



LEI Seminar: “Building a Global Legal Entity Identifier (LEI) Framework”

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Opening Remarks

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Good morning. My name is Ira Hammerman, senior managing director and general counsel at SIFMA. It is my pleasure to welcome you to today’s seminar on the legal entity identifier, or LEI, initiative.

The development of a uniform, globally consistent LEI framework is critically important for improving systemic risk management across the global financial industry.

As we all know, currently there is no standardized system for identifying parties to a financial transaction. What we see today are various codes, such as common market identifiers, company registration numbers, tax references and firms’ own internal standards that differ from firm to firm, and region to region.

SIFMA, in coordination with the Global Financial Markets Association – whose members include SIFMA in the U.S., the Association for Financial Markets in Europe, and the Asia Securities Industry and Financial Markets Association – has been actively working with a coalition of financial services firms and trade associations around the globe to provide regulators with the market expertise they need to develop a global LEI framework that works. In July, this global coalition coordinated by GFMA made a recommendation to regulators on how a global LEI framework could be structured and delivered.

SIFMA and GFMA fully support smart, responsible regulation that will improve the stability of US and global financial markets. Helping regulators move the LEI solution forward is one of our top priorities.

Our expert speakers today will delve further into the logistical aspects and other need-to-know information about building an LEI framework, but I’d like to take a minute or two to focus on the benefits that a global LEI framework will bring. The industry has been discussing this concept for many years, and there is no question that a global LEI framework will benefit stakeholders across the board.

Regulators will have a powerful tool for measuring and monitoring systemic risk:

- They will see improved risk modeling and analysis, as data aggregation becomes more efficient with a common LEI;



- Supervision of firms that cross borders and firms that fall under the jurisdiction of multiple regulators will be easier, as a common LEI will facilitate information sharing among regulators; and
- A common LEI will make it easier to make connections between parent entities and their affiliates

The industry will also see these risk management benefits, including improved response times for crisis reporting and a more holistic view of counterparty exposure. Firms will also see operational improvements, such as:

- An integrated view of entities across divisions & subsidiaries;
- Greater processing & settlement efficiency; and
- Better new client on-boarding, among other benefits.

We are encouraged that among others Canada, Australia, and Hong Kong have already recognized the value of incorporating a global LEI framework in rulemaking.

On a global level, the Financial Stability Board, or FSB, has established an LEI Expert Group to further build out a recommended global LEI framework that will be presented to the G-20 at their meeting this June. Just last week, the FSB Expert Group announced progress on the LEI initiative as it confirmed two technical features of the LEI framework: first, that the LEI should be a 20-character alphanumeric code, and second, it agreed on six data elements that at a minimum should be included as reference data attributes with the LEI. GFMA is a part of this group, and we remain committed to working with regulators as a productive participant throughout this process.

SIFMA and GFMA appreciate the important work being done by the FSB, and the G-20, to develop a framework for a global LEI solution and their consideration of the industry's recommendations on this issue. The intensive work being done by the FSB is vitally important as this will be the framework from which the LEI solution will be developed. We hope the FSB's work will incentivize more jurisdictions to issue an LEI mandate.

In order for the LEI system to be fully effective, regulators must mandate an LEI solution that is globally consistent. The financial industry increasingly operates in a global marketplace with firms that span borders.

Here in the U.S., the CFTC will mandate the use of an LEI for all financial transactions, starting with the derivatives markets this July.

As you'll hear from our expert speakers, the development of a global LEI solution is truly a win-win for all market participants. But, before we dive into today's panel discussions, it is my pleasure to introduce our keynote speaker, Mr. Andy Haldane.



Mr. Haldane is the executive director for financial stability at the Bank of England. He is a member of the newly established Financial Policy Committee as well as several senior management committees of the Bank. He is also a member of the Basel Committee.

He joined the Bank of England in 1989. In previous roles he has headed the Bank's work on risk assessment, market infrastructure and on international finance. Prior to that, he worked on various issues regarding monetary policy strategy, inflation targeting and central bank independence.

In addition, Andy has written extensively on domestic and international monetary and financial stability, authoring around 100 articles and three books.

So, we feel he has a particularly relevant vantage point to open up this important industry seminar. We're so glad he could be with us here today. Please join me in welcoming Andy Haldane.