

November 22, 2011

Enterprise Data Management Council  
European Fund and Asset Management Association  
Futures Industry Association  
Global Financial Markets Association [ASIFMA/AFME/SIFMA]  
International Bankers Association of Japan  
International Council of Securities Associations  
International Swaps and Derivatives Association, Inc.  
Investment Company Institute  
Investment Industry Association of Canada  
Securities Market Practice Group  
The Clearing House Association  
The Financial Services Roundtable

**Re: Follow up to September FSB LEI Workshop**

Dear FSB Workshop Official Sector Participant:

The undersigned coalition of financial services firms and trade associations is writing you to follow-up on the positive momentum towards the development of an legal entity identification (LEI) system achieved at the September 28-9 FSB LEI workshop. We very much appreciate your participation in this important FSB-led workshop. In light of the progress made at the workshop, and the recent G20 Leaders and Finance Ministers statements supporting the development of a global LEI, we encourage you to specifically cite the use of a LEI system in future policy making. The development of a global LEI will provide significant benefits to both regulators and financial services firms, and will help support the shared objective of a more stable financial system.

Briefly, the recommended LEI system calls for entity identification based on a unique, internationally developed code that would be assigned to all entities using a new ISO standard for LEIs (ISO 17442 which will be formally released in early 2012). The LEI database would only house basic public information about the legal entities used to identify each such entity, such as the entity's legal name and address, and would not contain any transaction or position information. The system has been designed so that it is flexible enough to support regional conventions, and take into account an implementation that would be phased according to global regulatory requirements. The full recommendation document, FAQs, and other information can be found here: [www.sifma.org/LEI-Recommendation-Process/](http://www.sifma.org/LEI-Recommendation-Process/).

The accurate and unambiguous identification of legal entities engaged in financial transactions is foundational and critically important towards the improved measurement and monitoring of systemic risk by regulators, supervisors, and firms. A global standardized LEI will help enable private organizations to more effectively measure and manage counterparty exposure, while providing substantial operational efficiencies and customer service improvements to the industry. For regulators and supervisors, it will facilitate better measurement and monitoring of systemic risk and provide the means to look at transaction participants across product categories (including

counterparties to derivatives transactions). It would also allow regulatory bodies to share information about legal entities more easily and unambiguously across their organizations.

A globally consistent regulatory mandate and implementation effort is essential to the success of this effort. Global cooperation among, and feedback from, the major securities regulators in the Americas, Europe and Asia will be necessary to establish an effective LEI program, as each country establishes its own regulations and timelines for financial transactions and systemic risk monitoring that aligns best with their local regulatory agenda. Without this consistency and cooperation, regulatory fragmentation could adversely impact the competitiveness of firms operating within LEI-mandated jurisdictions, and also vitiate the very benefits that regulators and supervisors seek in monitoring systemic risk.

Again, we encourage you to support the use of the LEI standard and to specifically point to it in relevant policy making going forward. The value of the LEI has been recognized in rulemakings and consultative papers by regulators in Hong Kong, Canada, Australia, US and the IOSCO-CPSS. We are committed to working with our peers in the industry as well as regulators and supervisors to complete work on the LEI system that will make available this essential new tool to monitor and evaluate systemic risk, and support financial stability. We respectfully encourage you to fully support this effort.

Sincerely,

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