

United States Senate

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OFFICE OF THE
SECRETARIAT

The Honorable Timothy Geithner
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

COMMENT

The Honorable Mary Schapiro
Chairman
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Secretary Geithner, Chairman Schapiro, and Chairman Gensler:

We write in regards to rulemakings involving Legal Entity Identifiers (LEI) and their important role in monitoring financial products, market participants, and systemic risk. We would request that you give full and fair consideration to a specific proposal submitted by GS1 and Financial InterGroup.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, contains several provisions that require LEIs for collecting and reporting data concerning financial products. As a recent Federal Reserve Working Paper acknowledges, a global standard for LEIs will provide a number of benefits, including permitting cheaper and more efficient analysis for all interested parties, facilitating analysis that is currently difficult due to the plethora of proprietary entity identifiers, and providing a critical component for measuring and monitoring systemic risk. Conversely, the lack of a standard LEI system makes it more difficult to identify non-registered broker-dealer entities and their affiliates, identify counterparties involved in trading, clearing, and settlements across the various exchanges and trading platforms, and conduct general economic research.

As the Federal Reserve Working Paper concludes, “[I]t appears likely that a private-sector solution with public-sector involvement may provide the most robust and expedient solution to this industry-wide problem.” The GS1 proposal is a global system of voluntary standards that has been in place for over 30 years. As a result, it has the advantage of being a privately developed standard that can be implemented readily by federal financial regulators.

GS1 estimates that 30-50 percent of companies requiring LEIs already use its identifiers, making implementation less costly and burdensome for a significant segment of the industry. This would provide OFR an identifier system that is both robust and expedient.

This is consistent with the collaborative efforts of a number of international trade associations, which recently concluded that establishing a universal LEI standard is, "a key foundational tool to help promote industry and supervisory efforts to enhance financial stability." In making recommendations for the preferred system of LEIs, the trade associations highlighted requirements that these proposals should meet. The GS1 proposal appears to meet all eight requirements set forth in its paper.

For these reasons, we ask you to consider the GS1 - Financial InterGroup proposal. Thank you for considering our views on this important matter.

Sincerely,



Sherrod Brown
United States Senator



Rob Portman
United States Senator