Inside Reference Data

March 2014 waterstechnology.com/ird

Legal Entity Identifiers

Special Report

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Editor's Letter

LEI on the March

The industry has come quite far over the past few years with implementation of the legal entity identifier (LEI). That's reflected in the Virtual Roundtable discussion in this special report about the LEI. For one thing, LEI systems now "actually exist," as Scott Preiss of CUSIP Global Services says. Pre-local operating units (pre-LOUs) for issuing identifiers are now in place in many countries worldwide. The central operating unit (COU), which promises to tie all the pre-LOUs together and remove inconsistencies, is also on its way.

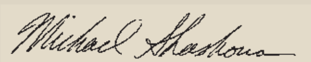
The European Market Infrastructure Regulation's requirement for identifiers, which took effect February 12, has been a major factor in pushing the LEI registration and issuance process along, as SIX Financial Information's Darren Marsh points out, and as our News Review makes clear (*page 6*).

Panelists in the Roundtable also look ahead to the rest of this year and into the next. Noetic Partners' Justin Magruder points to the Regulatory Oversight Committee's work on guiding pre-LOUs, for instance. He predicts a 25% to 30% increase in the formation of LOUs by the end of 2014, and says most markets will have one by 2015.

No endeavor worth completing is without its challenges, however. The COU must be completed to ensure the "consistent administration" of the LEI, says Tim Lind of Thomson Reuters. The need to collect identifier data from numerous LOUs will result in greater costs for firms and data suppliers, he adds.

All told, this special report captures both the momentous progress and the pitfalls that have been happening lately with LEI implementation—a field that looks set to remain busy for the foreseeable future.

Yours sincerely,



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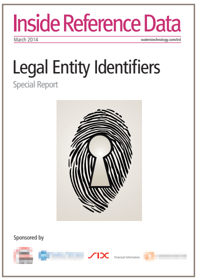

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News Review

Pre-LEI Waiting Times—24hrs to Three Weeks

Pre-local operating units (pre-LOUs) were preparing for an increase in pre-legal entity identifier (pre-LEI) registrations in the final weeks before the identifiers were required for trade reporting as part of the European Market Infrastructure Regulation (EMIR). However, the waiting time for pre-LEI codes ranged from 24 hours to several weeks, depending on the pre-LOU chosen, number of entities submitted in a single request and other factors.

Market participants expressed concern that pre-LOUs would become inundated with requests for pre-LEIs in the weeks before EMIR trade reporting requirements came into effect for exchange-traded futures, options and over-the-counter derivatives trades in Europe on February 12. Pre-LOUs increased their teams and introduced process and technology changes to deal with anticipated surges in demand. However, the turnaround time for new pre-LEIs varies between the pre-LOUs and depends on a number of factors.

More than 106,000 pre-LEIs have been registered with the CFTC Interim Compliant Identifier (CICI) utility operated by the Depository Trust and Clearing Corporation (DTCC) and Swift. According to Ron Jordan, DTCC's New York-based managing director and chief data officer, the turnaround time for its pre-LEIs is one to three days.

Nicholas Hamilton

LEI Foundation Names Hartsink As Chairman

The Financial Stability Board (FSB) plenary has endorsed a list of 16 nominees for the board of directors of the Global Legal Entity Identifier Foundation (GLEIF), with Gerard Hartsink, chairman of CLS Group Holdings, a risk mitigation services provider, nominated as chair of the foundation.

The GLEIF is the not-for-profit body that is responsible for establishing and operating the operational arm, or Central Operating Unit (COU), of the LEI system.

The list of nominees was drawn up by the LEI Regulatory Oversight Committee (ROC), following a call for applications last year. It includes representatives from a wide variety of organizations, such as standards organizations, financial institutions and consultancy firms, in 13 countries.

Nicholas Hamilton

LEI Group Considers Translation Issues, Validation Processes

The Irish Stock Exchange became the sixth pre-local operating unit (pre-LOU) to be accepted as part of the interim global legal entity identifier (LEI) system on December 7, followed by four more in late December and early January, as the Regulatory Oversight Committee (ROC) explored issues with the use of the business registry information, transfer of pre-LEIs and funding of the global LEI foundation.

On January 7, the ROC endorsed the Dutch Chamber of Commerce (KvK) and the National Board of Patents and Registration of Finland to issue LEI codes that can be used for reporting or regulatory compliance purposes in all markets covered by the ROC. On December 27, the ROC endorsed the Russian National Settlement Depository (NSD) and the Polish Krajowy Depozyt Papierów Wartosciowych (KDPW) to issue LEI codes that will be recognized throughout ROC-covered markets.

In 2013, the ROC endorsed WM Datenservice in Germany, the Institut National de la Statistique et des Etudes Economiques in France, the CFTC Interim Compliant Identifier utility in the US, Turkey's Takasbank and the London Stock Exchange.

Michael Shashoua and Nicholas Hamilton

Website Offers Detailed Pre-LEI Searches

OpenCorporates, the provider of an open database of companies, has launched a new website to make it easy for users to access and conduct detailed searches of all pre-legal entity identifier (LEI) data, which can be downloaded.

OpenLEIs.com allows users to search all pre-LEIs by name, by close matches to name, or by address, and to filter the data by company type, country and registering organization. Users can access each record as open data—either as XML or JSON—and download it.

Fitch Solutions Adds Pre-LEIs to Unrated Entities

Fitch Solutions, the data and analytics distribution channel of the Fitch Ratings agency, has added pre-legal entity identifier (pre-LEI) codes to all Fitch-rated entities accessible via its website and will now begin adding codes to the entities it does not rate.

James Gwinnell, London-based product manager at Fitch Solutions, says the company is expanding its pre-LEI coverage to include content sets that are outside the ratings data.

Virtual Roundtable

Legal Entity Identifiers: Brave New World

Inside Reference Data gathers together leading data management professionals to discuss the current state of legal entity identifier operations

What are the strengths and weaknesses of the legal entity identifier (LEI) issuance and governance systems as they currently stand?

Scott Preiss, vice president and chief operating officer, CUSIP Global Services: It strikes me that the overwhelming strength of the LEI issuance system is that, after so many years of starts and stops, it actually exists. The system is tangible, with more than a dozen pre-local operating units (pre-LOUs) operating across multiple global jurisdictions. Several pre-LOUs that I'm familiar with in their dual role as a National Numbering Agency bring the added benefit of a proven track record in unique identification, as well as a bevy of critical capabilities, such as subject matter expertise, local market contacts, data and document provenance, and existing infrastructure and support. These capabilities have been instrumental in our successful LEI collaboration here in the US between CUSIP Global Services and the DTCC's Global Markets Entity Identifier (GMEI) Utility.

In terms of perceived weaknesses, there has certainly been chatter that the designation of so many pre-LOUs may lead to fragmentation, confusion, and, worst of all, duplication. That said, I have witnessed first-hand within the Association of National Numbering Agencies (ANNA) how an integrated network of jurisdictional agencies can work together seamlessly. There's no reason why this discipline can't work with the LEI, with disparate pre-LOUs connected through the eventual Central Operating Unit (COU).

In terms of governance, there has been more than enough discourse, planning and media coverage on this topic. It seems the implementation of a governance structure is running just a bit behind the operational aspects, but I haven't sensed a lack of confidence that it will arrive soon.

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Justin Magruder, president and founder, Noetic Partners: If you're in New York or London, this initiative seems to be proceeding apace, typical of global regulatory efforts. Compliance managers have a standing agenda for the initiative, and access to requirements and LOU systems is appearing. But many of our clients in growth markets are concerned about local administration and governance, and haven't yet been able to contemplate its use. If you're a risk manager working in market centers across the BRICs and other growth markets, you're not yet focused on the initiative and you're not really sure this will ever affect you.

Les Beale, product manager, investment operations outsourcing, Northern Trust: The introduction of the Regulatory Oversight Committee (ROC) for the Global Legal Entity Identifier System (GLEIS) has helped establish the collective focus on governance and a consistent standard. The ROC has issued its principles for LEI issuance, designed to avoid duplication through exclusivity and self-registration. Regulatory reporting under the European Market Infrastructure Regulation (EMIR) and Dodd-Frank requires the use of LEIs that are issued by ROC-endorsed LOUs.

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Scott Preiss, CUSIP Global Services

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The key challenge for the industry is that until there is a truly integrated global model, the LOUs will need to interact with each other to ensure they do not issue an LEI for an entity which already had one created. This requires manual intervention on an intra-day basis, which has operational overheads as well as operational risk.

Darren Marsh, senior product manager, SIX Financial Information: There have been several significant developments towards full operational deployment of the GLEIS over the past year. The ROC's implementation of a clearly defined governance framework laid the foundations for the use of pre-LEIs allocated by endorsed pre-LOUs in regulatory reporting. The momentum towards the GLEIS has been further strengthened by the European Banking Authority's recommendation last month that all European Union credit and financial institutions obtain pre-LEIs by the end of 2014 for supervisory reporting.

While the lack of a formalized COU to consolidate pre-LEIs and associated reference data has been cited as a weakness, progress has been made. The ROC's January announcement of the nominees for the board of directors responsible for setting up the COU, for instance, is an extremely positive step.

Tim Lind, head of regulatory data solutions, Thomson Reuters: The federated nature of the LEI system creates both pros and cons. On the positive side, each LOU will be expected to have specific understanding of the entities within its jurisdiction and, together with local market authorities, drive awareness and registration of new entities. The governance system also provides for a certain political balance whereby the interests and opinions of different nationalities

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>
> *Tim Lind, Thomson Reuters*

are incorporated into the decision-making process. The downside of the system is that federated models are slow, bureaucratic, and require formalities in terms of process. Such a model also creates a degree of fragmentation and complexity, as the various nodes—the LOUs—need to coordinate it and global entities may be confused as to where they need to register. But although the model is certainly not the fastest way to create a global database of unique identifiers, I am convinced that without the perception of multinational participation in the governance of the LEI system, it may not achieve the goal of global adoption.

How is the designation of LOUs likely to proceed? At what point might most world markets have LOUs designated?

Preiss: My sense is that designation of LOUs will continue at roughly the same pace that we saw in 2013, with capable market participants—including country registries and National Numbering Agencies—stepping forward where there is a perceived gap in LOU presence or coverage. That said, the guiding principles of the GLEIS initiative do not necessitate a majority of the world's markets having "their own" LOU—there are no jurisdictional boundaries or limitations to an entity's domicile (registered address) and the LOU that assigns a LEI to that entity. Global markets can therefore be adequately covered by a smaller number of capable, efficient LOUs.

Magruder: Last year was a busy one for the ROC and it has also had a busy start to 2014. It seems fully supportive of the LOUs, but the market and a number of the pre-LOUs want more guidance and haven't seen the progress they expected in terms of functional deliverables. We hope designation of LOUs at the local level will continue at a steady pace, in which case a 25% or 30% increase by the end of 2014 is possible and most of the major global and regional markets will be operating as expected by 2015.

Beale: World markets are essentially covered, with at least some LOUs offering global coverage today. The drivers for growth in LOUs will be influenced by local market demand for local providers.

Marsh: With 12 already endorsed and another seven pre-LOUs not yet fully operational, there's certainly no shortage of parties interested in becoming an LOU. Interestingly, it isn't necessarily the number of LOUs that will determine global adoption of the GLEIS, as endorsed pre-LOUs are almost universally happy to register entities outside of their own location.

Lind: Many might see the proliferation of LOUs as a sign that the LEI system is moving forward. However, it also creates major challenges for the implementation of the system, especially without a functioning COU in place. The burden of ensuring consistent administration of the LEI in terms of operational standards and quality control will fall on the COU, not to mention the difficult task of ensuring the uniqueness of entities that are assigned LEIs by the federated network of LOUs. Building individual interfaces to collect data from dozens of independent LOUs creates excessive costs for both institutions and data suppliers, and will lead to data quality issues and massive duplication of effort. Some LOUs are stepping into the void by aggregating data from other LOUs, but this is not how the governance was envisioned. The COU is still the heart of the system and there are concerns that the proliferation of LOUs will lead to fragmentation and additional complexity for practitioners.

"We hope designation of LOUs at the local level will continue at a steady pace, in which case… most of the major global and regional markets will be operating as expected by 2015"

Justin Magruder, Noetic Partners

With delays in LEI issuance and the need to recall many of the key pre-LEI CICI identifiers that have been issued, how do you view the functioning of the LEI as a global system?

Preiss: Considering how relatively new the entire LEI standard and associated process is, the global system is functioning pretty well at this stage. While the turnaround time in certain jurisdictions may lag initially—owing to several factors, such as ensuring the validation of primary source information—I don't believe issuance waiting times will be a major factor. Similarly, the recall of some pre-LEI CICIs is old news at this stage—it's well known that those perfectly valid CICIs were issued prior to the establishment of the ROC, and, lacking the appropriate level of explicit permission by the entity, were subsequently suspended.

Greater focus should be placed on LEI coverage: more regulatory effort is required to compel legal entities globally to register for their LEI. While general progress has been impressive thus far, acceleration and achievement of a critical mass of LEIs is contingent on regulatory intervention.

Magruder: Smart banks, brokers and risk managers in the financial services, regulatory and academic communities have been implementing LEI concepts for 20

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years. With the 2008 financial crisis now behind us, albeit heavily imprinted on everyone's minds, the need and rationale for broader adoption of the LEI are clear. The CICI utility, the combined DTCC/Swift platform, does a fair job validating the accuracy of data supplied by registrants and can assign unique identifiers according to the ISO 17442 LEI standard. Better yet, it stores information in a database that is available to the public and for redistribution without fees or license restrictions. While it is unfortunate that many of the key pre-LEI CICI identifiers issues were recalled, the program must continue and challenges overcome in order for the LEI to be successful.

Beale: This is less likely to be a concern going forward. As many participants will already be registered to meet the current obligations, the number of new LEI requests should decline naturally, while those coming from new entrants will become increasingly streamlined.

The pre-LEI CICI identifiers are a legacy issue. The ROC principles aim to establish a basis for the current environment to operate, mitigating some of the pre-ROC challenges. These principles will have a significant impact on the development of the future global system solution.

Marsh: Initial teething problems are to be expected with the establishment of any new identification scheme—especially one developed on a global scale. One issue was timing—regulatory deadlines were driving adoption for the Dodd-Frank Act and predated the ROC's endorsement process and the establishment of the final operating model. This resulted in the recall of 3,000 pre-LEIs that didn't meet the new governance criteria for

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>
> *Darren Marsh, SIX Financial Information*

third-party registrations. The COU as a hub for pre-LEI issuance will undoubtedly help coordinate between pre-LOUs by actively promoting compliance with ROC guidelines and managing integrity of the reference data used in the allocation process.

Lind: As previously mentioned, without the COU, we don't have a global LEI system. That said, the system is being developed by a committee of diverse nationalities, often by email, and relies heavily on the leadership of volunteers that already have other responsibilities in their day jobs. So we should expect implementation challenges along the way. It costs a lot of money to map and integrate LEIs, for instance, so it's particularly painful to then spend additional resources to delete records of LEIs registered by third parties. It will be very important to think through the practical implementation and data-quality challenges in order to maintain the momentum of the initiatives. If the registration process creates data-quality issues or tons of duplicate records across LOUs, trust in the data will suffer, and so too will confidence in the system. Ultimately, these issues will all be dealt with—it's just a matter of how much frustration the process will create. But even if it takes longer than expected, there is no turning back and there is certainly no debate that the LEI is the standard for entity identification, so the system cannot fail.

How will new regulations—namely the European Market Infrastructure Regulation (EMIR)—affect implementation of the LEI?

Preiss: The EMIR derivatives trade reporting deadline of February 12 certainly triggered an avalanche of new LEI requests to several pre-LOUs in the weeks and days leading up to this deadline. The impact of EMIR on the credibility and implementation of the LEI is a favorable one, resulting in far more market awareness and attention focused on the benefits of this new global standard. It is critical that this momentum continues, in the form of more market education, the expansion of regulatory requirements to a broader set of asset classes beyond derivatives, and the active participation of global market participants in this dialogue.

Magruder: Since EMIR reporting obligations came into effect in February, all derivative counterparties must report details of the contracts to a registered or recognized trade repository. But since EMIR will affect all firms that trade derivatives in Europe and requires substantial implementation and effort, it has required changes to operational models and has prompted firms to revisit client service models. Their failure to comply can result in fines and the loss of client business, so implementation of the EMIR reporting requirements have, and will continue, to impact LEI progress and

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adoption. We all know there are limited resources to keep the bank running while managing change. So while knowledge about LEI and related regulations continues to grow, bandwidth is limited and must be carefully monitored and managed.

Beale: The requirement for an LEI is being continually reinforced as a standard-bearer for governance and standardization, so it is a positive influence on the model being established by the ROC. EMIR has adopted the protocol. The European Banking Authority (EBA) and the revised Markets in Financial Instruments Directive (MiFID II) are expected to utilize the same approach.

Marsh: Regulatory mandates are driving pre-LEI adoption for firms that trade over-the-counter derivatives. Dodd-Frank in the US and EMIR in Europe both require pre-LEIs for trade reporting, while regulators in Hong Kong, Singapore and Australia are also introducing rules to use pre-LEIs.

Last September, pre-LEIs were also mandated by the European Insurance and Occupational Pensions Authority—the insurance and pensions regulator in Europe—for Solvency II reporting. The LEI is also expected to become a requirement for the Alternative Investment Fund Managers Directive (AIFMD) and MiFID II. As the number of use cases increases, it is safe to assume the number of institutions applying for and using pre-LEIs will increase significantly.

In the long term, the idea is that LEIs will be included as a matter of course in every transaction concerning a financial instrument. If this is to become the norm, however, it will be necessary for market segments not subject to mandates to adopt pre-LEIs, which may involve some arm-twisting. Regulators and the industry will need carefully to consider how to close this gap if they are to achieve the benefits of full adoption.

Lind: EMIR, like Dodd-Frank Title VII, is the biggest catalyst driving the registration of LEIs by swap participants. Deadlines associated with EMIR reporting created a sense of urgency for many participants to register for LEIs. We

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Les Beale, Northern Trust

expect other disclosure and transparency regulations targeting asset management and the insurance industry to spur additional demand for LEIs. Regulations such as AIFMD and Solvency II will require not only disclosure of swap counterparties, but also concentration of risk, with specific issuers to be linked to an LEI.

Are there benefits to using and issuing LEIs that are still overlooked?

Preiss: I don't think the potential benefits of the LEI have been overlooked—just underestimated. It is still rather shocking to consider that some five or six years after a major market crisis, we are still an industry characterized by the lack of a single, common language to identify financial legal entities—a primary building block in understanding risk and exposure.

As partners in the GMEI [Global Market Entity Identifier] Utility, we are confronted each day at CUSIP Global Services by segments of the new issuance community that push back on obtaining an LEI when an instrument (CUSIP/ISIN) identifier is assigned. Much of this pushback comes from the municipal sector, where the tangible benefits of the LEI don't seem to resonate with bond issuers or their agents. We often hear that "unless there's a regulatory mandate, we don't need one." From a global standards and risk-mitigation perspective, this view is unfortunate and, in light of recent market events, short-sighted.

Magruder: The LEI is such a fundamental concept to risk managers that, once a critical mass is operational, many more tangible financial benefits will be realized. Investors will begin to see clients, borrowers, counterparties, issuers, guarantors, underwriters, and many other roles differently, and will start to find new products and services with which to compete. Transparency is good, and if it reduces risk and brings new revenue growth, the benefits will be manifest for all to see.

Beale: We are still at an early stage of the rollout, so while some benefits have been broadly identified, others have not been fully realized. The key priority in the short term remains monitoring risk in the financial system.

Marsh: The short-term point of view is that firms will simply see the LEI as another identifier to manage, but most of the broader business benefits will be achieved in the longer term once critical mass has been achieved. As an identifier code with a simple set of reference data attached, the LEI itself does not add direct value. The real benefits are realized once it is packaged with additional content and cross-referenced to the other identifiers that the industry relies on daily to support business operations. For example, fully incorporating the LEI within entity hierarchy data by cross-referencing to proprietary identifiers and mapping to the instrument master would provide transparency of organizational structure and risk exposure.

The LEI could significantly reduce the amount of time taken to aggregate entity data across different systems for a view of enterprise-wide risk exposure to a single-name issuer or group of issuers by virtue of the securities held in an investment portfolio or fund. We only need to look back at the example of Lehman Brothers to understand how important this is, both to firms and to the market as a whole.

What is certain is that the LEI is well on the way to becoming firmly established in the financial landscape, and that it will become an intrinsic part of firms' financial transactions reporting, risk management and operational processes for many years to come.

Lind: Let's hope regulators don't overlook the benefits of common standards and harmonize their requirements around the LEI. Perhaps the IRS could have benefited from the LEI and avoided yet another identification scheme such as the Global Intermediary Identification Number (GIIN) to identify the compliance status of institutions in the Foreign Account Tax Compliance Act (Fatca). The LEI may not have fit the specific requirements for Fatca, but it should be the default standard to identify financial institutions unless it is actually proven to be inappropriate for a specific case.

From the practitioner's perspective, many firms are attempting to sort out the scope of operations and systems that will benefit from the LEI. LEIs will support risk reporting functions but will not be relevant for many trade processing functions. In the near term, LEIs will certainly not replace proprietary account numbers or other national identification schemes and established standards such as BIC.

Ultimately, the LEI will be one building block supporting the evolution of risk management, but it will also provide a standardized mechanism to link value-added content, including securities issue data, full global hierarchies, country of risk, credit analytics, news and regulatory status, as well as fundamental and related financial data.

Sponsored Statement

Meeting the LEI Challenge

Technical obstacles thrown up by the Legal Entity Identifier can be overcome through proper planning, commitment and focus, say Noetic Partners' Justin Magruder, Diane Schmidt and Tracy Sennett

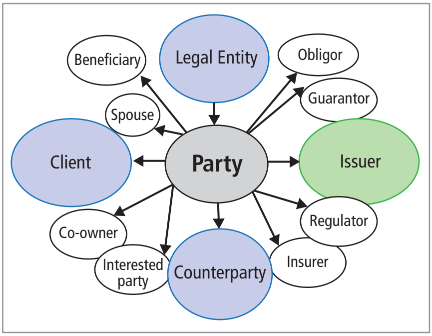
During the 1990s, burned by losses from investments in emerging markets securities, several very smart global investment banks developed processes to manage risk based upon their understanding the legal entity structure of clients, counterparties and issuers.

The new risk management process, known in some firms by the "Standard Party Number" or "Customer Identification Number," helped market participants avoid spectacular losses from an array of emerging markets debt crises, Enron, Orange County and, most recently, during the credit crisis of 2008. Other, less well equipped firms, were sent to the dustbin of market history.

Regulators in growth and emerging markets are now contemplating adoption of the Legal Entity Identifier (LEI), and evaluating the benefits and risks with their constituents.

As LEI efforts gain further momentum in early 2014, it will be critical for firms to ready themselves to implement a version of the LEI. The more enlightened firms have already embraced the initiative.

At Noetic, we think about the adoption of the LEI program in the same way we think about the differences between traders and investors. Traders are waiting to see if LEI compliance will really be enforced (and enforceable), and if it adds anything new to the risk management process. Investors have looked past the implementation questions and costs, seen the value of better market transparency, and laid the



Noetic Partners
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groundwork for integrated risk and exposure management systems based upon LEI's components, such as the corporate hierarchy and domicile.

The business value is clear. But the technical challenge is more daunting.

We all know the challenges that come with modifications to legacy systems and architectures when new identifiers are required. The objective is always to manage change without major trauma to business processes and data quality, and the change will be difficult for firms that have not understood the key requirements, and have not developed a solid LEI implementation approach.

Under the system, most parties—whether financial or non-financial—will require an LEI, including banks, funds, fund managers, companies, subsidiaries, partnerships, trusts, municipal corporations, government departments and charities. However, certain parties will not need one, including individuals, branch offices and operating divisions; instead, they will use the LEI of their employer or parent organization.

Most Tier 1 and many Tier 2 firms have already developed centralized data governance structures and data quality programs that will handle the new LEI information. In the generally accepted paradigm, LEI data will be propagated to downstream systems as needed to meet the integrity and quality standards that are required by business and regulatory consumers.

Customer on-boarding, know-your-client and anti-money laundering systems will need to capture and cross-reference LEI with their internal identifiers, so as to be able to handle regulatory alerts and notifications. Impact analyses will need to be conducted on downstream applications and reporting repositories for their ability to use or store this information, allowing for regulatory, risk and business reporting across the firm.

The Noetic approach to LEI includes an assessment of strengths and weaknesses in enterprise data programs, a process for registration and maintenance of clients and counterparty legal entities, development of technical and organizational integration requirements, and a detailed solution approach.

LEI will require considerable planning, commitment, and focus. Organizations will need a solid data management, data quality and reference data program, along with an enterprise model to meet regulatory requirements and business needs.

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Q&A

Legal Eagle-Eyed

Hany Choueiri, regional chief data officer for global banking and markets in Europe at HSBC, speaks to *Inside Reference Data* about vigilance on data quality during LEI implementation

Hany Choueiri, HSBC

There is concern in the industry that many entities that need an LEI for EMIR have not yet registered for one. Do you share this worry?
Yes, there was concern pre-EMIR deadline that many market participants needing LEIs weren't registering on time. But with the recent volumes of LEI registrations, it looks like we are on a better path. The financial community has come together with lots of briefings, wikis, articles, forums and webinars, which have all helped enormously. The trade repositories are playing their part with robust exception handling and escalation.

What are the key things the COU board, once named, can do to contribute to the success of the LEI system?
First, ensure that the continued growth of the federated LEI model doesn't jeopardize the quality of data. Then extend the global LEI system to accommodate hierarchies, such as immediate and ultimate parents. The final goal is to protect our industry in crises through consolidated exposure monitoring of big market players.

The LEI is now being used for regulatory reporting in the US and Europe. What are most tangible benefits that financial firms have seen as a result?
The most tangible benefits are improvements in the quality of client data and management information. The LEI is also fuelling several know-your-customer utilities, which will reduce total cost of ownership in client onboarding functions. Then there are the benefits of cross-referencing LEIs to other domains, such as instrument issuers.

An incisivemedia publication

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