including the following:

48 i. data should be non-proprietary, with no bundling of services, or  
49 restrictions on access, usage, or redistribution;

50 ii. all public data should be readily available on a continuous basis, easily  
51 and widely accessible using modern technology, and free of charge;

52 iii. confidential data should be safeguarded and with due regard for any  
53 applicable data protection legislation;

54 iv. data and operating processes should not be subject to any type of  
55 intellectual property restrictions, except those judged necessary by the  
56 ROC for protecting the broad public interest;

57 v. restrictions should not be placed on a registrant on the use of its own  
58 LEI.

59 (2) open access to obtaining an LEI, including:

60 i. by providing that any entities required, or eligible, to obtain an LEI are  
61 able to acquire one under open and non-discriminatory terms;

62 ii. by providing that fees, where and when imposed by the COU, are set  
63 on a non-profit cost-recovery basis under the premise that the  
64 operational model of the COU is efficient and avoids excessive costs  
65 and, that where possible, a parallel arrangement holds for the LOUs;

66 iii. by providing that the intellectual property necessary for or associated  
67 with the operation of the Global LEI System is held in a way that  
68 facilitates achievement of the High Level Principles.

69 (3) that no entity involved in the Global LEI System exploits its relationship with  
70 the system in a way contrary to the broad public interest;

71 (4) that the Global LEI System meets broad public and private sector  
72 requirements, including:

73 i. ensuring the uniqueness, consistency, exclusivity, accuracy, reliability,  
74 timeliness of access, portability, and persistence of the LEI code and  
75 reference data;

76 ii. evaluating continually the relevance of existing standards, and  
77 proposing new or adapting existing standards for the Global LEI  
78 System that serve the broad public interest or reflect changes in  
79 financial markets or other relevant areas as required;

80 iii. promoting the use and scope of the Global LEI System to expand the  
81 collective benefit from widespread adoption; and

- 82                   iv.     allowing use of local languages and character sets in registration, as  
83                   well as allowing access to the Global LEI System in a common  
84                   language and character set.
- 85   b)     In carrying out its mission and objectives, the ROC has the following responsibilities  
86           and authorities:
- 87           (1)     to be the ultimate authority for oversight of the Global LEI System, including  
88           guidance, standards, high level plans, policies, and protocols. The capacity to  
89           review and approve all decisions relating to the governance and strategy of  
90           the global LEI foundation operating the COU;
- 91           (2)     to facilitate the establishment of, and to designate the global LEI foundation  
92           (or body of equivalent legal form) as the legal entity that operates the COU;
- 93           (3)     to oversee standards and general policies for the Global LEI System to ensure  
94           that they are in the broad public interest, including, but not limited to:
- 95                   i.     standards for LEI reference data and for other aspects of the operations  
96                   of the Global LEI System;
- 97                   ii.    standards for participation of LOUs in the Global LEI System;
- 98                   iii.   cost-recovery principles, protocols, and procedures for the COU  
99                   budget formation;
- 100           iv.    material contracts review to ensure that the objectives in section 2 a)  
101           are respected; and
- 102           v.     standards for business continuity, disaster recovery and automated  
103           system safeguards.
- 104           (4)     to request and receive independent audits of the Global LEI System for  
105           financial control, best business practices, and data quality standards;
- 106           (5)     to appoint the initial Board of Directors of the global LEI foundation operating  
107           the COU, to review the appointment and continuance of Directors, and to  
108           request (or direct, if consistent with the governing law of the global LEI  
109           foundation) removal of Directors for cause, according to public-interest  
110           protection criteria established by the ROC to be reflected in the governing  
111           documents of the global LEI foundation;
- 112           (6)     to appoint, public or independent Directors of the global LEI foundation  
113           operating the COU from outside of the regulatory community with special  
114           powers, determined by the ROC and to the extent permissible under the law  
115           governing the LEI foundation, who as individuals are to act in the broad public  
116           interest, (pursuant to the criteria established by the ROC and reflected in the  
117           governing documents of the global LEI foundation);
- 118           (7)     to issue guidance to the COU or other parts of the Global LEI System to  
119           protect the broad public interest as expressed in the High Level Principles or  
120           in this Charter;

- 121 (8) to monitor the performance of the Global LEI System, through inspections,  
122 hearings, reports and other means;
- 123 (9) to promote a high level of transparency in the operation of the Global LEI  
124 System;
- 125 (10) to establish or appoint such special advisory, technical, or professional  
126 committees, working groups, or panels, as may be useful in carrying out the  
127 mission, objectives, and responsibilities of the ROC. The membership of such  
128 committees, working groups, or panels may be composed of Members of the  
129 ROC, other persons, (including from both the regulatory community or private  
130 sector), or both;
- 131 (11) to consider establishment of an appropriate framework for mediating or  
132 resolving disputes;
- 133 (12) to adopt, in addition to the provisions of this Charter, such rules or procedures  
134 as may be necessary to carry out the mission, objectives and responsibilities of  
135 the ROC; and
- 136 (13) to undertake any such other functions and actions as may be necessary and  
137 permissible to carry out the mission, objectives, and responsibilities of the  
138 ROC.

139

### 140 3. Members

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

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

144 (2) public international financial institutions; and

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

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

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

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

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

161 **4. Commitments of Members**

162 Assent to the Charter means that a Member is to:

- 163 a) uphold the High-Level Principles and goals set forth in the Charter to protect the
- 164 broad public interest in relation to the Global LEI System;
- 165 b) participate actively in the work of the ROC; and
- 166 c) support the introduction of the Global LEI System for official or international
- 167 identification purposes.

168

169 **5. Observers**

170 a) Public authorities and jurisdictions, public international financial institutions, and

171 international public sector standard setting, regulatory, supervisory, and central bank

172 bodies and supranational authorities, as defined in 3 a) above, that support the High

173 Level Principles and wish to be informed of the proceedings of the ROC, but do not

174 wish to participate actively in the decision making and governance process may

175 become Observers.

176 b) An Observer may attend meetings of the Plenary and participate in the ROC in a

177 manner to be determined by the Plenary, Executive Committee, or any other groups,

178 committees, working groups or panels that invite the Observer.

179

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

181 Committee.

182

183 **6. Structure**

184 The ROC is composed of the following:

- 185 a) the Plenary;
- 186 b) the Executive Committee;
- 187 c) the Committee on Evaluation and Standards; and
- 188 d) other committees, working groups, or panels as provided for in Section 2 (b) (10)
- 189 above.

190

191 **7. Decision making**

192 a) Decisions by the Plenary, Executive Committee, and any other groups, committees, or

193 bodies established by the ROC should be taken by consensus where possible.

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

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

196 d) Members who have stated an objection have the right to delay a decision for a fixed,

197 short period and ask the Chair to seek an alternative solution.

198 e) Voting should only occur in exceptional circumstances where consensus cannot be  
199 reached using the procedures outlined above. For such an eventuality, the ROC is to  
200 develop voting procedures with a geographically balanced majority for adopting  
201 decisions in the event that consensus cannot be reached for either or both the Plenary  
202 and the Executive Committee.

203

## 204 **8. Plenary Membership and Responsibilities**

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

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

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

208 d) The Plenary:

209 (1) decides on the manner in which the Plenary conducts its affairs;

210 (2) approves the work program of the ROC;

211 (3) oversees the standards and general policies for the Global LEI System, to  
212 ensure that they protect the broad public interest, taking account of the  
213 analysis and recommendations of the Executive Committee;

214 (4) exercises oversight of the adherence of the Global LEI System to the High  
215 Level Principles and the goals specified in this Charter, and promotes  
216 transparency throughout the system;

217 (5) reviews membership criteria every 3 years or earlier where needs for review  
218 are identified, in the light of the ROC mission, objectives and responsibilities;

219 (6) appoints the Chair, the Vice Chair(s), and the Executive Committee;

220 (7) provides the Executive Committee with specific dedicated responsibilities and  
221 powers to take forward the work of the ROC and assigns responsibility for  
222 decisions on operational oversight issues to the Executive Committee;

223 (8) facilitates the establishment of, and designates the global LEI foundation (or  
224 body of equivalent legal form) as the legal entity that operates the COU and  
225 terminates this designation;

226 (9) appoints the initial Board of Directors of the global LEI foundation operating  
227 the COU and reviews appointment and continuance of Directors, and  
228 thereafter requests removal of Directors, as specified in 2 (b) (5) of this  
229 Charter, taking due account of the recommendations of the Executive  
230 Committee;

231 (10) appoints, public or independent Directors as foreseen in section 2 (b) (6);

232 (11) hears at least twice a year, and as deemed necessary by the Plenary, a report  
233 from the Chair of the Board of Directors of the global LEI foundation  
234 operating the COU;

235 (12) establishes the Committee on Evaluation and Standards and appoints its chair;

- 236 (13) establishes other committees, working groups and panels, as necessary,  
237 including membership and responsibilities;
- 238 (14) appoints the Secretariat;
- 239 (15) reviews and approves any amendments to this Charter; and
- 240 (16) decides on any other matter governing the business and affairs of the ROC.

241 **9. Plenary Representation and Attendance**

- 242 a) All Members are entitled to attend and participate in the Plenary.
- 243 b) The Chair of the ROC presides over the Plenary.
- 244 c) The Plenary is expected to meet at least 2 times each year.
- 245

246 **10. Executive Committee**

- 247 a) An Executive Committee is established and composed of an initial maximum of  
248 twenty-three (23) Members selected by, and from among the Plenary Membership.  
249 Regional Executive Committee Members are to be selected by and from the Plenary  
250 Members for that region. Members representing global public international financial  
251 institutions and standard setting bodies are to be selected by the Plenary.
- 252 b) Membership of the Executive Committee is to be balanced jurisdictionally and  
253 regionally. The initial composition of the Executive Committee is to consist of a  
254 maximum of five (5) Members from at least 2 jurisdictions in each of the following  
255 regions: North America (including Mexico and the Caribbean); Europe (including the  
256 Commonwealth of Independent States); Asia (excluding the Middle East); and Central  
257 and South America, Africa, Oceania, and the Middle East. In addition, up to three (3)  
258 Members may be appointed to represent global public international financial  
259 institutions and standard setting bodies. The maximum size and composition of the  
260 Executive Committee is to be reviewed every 3 years, in accordance with criteria to  
261 be developed and approved by the Plenary. The Chair and the Vice Chair(s) are to be  
262 appointed from the Membership of the Executive Committee.
- 263 c) Members of the Executive Committee are to be appointed for a maximum 3 year  
264 term, subject to renewal. Initial appointments may include some shorter term  
265 appointments to facilitate rotation in each region upon the decision of a region.
- 266 d) The Executive Committee is to take forward the work of the ROC including decisions  
267 on operational oversight issues, under specified delegated responsibilities and powers  
268 provided by the Plenary.
- 269 e) The Executive Committee may establish working groups and panels as needed to take  
270 forward the work of the Executive Committee.
- 271 f) In addition to its delegated responsibilities, the duties of the Executive Committee  
272 include the following:
- 273 (1) providing regular information and recommendations to the Plenary to keep the  
274 Plenary fully engaged and capable of action;



- 275 (2) informing the Plenary on the fulfilment of the delegated oversight  
276 responsibilities provided to the Executive Committee;
- 277 (3) monitoring and guiding the progress of the ROC's ongoing work;
- 278 (4) preparing options for decision for matters reserved to the Plenary;
- 279 (5) conducting ongoing oversight of the Global LEI System to monitor adherence  
280 to the High Level Principles and other agreed principles, policies and  
281 standards to protect the broad public interest. In furtherance of this mission the  
282 Executive Committee shall hear at least twice a year, and as deemed necessary  
283 by the Executive Committee, a report from the Chair of the Board of Directors  
284 of the global LEI foundation operating the COU;
- 285 (6) analysing and developing recommendations for principles, standards and  
286 general policies for the Global LEI System, ensuring that they serve the broad  
287 public interest, including, but not limited to:
- 288 i. standards for LEI reference data and for other aspects of the Global  
289 LEI System's operations;
- 290 ii. standards for participation of LOUs in the Global LEI System;
- 291 iii. cost-recovery principles, protocols, and procedures for the COU  
292 budget formation;
- 293 iv. material contracts review to ensure that the objectives in section 2 a)  
294 are respected; and
- 295 v. standards for business continuity, disaster recovery, and automated  
296 system safeguards.
- 297 (7) reviewing and commissioning work from the Committee on Evaluation and  
298 Standards or other committees, working groups and panels and co-ordinating  
299 work across those groups;
- 300 (8) requesting and receiving independent audits of the system for: financial  
301 control, best business practices, and data quality standards;
- 302 (9) performing on site reviews of the COU, subject to COU security  
303 requirements;
- 304 (10) requesting on as needed basis information from the Directors of the global  
305 LEI foundation operating the COU;
- 306 (11) issuing guidance to the COU or other parts of the Global LEI System to  
307 protect the broad public interest as expressed in the High Level Principles or  
308 in this Charter;
- 309 (12) considering establishment of an appropriate framework for mediating or  
310 resolving disputes;
- 311 (13) overseeing the work of the ROC Secretariat;
- 312 (14) preparing the Plenary meetings, including making recommendations as  
313 appropriate in order to allow the Plenary to efficiently fulfil its mandate; and

314 (15) taking forward, after consultation and consistent with the directions of the  
315 Plenary, any other work necessary for the ROC to meet its mandate.

316

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

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

320 a) to evaluate the adequacy of existing standards and protocols in the light of the High  
321 Level Principles and other principles adopted by the ROC and that serve the broad  
322 public interest;

323 b) to propose revised or additional standards, or protocols as necessary;

324 c) to recommend to the Executive Committee the development of additional standards and  
325 protocols or the modification of existing standards and protocols as necessary; and

326 d) to perform any other tasks and functions as requested by the Plenary or Executive  
327 Committee.

328 Members of the CES do not necessarily need to be the individuals or organisations  
329 participating in the ROC.

330 The CES reports to the Executive Committee on a regular basis and to the Plenary when  
331 requested.

332

## 333 **12. Chair**

334 a) The Chair and the Vice Chair(s) are appointed by the Plenary from the Membership of  
335 the Executive Committee for a term of 2 consecutive years extendable for a maximum  
336 of one year.

337 b) The Chair convenes and chairs the meetings of the Plenary and of the Executive  
338 Committee.

339 c) The Chair is the principal spokesperson for the ROC and represents the ROC  
340 externally. The Chair should be informed of all significant matters that concern the  
341 ROC.

342 d) The Chair is to take all decisions and act as necessary to achieve the objectives of the  
343 ROC, in accordance with directions given by the Plenary or the Executive Committee.

344 e) The Chair is to act in the best interests of the ROC and ROC Membership.

345 f) The Chair has a duty to seek as broad a consensus as possible.

346 g) The Chair is to be supported by up to two Vice-Chair(s), appointed by the Plenary  
347 from the Membership of the Executive Committee for a term concurrent to the Chair.  
348 The Chair and Vice-Chair(s) are to be from different geographic regions.

349

350 **13. Secretariat**

- 351 a) The Plenary is to appoint a Secretariat to support the ROC, taking account of a  
352 recommendation from the Chair and the Executive Committee.
- 353 b) The Secretariat is directed by the Chair of the ROC, on behalf of the Plenary and  
354 Executive Committee.
- 355 c) The duty of the Secretariat is to support the work of the ROC. The Secretariat does  
356 not participate in any ROC decision making.
- 357 d) The Secretariat is to maintain and publish a list of Plenary Members.
- 358 e) The initial Secretariat is to be provided through the establishment of an agreement  
359 with an existing public international financial institution, that could help the ROC to  
360 mobilise and organise the necessary secretariat services during the first 3 years of  
361 formation.
- 362 f) On an ongoing basis, the costs of the Secretariat are to be provided from registration  
363 fees levied on registrants consistent with modalities to be established by the Plenary.
- 364 g) The Plenary is to review all aspects of Secretariat arrangements 3 years after the  
365 formation of the ROC.

366

367 **14. Funding of the ROC**

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

370

371 **15. Establishment**

- 372 a) The ROC is to be formed following endorsement of this Charter by the Group of  
373 Twenty and the FSB, and there being:
- 374
- 375 (1) at least eleven (11) authorities assenting to this Charter, including:  
376
- 377 (2) at least three (3) from each of three regional groupings: North America  
378 (including Mexico and the Caribbean); Europe (including the Commonwealth  
379 of Independent States); and Asia (excluding the Middle East); and  
380
- 381 (3) at least two (2) from a regional group comprising Central and South America,  
382 Africa, Oceania, and the Middle East; and  
383
- 384 (4) of those authorities assenting within each of the four regions, at least two (2)  
385 deriving from different jurisdictions.  
386
- 387 b) Prior to the formation of the ROC and appointment of the Chair of the ROC by the  
388 Plenary, assent to the Charter is to be made by letter from eligible authorities to the  
389 Chair of the FSB.  
390

- 391 c) On formation of the ROC, and appointment of the Chair of the ROC by the Plenary,  
392 assent to the Charter is to be made by letter from eligible authorities to the Chair of  
393 the ROC. Membership becomes active once the Chair has provided confirmation.  
394
- 395 d) A Member may terminate its Membership by letter to the Chair of the ROC.  
396
- 397 e) A request for Observer status is to be made by letter from eligible authorities to the  
398 Chair of the FSB prior to the formation of the ROC, and thereafter by letter to the  
399 Chair of the ROC.

#### 400 **16. Access to information**

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

#### 405 **17. Confidentiality**

406 The ROC Members are to treat all non-public information and documents, provided to or  
407 obtained by them under or in connection with LEI oversight activities and this Charter, as  
408 confidential. The Members are to ensure that confidential information provided to them in the  
409 context of the regulatory oversight arrangements is to be used only for the oversight of the  
410 Global LEI System, and is not to be used by them for any other purpose, including in their  
411 capacities as users of the LEI services, provided that the foregoing does not prejudice their  
412 responsibilities under national laws or regulatory requirements.  
413

#### 414 **18. Amendment Clause**

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

#### 419 **19. Review Clause**

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

425 **20. Legal Effect**

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

429  
430 Nothing in this Charter is to require or to be deemed to require any of the Members to act in a  
431 manner which amounts to or may amount to violation of any of the provisions of any such  
432 national or international laws, legal frameworks, or regulatory requirements, or to prejudice  
433 or affect the exercise of any of their rights and discretions thereunder.

434  
435 By endorsing or assenting to this Charter or becoming a Member of the ROC, no Member  
436 waives any immunity from suit or privilege to which it may otherwise be entitled and no  
437 Member submits to the jurisdiction of any court or arbitral body that would not otherwise  
438 have jurisdiction.

439

440 **21. Annexes**

441

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

443

444 Annex A: Global LEI System High Level Principles.

445 Annex B: Annex B: Recommendations for the development and implementation of the

446 Global LEI System.

447

448

449

## **Annex A: Global LEI System High Level Principles**

450

451

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

453

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

456

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

459

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

463

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

467

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

470

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

474

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

479

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

482

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

486

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

491

492 12. The LEI Central Operating Unit should have a balanced representation of industry  
493 participants from different geographic areas and sectors of economy. Its Board of  
494 Directors should be selected from industry representatives, plus independent  
495 participants.

496

- 497 13. The LEI system should allow the local provision by Local Operating Units of all LEI  
498 functions which the ROC determines are not required to be centralised.  
499
- 500 14. The LEI system should promote the provision of accurate LEI reference data at the  
501 local level from LEI registrants and ensure global uniqueness of the registrants.  
502
- 503 15. Any global universal intellectual property rights should belong to the global LEI  
504 system.  
505

506 **Annex B: Recommendations for the development and implementation of the Global LEI**  
507 **System**

508 **Recommendation 1**

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

512 **Recommendation 2**

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

519 **Recommendation 3**

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

526 **Recommendation 4**

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

529 **Recommendation 5**

530 **SYSTEM FLEXIBILITY** Flexibility must be built into the global LEI system to provide the  
531 capability for the system to expand, evolve and adapt to accommodate innovations in  
532 financial markets. It must also allow the seamless introduction of new participants. To these  
533 ends, critical software and other relevant elements must be defined and made publicly  
534 available without any licensing, intellectual property or similar restrictions under open source  
535 principles. The LEI should be portable<sup>1</sup> within the global LEI system.

536 **Recommendation 6**

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

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<sup>1</sup> 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.



541 safeguards to ensure that competition principles and anti-trust considerations are upheld. The  
542 local implementation of the global LEI system should meet local anti-trust requirements.

#### 543 **Recommendation 7**

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

#### 547 **Recommendation 8**

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

#### 551 **Recommendation 9**

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

#### 559 **Recommendation 10**

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

#### 566 **Recommendation 11**

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

#### 576 **Recommendation 12**

577 **LEI REFERENCE DATA ON OWNERSHIP** The FSB LEI Implementation Group should  
578 as soon as possible develop proposals for additional reference data on the direct and ultimate

579 parent(s) of legal entities and relationship or ownership data more generally and to prepare  
580 recommendations by the end of 2012. The group should work closely with private sector  
581 experts in developing the proposals.

### 582 **Recommendation 13**

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

### 587 **Recommendation 14**

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

### 593 **Recommendation 15**

594 **FORMATION OF THE CENTRAL OPERATING UNIT** The LEI Implementation Group  
595 should develop a detailed plan for the formation of the Central Operating Unit via the  
596 establishment of a not-for-profit LEI foundation<sup>2</sup> by interested industry participants under the  
597 oversight of the formed LEI Regulatory Oversight Committee. The foundation would rely on  
598 industry participants, their expertise and knowledge to identify and develop the most  
599 technologically, financially and legally sound methods to implement the global LEI system in  
600 line with the standards and framework defined by the Regulatory Oversight Committee.  
601 Representatives from all geographic areas and industry sectors would be invited to participate  
602 in the preparatory work underpinning the formation of the LEI foundation as the Central  
603 Operating Unit in a manner defined by the Implementation Group.

### 604 **Recommendation 16**

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

### 609 **Recommendation 17**

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

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

616 meets the global LEI system High Level Principles. The Central Operating Unit of the LEI  
617 system should be able to provide support to Local Operating Unit operations when necessary  
618 according to criteria and requirements established by the Regulatory Oversight Committee  
619 and administered by the Central Operating Unit.

#### 620 **Recommendation 18**

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

#### 630 **Recommendation 19**

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

#### 639 **Recommendation 20**

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

#### 647 **Recommendation 21**

648 **GLOBAL REGULATORY OVERSIGHT COMMITTEE CHARTER** The governance  
649 framework of the global LEI system should be developed at the international level in an open  
650 and transparent manner that supports collective governance of the global system. A global  
651 LEI Regulatory Oversight Committee Charter should set out the formation and operations of  
652 the Regulatory Oversight Committee. The global LEI Regulatory Oversight Committee  
653 Charter should be prepared by the FSB LEI Implementation Group for endorsement by the G-  
654 20 at the Finance Ministers and Central Bank Governors meeting in November 2012 or by  
655 the FSB Plenary in October.

656 **Recommendation 22**

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

664 **Recommendation 23**

665 **POWER AND AUTHORITY OF THE REGULATORY OVERSIGHT COMMITTEE**  
666 The Regulatory Oversight Committee has the ultimate power and authority over the global  
667 LEI system. Any power delegated to the Central Operating Unit, Local Operating Units and  
668 other entities can be reversed by the Regulatory Oversight Committee<sup>3</sup>. The Regulatory  
669 Oversight Committee should establish a formal oversight plan to ensure that its directives to  
670 the Central Operating Unit or other parts of the system are enforced and that the governance  
671 principles are upheld.

672 **Recommendation 24**

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

679 **Recommendation 25**

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

686 **Recommendation 26**

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

692 **Recommendation 27**

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<sup>3</sup> 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.

693 **BOARD OF DIRECTORS OF THE CENTRAL OPERATING UNIT** The Central  
694 Operating Unit shall have a Board of Directors. The Regulatory Oversight Committee has the  
695 right to veto membership of the BOD, as well as to remove members. The ROC has the right  
696 to appoint independent members<sup>4</sup>.

697 **Recommendation 28**

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

704 **Recommendation 29**

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

709 **Recommendation 30**

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

717 **Recommendation 31**

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

728 **Recommendation 32**

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

<sup>4</sup> In this context independent members mean non-industry representatives.

731 Implementation Group (IG) should be established with a clear mandate to launch the global  
732 LEI system on a self- standing basis. The LEI Implementation Group should cease to exist  
733 upon formation of the Regulatory Oversight Committee which should be by 31 March 2013  
734 at the latest.

735 **Recommendation 33**

736 **STRUCTURE OF THE FSB LEI IMPLEMENTATION GROUP** A time-limited FSB  
737 LEI Implementation Group of interested and willing experts (legal, IT, and other) from the  
738 global regulatory community that includes interested parties from the FSB LEI Expert Group  
739 should be formed to take the global LEI initiative forward into the global implementation  
740 phase until the Regulatory Oversight Committee is established. The IG should be led by  
741 representatives from different geographic areas to reflect the global nature of the LEI  
742 initiative and will be supported by the FSB Secretariat. The IG should develop proposals for  
743 the global LEI system stand-up as defined in the mandate below for review and endorsement  
744 by the FSB Plenary in October 2012 and, as appropriate, final review and endorsement by G-  
745 20 Finance Ministers and Central Bank Governors in November 2012.

746 **Recommendation 34**

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

757 **Recommendation 35**

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