

**Annex 1: Global Legal Entity Identifier (LEI) System Operational Solution  
Demonstration Day**

**Basel 15 October 2012**

**Presenters:**

**Association of National Numbering Agencies (ANNA)**

**Corporation for National Research Initiatives (CNRI)**

**Deloitte**

**DTCC and SWIFT**

**EDM Council**

**European Business Register (EBR)**

**Financial InterGroup**

**Fincore**

**Fujitsu Limited**

**Global IDs**

**GS1**

**National Institute of Statistics and Economic Studies (INSEE), France**

**NTT Data Corporation**

## **Annex 2: Number Allocation Scheme for the Global LEI System - implications for local pre-LEI Issuers and other early movers**

In response to requests for early clarity and guidance on the determination of the number allocation scheme for the management of identifiers for the Global LEI System, the FSB Implementation Group requested an ‘engineering study’ from the FSB LEI Private Sector Preparatory Group (PSPG) experts to explore the advantages and disadvantages of different schemes. The FSB is very grateful for all of the responses and for the contributions of members of the PSPG.

While there are a range of different schemes to manage the issue of identifiers that fit the characteristics of the 20 digit code (including two check digits) approach outlined in the ISO 17442 standard, for simplicity those schemes can be categorised into two general groups:

- An unstructured numbering system – one where an 18 character unique identifier fills the whole numbering spectrum;
- A structured numbering system – one where subsets of the spectrum of possible codes are partitioned for efficient allocation according to a structural guideline; for instance, an N digit prefix could be assigned to each Local Operating Unit (LOU) for its exclusive use<sup>1</sup>.

On the basis of the arguments presented, the FSB has concluded that a structured number offers the best approach for the Global LEI System. The following method is to be used<sup>2</sup>:

- Characters 1-4: A four character prefix allocated uniquely to each LOU.
- Characters 5-6: Two reserved characters set to zero.
- Characters 7-18: Entity-specific part of the code generated and assigned by LOUs according to transparent, sound and robust allocation policies.
- Characters 19-20: Two check digits as described in the ISO 17442 standard.

Public authorities wishing to sponsor local pre-LEI issuance that would transition to the LEI system should ensure that new numbers are allocated according to the above guideline<sup>3</sup>. Pre-LEI solutions wishing to transition into the Global LEI System upon its launch shall be required to adopt the numbering scheme outlined above no later than 30 November 2012. This approach does not affect ISO 17442 compliant numbers issued prior to that date. Once the global LEI system is in place, pre-LEI codes issued according to the ISO 17442 standard (and if issued after November 30, complying with the above guideline and thus embodying an appropriate 4 digit prefix) will be transitioned into LEIs, subject to meeting the agreed global

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<sup>1</sup> For the user, however, the identifier remains a 20-digit string void of meaning. Because the ISO standard requires that such a prefixed code would not change if its maintenance were migrated to another LOU, the code structure can be considered as having no permanent embedded meaning.

<sup>2</sup> The LEI code for an entity is the entire 20 character code (including the check digits) and will continue to conform to the ISO 17442 standard.

<sup>3</sup> The FSB Secretariat will allocate a 4 digit random number prefix to any such pre-LOUs, and will publish this prefix on the FSB website. Numbers will be used for these cases rather than alphanumeric characters to provide additional flexibility to local systems. Responsibility will transfer to the ROC and the COU once they are in place. The ROC and COU will decide the rule for new 4 character prefixes for LOUs applying for a prefix after the global system launch.

LEI standards, including survival rules adopted by the ROC or the COU in the exceptional cases where entities have multiple ISO 17442 compliant pre-LEI identifiers<sup>4</sup>.

The LEI will be portable within the global LEI system, implying that the LEI code may be transferred from one LOU to another<sup>5</sup>. Each LOU should immediately transfer an LEI to a different LOU following the request of the LEI registrant or an LOU acting on its behalf without any financial or operational hindrance. Each LOU must consequently have the capability to take over responsibility for LEIs issued by other LOUs.

Given the importance to the system of ensuring high data quality, recommendation 18 of the FSB LEI report highlighted that the LEI system should promote the provision of accurate LEI reference data at the local level from LEI registrants, and that self-registration should be encouraged as a best practice for the global LEI system. To provide force to this recommendation, the FSB has agreed that pre-LEI services should henceforth be based on self-registration<sup>6</sup>. From November 9, all pre-LEI systems will allow self-registration only.

Authorities sponsoring pre-LEI issuers are expected to sign the ROC Charter once it is approved by the G20.

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<sup>4</sup> A survival rule will need to be put in place by the ROC and COU to address the presumably rare cases where 2 or more potential LOUs allocate ISO compliant pre-LEIs to the same entity. The 'survival' rule will address which number will become the LEI in such circumstances, given the need to ensure that entities have one and only one LEI.

<sup>5</sup> Recommendation 5 of the FSB report states that the LEI should be portable.

<sup>6</sup> The permission/agreement of the LEI registrant to perform an LEI registration on its behalf by a third party is considered to satisfy the requirements of self-registration granted the registrant has provided explicit permission for such a registration to be performed.