

# Solicitation of Interest Q&A

Responses to Questions Round 2

**1. The executive summary calls for the solution providers to define their firm type in the executive summary. Do all solution providers need to fall into one of three types or are there additional options?**

A: *Per the Solicitation of Interest, the core focus of this initiative is to "identify one or more solution providers who, individually or collectively, can build the LEI system capable of meeting or exceeding the expectations outlined in the requirements document" (SOI, Section I.2, Page 3). Therefore, the focus at the current time is actually identifying solution providers that represent at least one of the three defined solution provider types per the Requirements Document (LEI Standard, LEI Issuer, LEI Facilities Manager) (Requirements Document, Section 8.2, Page 31).*

**2. The executive summary calls for a firm to specifically determine if they are in one of three categories. Are we limited to only these three categories?**

A: *See response to #1*

**3. Do you anticipate the data standards to be designed based on global users participation?**

A: *Yes. The requirements document states the need for a data standard that is recognized by an internationally accepted standards body. Per the Requirements Document, "The LEI Solution should serve as the internationally recognized data standard for the identification of legal entities, provided that data standard includes at least the following: Persistent, Neutral, Singular, Unique, Extensible (Scalable), Structurally Fixed" (Requirements Document, Section 6.1, Page 19).*

**4. The stability of financial markets has far reaching implications on business beyond financial institutions. Is there any intention to include other stakeholders in the SOI evaluation process (e.g. issuers, auditors?)**

A: *The evaluation process is led by "both market participants and trade associations" (Requirements Document, Section 3.3, Page 8). The evaluation committee composition is balanced to ensure that representation across functional expertise, firms and geographical regions.*

**5. Since the SOI Selection will have an impact on the financial services industry, governments and regulators, both domestically and globally, will the detail supporting the SOI selection process and decision be shared publicly? Such detail, borrowing from current transparency notions involved in the government's own LEI, UIC, UCI solicitation of interests processes, would include:**

- **The criteria or evaluation process applied to measure each response against the stated requirements, and the content of all received submissions.**
- **The content of all received submissions.**

A: *There are currently no plans to release the content of the solution provider submissions in public domain due to non-public, competitive, and proprietary information included therein.*

*As to the details of the evaluation process itself, a high level summary is below. Greater details as deemed appropriate by industry's LEI Steering Committee will be published upon the completion of the provider(s) identification process so as to allow providers to develop innovative and broad solutions.*

*High Level Summary of the Evaluation Process: As part of the evaluation process provider submissions will be anonymized and assessed on prerequisites (SOI, Section II.1, page 4), supplier profile (SOI, Section III, page 7) and the questions detailed in Appendix B (SOI, Appendix B, page9). Appropriate qualitative and quantitative measures will be applied, as agreed to by Industry's Evaluation and Steering Committees (the Committees), to develop a short list of solution providers such that they meet/exceed requirements detailed in the Requirements Document. The short-listed solution providers will subsequently be called for in-person demonstration/presentation, following which the industry's LEI Steering Committee will identify and recommend one or more solution providers to the regulatory agencies across the globe. As part of the*

evaluation process, the Committees intend to engage a Regional Trade Association Group, a Regulator Group, and an Other International Trade Association Group to consider the short-listed solution providers and provide feedback on an advisory basis to ensure the evaluation considers a very broad set of perspectives.

**Update: Revision to the Evaluation Process, June 9, 2011, 5:00 PM**

To ensure a very robust evaluation process, the Industry's Legal Entity Identifier (LEI) Steering Committee no longer intends to anonymize the responses during the evaluation process. This is being done to ensure that the decisions being made are more informed, more robust, and even more comprehensive.

Per the SOI, the solution providers who submitted their responses on June 3<sup>rd</sup> have been furnished this information in writing.

**6. If the decision is to not share the detail supporting the SOI selection process, please explain your reasoning for this approach.**

A: See response to #5

**7. There are broadly held opinions in the Financial Services industry that the challenges facing the industry go well beyond an LEI identification solution. Does the committee intent to address other identification and referential data industry challenges either as part of the SOI process or in the future?**

A: The LEI initiative is solely focused on creating a solution for the "clear unambiguous identification of parties and counterparties involved in all financial activities" (Linchpin Group LEI Report, "Executive Summary", Page 3). This fundamental piece of reference data will help enable organizations to more effectively measure and manage counterparty exposure, while providing substantial operational efficiencies and customer service improvements to the industry" (Requirements Document, Section 3.1, Page 7). The Trade Association Group is not addressing other pieces of reference data at this time.

Hence, at this time and through this current initiative, the industry's LEI Steering Committee is "looking to identify one or more solution providers who, individually or collectively, can build the LEI system capable of meeting or exceeding the requirements detailed in the Requirements Document with the intent of recommending and/or endorsing the solution provider(s) to the OFR and regulators around the globe" (SOI, Section I-2, Page 3).

Please note however, that as part of the submission, the Solution Provider must demonstrate that the proposed solution is extensible to accommodate future requests for other identification and reference data needs -- "The Trade Associations have drafted this [Requirements Document] with the explicit intent that the LEI Solution is capable of expanding to meet future regulatory requirements"(Requirements Document, Section 4, page 14). This flexibility on behalf of the solution provider is critical to support certain data elements which may be required by regulators as rulemaking in this area remains pending.

Also, please note that in the future, when the industry addresses these needs, appropriate set of stakeholders will be engaged to ensure right set of requirements are developed and agreed to.

**8. Regarding the LEI operational implementation, is it the ultimate intention of the committee to enter into a contractual agreement on behalf of the industry with a standards body and/or solution provider and/or LEI systems operator? This information would be very helpful to prepare our response.**

A: *As discussed in the Solicitation of Interest document, the focus of the current initiative is on "recommending and/or endorsing the solution provider(s) to the OFR and regulators around the globe" (SOI, Section I-2, Page 3). The Trade Association Group will not enter into a contract(s) with the LEI solution provider(s). This is not our role. The mandate for use of the LEI will come from the global regulatory community, country by country, and firms with regulatory reporting requirements will then contract with the LEI solution provider(s) to obtain an LEI.*

**9. Question #3 in the "Data Model" section of Appendix B of the SOI states "Explain how the proposed data standards will adhere to the principles detailed in the business requirements document." Specifically, which principles are you referring to?**

A: *Per the Requirements Document's "Data Model" section, the principles that are being referred to include identifier aspects as outlined in Section 6.1. Per the Requirements Document, "The LEI Solution should serve as the internationally recognized data standard for the identification of legal entities, provided that data standard includes at least the following: Persistent, Neutral, Singular, Unique, Extensible (Scalable), Structurally Fixed" (Requirements Document, Section 6.1, Page 19).*