



**OFR/SEC/CFTC Meeting**  
**Wednesday, April 27, 2011**  
**11:00 AM ET**  
**US Treasury at 1500 Pennsylvania Ave., NW**

**Participants:**

- Bob Carpenter – President & CEO, GS1 US
- Allan Grody – President, Financial InterGroup Holdings Ltd
- Bernie Hogan – SVP Emerging Capabilities & Industries, GS1 US
- Elizabeth Board – Executive Director Public Policy, GS1

**GS1 Background:**

- GS1 is a global organization with 108 country-based operating organizations (called “Member Organizations”) in over 150 countries dedicated to the design and implementation of open standards to improve the efficiency and visibility of supply and demand chains. Collectively, GS1 services 1.5 million companies worldwide. GS1 US is a Member Organization of GS1 serving the U.S. marketplace.
- The GS1 System was initially established to administer and manage Universal Product Codes, also known as UPCs. The GS1 System has evolved beyond product identification to include standards for identifying all types of business objects, including legal entity identification codes, which are widely used in electronic commerce.
- GS1 **governance** is at both the global level as well as the national level. GS1 is governed by Management Boards comprising senior stakeholders from the various industries served. It is suggested that the financial services industry will benefit through the review and adoption of these GS1 governance protocols and proven practices.
- GS1 is a not-for-profit (501c6) organization operating on a **cost recovery** basis. As a neutral body it is separate and apart from the competitive offerings of vendors, software companies and infrastructure providers.
- As an existing global, neutral, voluntary **consensus** standards body, GS1 operates a **user-driven** Global Standards Management Process (GSMP) for the development of any new identification and reference data standards that may be required. Also, GS1 is recognized by ISO, collaborates with many other standards setting bodies, and can provide standards for financial institutions/financial intermediaries and market participants who are non-financial corporations and businesses that use capital and contract markets.
- The GS1 System currently works in financial services by supporting the ordering and depositing of cash for National Central Banks, Banks, Cash in Transit Companies and other commercial enterprises.
- GS1 US has experience working with regulators and industry in other sectors, for example healthcare (FDA) and defense (DoD) in developing a thorough standards migration plan with a practical implementation time frame that is supportable by all stakeholders.

### What is unique about the GS1 proposal:

- In September of 2010, GS1 US and Financial InterGroup formed the **Global Data and Standards Alliance** (a group of standards bodies, data vendors, financial institutions and corporations interested in offering their perspective on the future ruling of Dodd-Frank) that submitted on behalf of the global Financial Services Industry detailed and comprehensive proposals in response to the request for comments from the respective regulatory agencies.
- The GS1 proposal leverages existing **global** industry standards voluntarily used by over 1.5 million companies today. It provides key components that can help fix the current data issues quickly and with minimal government oversight. There is no need to create new identification standards in a lengthy development process; existing GS1 global standards can meet the needs of the financial services industry. The GS1 proposal is a **proven** approach greatly reducing the associated risk in inventing a new solution.
- Effective and efficient supply chain management and visibility requires identification that starts with the **beginning** of the supply chain. The GS1 approach intends to leverage its existing relationship with issuer companies at the beginning of the process.
- The GS1 System has an **installed base** of 1.5 million companies around the world that could be leveraged at no additional cost to the Financial Services Industry. An estimated 30 – 50 percent of companies that require financial identifiers in a sample of the major trading market indices already use the GS1 System of standards.
  - 33% of the S&P 500
  - 83% of the DAX 30
  - 30% of the FTSE 100
  - 53% of the Nikkei 225
- The GS1 System is used in 25 industry sectors around the world, and could quickly be introduced in the financial services sector – within months, not years. More recently, GS1 has engaged the banking industry in the areas of cash handling and payments. This same investment could be leveraged for capital and contract market applications.
- GS1 has a **local presence** in 108 countries working with industry in their local languages and customs. The GS1 Member Organizations (MOs) provide administrative support to ensure the integrity of the identification system as well as training, education, and implementation support. The GS1 MOs are funded solely by their local activities.
- The GS1 proposal decouples the *issuance* of identification numbers from the *registration* of reference data. In the GS1 proposal, GS1 acts as the issuing authority for numbers, but other organizations act as registrars of reference data, subject to local regulation. This allows for competition to drive down costs, avoids disenfranchising existing organizations with experience in financial data management, and also provides for local regulations that may vary from country to country.

### Conclusion

What GS1 does best is create communities of companies, trade associations, other standards organizations, NGOs, academia, vendors, and regulatory bodies to work together to develop and **implement** user-driven standards that solve common business problems. The Fortune 100 companies and Small/Medium Enterprises (SME) that participate today in our standards development can attest to the open and transparent nature of our work. It is these same companies that have a keen interest in solving systemic risk in the financial markets.