

BACKGROUND

The Legal Entity Identifier (LEI) is a 20-character reference code assigned to uniquely identify legally distinct entities that engage in financial transactions. As a result of the worldwide financial crisis that began in 2007, the Central Bank Governors of the world's largest economies (G-20) and the Financial Stability Board (FSB) led the effort to address the need for a global identification system, leading to the current global LEI system initiative. The goal of this global identification system is to precisely identify parties to a financial transaction to assist regulators, policymakers and financial market participants in identifying and better understanding risk exposure in the financial markets and to allow monitoring of areas of concern.

In 2013, the G-20, working through the FSB, assigned the responsibility to oversee the global LEI project to the newly created Regulatory Oversight Committee (ROC). The ROC currently comprises more than 70 public-sector authorities from 40 countries and is tasked with coordinating and overseeing the worldwide framework for LEI. Operated by the ROC, the Global LEI Foundation (GLEIF) acts as the operational arm of the global LEI system, and controls the centralized database of LEIs and corresponding reference data.¹

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act established the Office of Financial Research (OFR) with a mandate to improve the quality of financial data by assessing gaps in data standards. Beginning in 2010, the OFR has supported the LEI system in fulfillment of that mandate by working with U.S. regulators to incorporate the LEI into rulemakings for financial reporting requirements.

MSRB ACTIVITIES

Effective 2017, the MSRB is an observer member of the ROC for the GLEIF. Additionally, the MSRB is closely tracking progress related to the implementation of a global LEI and is considering where the use of an LEI may be appropriate for regulatory reporting. A key factor affecting the priority of LEI adoption for the MSRB is the fact that other regulatory agencies have not articulated a need for LEIs in the municipal securities market data nor mandated adoption of LEIs for their regulated entities and subsidiaries. Market participants registered with the MSRB and subject to the MSRB's reporting obligations are, as a matter of course, required to be registered with other regulators prior to registration with the MSRB. While the assignment of an LEI is not currently mandated by these applicable regulators, the MSRB has amended its

¹ The reference data stored in the LEI data base for each entity include the official name of the entity, headquarters address, address of legal formation, date of LEI assignment, date of any updates to the LEI or expiration (if applicable), among other information.



registration form, Form A-12, to provide for the collection of LEIs from municipal securities dealers and municipal advisors registered with the MSRB that have obtained an LEI.

While current limitations placed on the MSRB by Congress (*e.g.*, Tower Amendment restrictions) may restrict the MSRB from requiring state and local governments to acquire an LEI for use in MSRB market data programs, the MSRB is monitoring developments surrounding LEIs and the incorporation of LEI data into municipal securities market information systems.