



2015 ANSI Conference:
Standards and the
Service Economy

Importance of Standards to Financial Services: Legal Entity Identifier (LEI) User Case Study

Presented by

Ari Marcus

Director, Information Services Group, Citigroup



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Overview

□ Agenda

- Importance of Standards to Financial Services
- LEI User Case Study
- Opportunities for Standards to Add Value



Importance of Standards to Financial Services

- ❑ Standards are extremely important because Financial Services are based on the exchange of information

- ❑ The ability to standardize information enables competitive advantage
 - Improves customer service
 - Drives efficiencies
 - Reduces costs

- ❑ Citigroup has a strategy of active leadership in Financial Services standards
 - Standards and market practice organizations
 - Public/Private partnerships

- ❑ Citigroup has a Chief Data Office to promote internal identification and adoption of standards



Legal Entity Identifier (LEI) User Case Study

- ❑ **Problem Statement** - At the time of the 2008 global financial crisis there were no means to unequivocally identify legal entities that participate in financial transactions which contributed to systemic risk
 - At the SIFMA Tech Conference on June 19, 2013, Matthew Reed (Chief Counsel, OFR and Chair of the LEI Regulatory Oversight Committee) highlighted that **in the US alone there are 14 banks named City National Bank and 147 banks with a variant of the name City National Bank**

- ❑ **Solution** – The requirement is a standardized, global identifier across industry and asset classes which is unique to each legal person or structure that is organized under the corporate laws of any jurisdiction and persists for the life of that entity regardless of business or structural changes – **the Legal Entity Identifier (LEI)**
 - The international standard for the LEI is outlined in “ISO 17442:2012 Financial Services-Legal Entity Identifier (LEI)”
 - **The mandate to respond to a public need created a tipping point to solve a long standing industry issue**



Legal Entity Identifier (LEI) User Case Study

☐ Usage

- Catalyst was Dodd-Frank, EMIR and other global OTC Derivatives regulatory reporting requirements
- Expanding to other Financial Services applications because of recognized value for Public and Private purposes
- > 395,000 LEIs issued to date by 27 Local Operating Units (LOUs)
- Recent introduction of the Global Legal Entity Identifier Foundation's (GLEIF) consolidated LEI file has made it easier to integrate LEI information into banks

☐ Benefits

- Regulatory Compliance
- Public Sector Benefits
- Party Identification & Aggregation
- Operational Efficiency
- Risk Management

☐ Implementation Challenges

- Adoption
- Data Quality
- Data Protection
- Liability
- Corporate Actions
- Commercial Model and Billing



Opportunities for Standards to Add Value

□ LEI

- New Applications for the Standard
 - AML/KYC
 - Resolution Planning
- Expanding Usefulness of the Standard
 - Entity Relationship Information
 - Attribution Standardization

□ Standards for Financial Services

- Any area where the lack of standardized information causes disruption to the industry and those it serves

