#####  November 18, 2015

**TO:** All Interested Parties

**FROM:** Caroline Trum, NAESB Deputy Director

**RE: Update to the Board of Directors –Legal Entity Identifiers (LEI)**

On September 17, 2015, the Commission issued a Notice of Proposed Rulemaking (NOPR)[[1]](#footnote-1) regarding the collection of connected entity data from regional transmission organizations (RTOs) and independent system operators (ISOs). In the NOPR, the Commission proposes to require each RTO and ISO to electronically provide the Commission with data from market participants that, among other information, would identify the market participant by means of a common alpha-numeric identifier. The Commission identified the Legal Entity Identifier (LEI) system as the best method by which to achieve a reliable, standard identification system. The Commission is proposing that RTOs and ISOs require their market participants to obtain LEIs and report their own LEI as well as the LEIs of each of their connected entities.

LEIs are a unique identification assigned to a single entity by Local Operating Units (LOU) of the Global LEI System and are already in use by several federal agencies, including the Securities and Exchange Commission, the Office of Financial Research, and the Commodity Futures Trading Commission.[[2]](#footnote-2) As of the end of 2014, over 330,000 entities from 189 countries obtained LEIs from LOUs endorsed by the LEI Regulatory Oversight Committee. The Global LEI System maintains the centralized data base of LEIs. LOUs assign a 20-digit alpha-numeric LEI to an entity after verifying the entity’s authenticity by checking official government records. The use of the LEI value is exclusive to the single entity, and an entity may not obtain more than one LEI.

As part of the NOPR, the Commission asked for comments from the industry on the feasibility of the LEI system, alternative methods to the LEI system to achieve uniform identification, and if waivers should be granted. The Commission will hold a technical conference regarding the NOPR on December 8, 2015. Comments on the NOPR are due forty-five days following the date of the technical conference on January 22, 2016.

The NOPR also proposes RTOs and ISOs provide the Commission with certain with a list of their connected entities and a brief description of the nature of the relationship with each connected entity. The Commission proposes that the “uniform identification of market participants, together with the listing of entities that comprise a network of common interests, would enhance the Commission’s efforts to detect and deter market manipulation.”

1. FERC NOPR: <https://www.ferc.gov/whats-new/comm-meet/2015/091715/E-2.pdf> [↑](#footnote-ref-1)
2. Federal Reserve Publication: <http://www.federalreserve.gov/pubs/feds/2011/201131/201131pap.pdf> [↑](#footnote-ref-2)