

April 12, 2011

American Bankers Association
Asia Securities Industry and Financial Markets Association
Association for Financial Markets in Europe
The Clearing House Association
The Financial Services Roundtable
Investment Company Institute
International Swaps and Derivatives Association, Inc.
International Bankers Association of Japan
Securities Industry and Financial Markets Association

The Honorable Timothy F. Geithner
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

**Re: Enhancing Supervisory and Industry Ability
to Monitor and Evaluate Systemic Risk**

Dear Secretary Geithner:

On behalf of the undersigned trade associations (the “Trade Associations”), the purpose of this letter is to inform you of our support for the development of a uniform and global “legal entity identifier” (LEI). The Trade Associations have fully embraced the need for an LEI solution to be established and implemented by private industry and other relevant stakeholders through a consensus process. We are committed to working with regulators and supervisors globally to develop this essential LEI solution as a new tool to help promote industry and supervisory efforts to enhance financial stability. Consistent with the G20 mandate for coordinated global solutions, we also respectfully encourage G20 finance ministers to support a coordinated global LEI solution. The development of a global and coordinated 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.

The need for improved data and information was specifically recognized in the Financial Stability Board (FSB) report on *The Financial Crisis and Information Gaps* (October 29, 2009) where it was noted, “Indeed, the recent crisis has reaffirmed an old lesson—good data and good analysis are the lifeblood of effective surveillance and policy responses at both the national and international levels.” The FSB further recognized that such analysis would need to be supported by legal entity specific data, and recommended in its report of October 20, 2010 that firms maintain information on a legal-entity basis where a SIFI has multiple significant legal entities. Having a uniform, global legal entity identifier will help regulators and supervisors better measure and monitor systemic risk, and will allow firms to more effectively measure and manage their counterparty exposure and improve operational efficiencies.

Importantly, a globally consistent regulatory mandate and implementation effort is essential to the success of this effort. Global cooperation among, and feedback from, the major regulators in the

Americas, Europe and Asia will be necessary to establish an effective LEI program as each country considers its own regulations for financial transactions and systemic risk monitoring. Without this consistency and cooperation, regulatory fragmentation could adversely impact the competitiveness of firms operating within LEI-mandated jurisdictions, and also compromise the very benefits that regulators and supervisors seek in monitoring systemic risk.

Consequently, the approach that the Trade Associations are developing will embrace an internationally recognized data standard for the identification of legal entities. The Trade Associations are committed to the development of a robust solution that would be flexible enough to support regional conventions, and take into account an implementation that would be phased according to global regulatory requirements.

We are committed to working with regulators and supervisors globally to develop this essential new LEI tool to help measure and monitor systemic risk and counterparty risk, as well as help institutions achieve operational efficiencies. We again respectfully encourage G20 finance ministers to support this effort fully. Please feel free to contact any of the undersigned.

Sincerely,

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c: G20 Finance Ministers

G20 Finance Ministers Letter Recipients

COUNTRY	MINISTER
Argentina	Amado Boudou
Australia	The Hon. Wayne Swan MP
Brazil	Guido Mantega
Canada	The Honourable James M. Flaherty
China	Xie Xuren
France	Christine Lagarde
Germany	Dr. Wolfgang Schäuble
India	Pranab Mukherjee
Indonesia	Agus Martowardojo
Italy	Giulio Tremonti
Japan	Yoshihiko Noda
Mexico	Ernesto Javier Cordero Arroyo
Russia	Alexei Leonidovich Kudrin
Saudi Arabia	Ibrahim Abdulaziz Al-Assaf
South Africa	Pravin Jamnadas Gordhan
South Korea	Mr. Yoon Jeung-Hyun
Spain	Elena Salgado
Turkey	Mehmet Simsek
United Kingdom	George Osborne
United States of America	Timothy Geithner
European Central Bank	Jean-Claude Trichet

TITLE	ORGANIZATION
Minister of Economy and Production	Ministry of Finance
Secretary to the Treasury	Parliament House
Minister of Finance	DF Ministério da Fazenda
Minister of Finance	Department of Finance Canada
Minister of Finance	Ministry of Finance
Minister of the Economy, Finance, and Employment	Ministry of Finance
Federal Minister of Finance	Federal Ministry of Finance
	Bundesministerium der Finanzen
Minister of Finance	Ministry of Finance
Minister of Finance	Department of Finance
Minister of Economy and Finance	Ministry of Economy and Finance
Minister of State for Financial Services and Economic and Fiscal Policy	Ministry of Finance
Secretary of Finance	Mexican Ministry of Finance
Finance Minister of the Russian Federation	Ministry of Finance
Minister of Finance	Ministry of Finance
Minister of Finance	Ministry of Finance
Minister of Strategy and Finance	Ministry of Finance
Deputy Prime Minister and Minister of Finance	Spanish Ministry of Economy and Finance Headquarters
Minister of Finance	Undersecretariat of the Treasury
Chancellor of the Exchequer	HM Treasury
Secretary of the Treasury	U.S. Department of the Treasury
President	European Central Bank