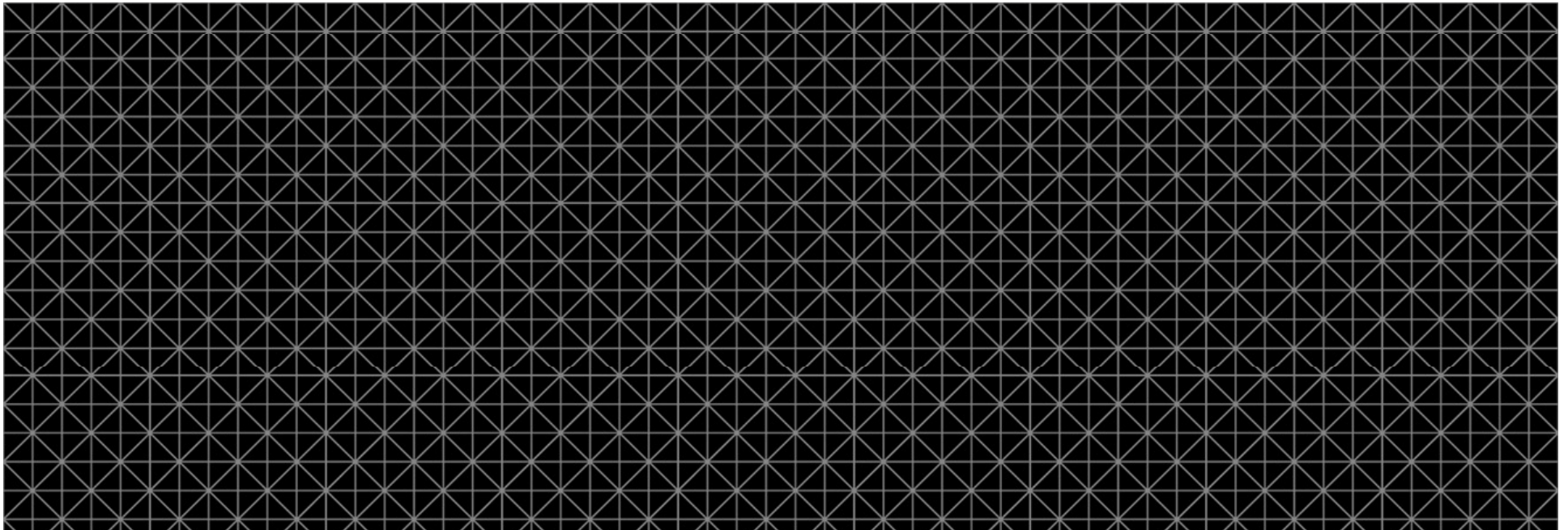


LEI INITIATIVE AND IMPLEMENTATION OF THE CFTC COMPLIANT INTERIM IDENTIFIER (CICI)

December 2012



CFTC CICI Implementation

- **CFTC Swap Record Keeping and Reporting Rule (Part 45)**
 - Reporting firms must identify themselves and counterparties with CICIs on transactions submitted to registered swap data repositories
 - Effective Date for CDS and IRS: October 12, 2012 for Interest Rate and Credit or upon registering as a swap dealer or MSP (Dec 31, 2012 for many)
 - Effective Date for FX, Commodity and Equity Derivatives: January 10, 2013 or upon registering as a swap dealer or MSP
 - Transactions between two non swap dealers or two non-major swap market participants follow 3 months later - - April 10, 2013
 - **All non-major swap market participants are expected to self-register for a CICI or certify its CICI record, if registered by another party, by April 10, 2013 and to maintain the record thereafter**
 - The CFTC's Q&A on the start of swap data reporting clarifies all this at: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/startreporting_qa_final.pdf

CFTC CICI Implementation

- **CICI Utility Designation on July 24, 2012**
 - Transparent process – Firms were invited to make proposals
 - Clear set of principles, requirements and criteria for demonstrating compliance
 - DTCC/SWIFT proposal/solution met all requirements and was designated by CFTC as the CICI Utility
 - CICI expected to transition into global LEI solution; governance framework implementation targeted for March 2013
 - Launch Date of CICI Utility: August 21, 2012 at www.ciciutility.org

Recent Events

- Volume continues to build. Opened with 24,000 CICIs on August 21, 2012
 - 13,049 new CICIs added through Dec 3
 - 10,021 Primary Registrations/3,028 Assisted Registrations
 - 7,644 Web Portal/5,405 Bulk File
 - 10,449 database downloads
- In November, made two changes to meet FSB Guidance:
 - Changed Third Party Registration to Assisted Registration
 - Changed the structure of the ISO 17442 number issued for all new CICIs
- Implemented Bulk Files for Self Registration and Assisted Registration
 - Receiving heavy volume from asset managers looking to obtain CICIs for own and other funds early, to input CICIs on Market Amend function to update Master Agreement,s per the ISDA Propotocol
 - Stressing self-registration aspect of solution and explicit permission requirement for Assisted Registration
- Building out global federation in partnership with ANNA and others
 - WM Daten (Germany) has received a prefix from the FSB
- Continue to share information about the solution in anticipation of other OTC Derivative reporting rules
 - e.g., ESMA, Japan, Hong Kong

Structured ISO LEI 17442 Number

- The LEI is a unique 20-character alphanumeric code that would be assigned to all entities that are counterparties to financial transactions through ISO 17442. The LEI itself will be neutral, with no embedded intelligence or country codes which would create unnecessary complexity for users. The FSB has endorsed and recommended ISO Standard 17442.
- All CICIs issued prior to November 30, 2012 have been constructed using a fully random 18 character alphanumeric string, followed by two check digits.
- On October 24, 2012, the FSB announced its decision on the number structure to facilitate a federated operating model.
- The CICI Utility implemented the new structured number on Nov. 30, 2012.
- The structure is:
 - 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.

Structured ISO LEI 17442 Number (continued)

- As stated in footnote 1 to the FSB's Third Progress report, "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."
- The FSB stated that "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 will be transitioned into LEIs, subject to meeting the agreed global LEI standards....."
- Thus, CICIs issued prior to November 30, 2012 will not change, will continue to be used for the entities to which they are assigned, and will transition into the global LEI system, once operational.

Some Planned Priority Enhancements

- Federation of Registration and Validation
- Expanded Multi Language Support
- New ISO 17442 Fields
- Bulk Certification File
- Push notifications/API for file downloads
- Web search Improvements
- Additional Payment Methods



Appendix

Financial services Industry solution summary

Objective: Enable consistent and accurate identification globally of all legal entities that are parties to financial transactions to support systemic risk management

Standards body – The International Organization for Standardization (ISO 17442)

- Standard approved in May 2012; endorsed by FSB
- Non-intelligent alpha-numeric ID that is unique, persistent and freely available

Core Issuing and Facilities Manager – Data collection, maintenance, LEI assignment, QA

- The Depository Trust & Clearing Corporation (DTCC)
- Society for Worldwide Interbank Financial Telecommunications (SWIFT)
- Federated Registration – ANNA²

Operationalized through a Utility incorporated in Netherlands

- Contracts with DTCC, SWIFT and others as service providers to the Utility
- Built to industry's global requirements across asset classes and then selected to serve as Utility for CFTC swaps reporting
- Independent structure - ownership and governance can be transferred
- Utility up and running since August 21, 2012 (www.ciciutility.org)

Notes:

1. Solution recommendations made to global regulators in July 2011
2. LEI infrastructure could be connected to existing business registries, as noted in the FSB's recommendations

Financial services Industry's LEI Utility overview

Global

- Can immediately support reporting across all jurisdictions and asset classes
- Can easily support federation of registration, data maintenance, validation
- Global operations - - DTCC team in Wales, SWIFT team in Belgium, ANNA team global
- Extensive global industry input to shape solution
- Adaptable to FSB LEI framework; business rules and processes can be modified

Public good

- Cost recovery model via nominal fees for registration/maintenance
- Free and unrestricted access/downloading for all including all vendors

Control

- Built to deliver ISO 17442 standard
- High quality data is a key focus via encouragement for self-registration and validation
- Utility strength infrastructure for resiliency, customer load capacity and availability

Expertise

- Ten years of Avox entity reference data validation expertise leveraged into solution
- Database already houses over 37,000 ISO-compliant CICIs; over 13,000 new registrations

Frequently Asked Questions about the DTCC-SWIFT Solution

Is it for OTC Derivatives Only ?

- No. The solution was developed to meet the requirements set by the global financial services industry and do not relate to any specific asset class
- The CFTC Request Written and Live Demonstrations of the ability to meet their requirements came later, after the solution was developed - it met their requirements

Is it for the U.S. Only?

- No. The solution was developed to meet the requirements set by the global financial services industry and do not relate to any specific jurisdiction
- The registration and validation capabilities support entities from over 230 jurisdictions around the world
- The over 37,000 CICIs in the database now represent validated entities from 114 countries

Does it only support a Centralized Operating Model?

- No. The model supports federation with the active involvement of ANNA and is open to national and business registries as well. “Authorized Provider” files can be accepted now from federated agencies for self-registration alone or for full validated status

Does it only support a non-intelligent number?

- No. While it is built to support the ISO 17442 standard and we started with a 20 character random number, the solution now supports the structured number the FSB decided on.