

5 August, 2015

Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
USA

**Re: File Number S7-08-15 – Investment Company Reporting Modernization**

Dear Sir/Madam:

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide you with its comments on the SEC's proposed new rules and forms as well as amendments to its rules and forms to modernize the reporting and disclosure of information by registered investment companies. Our letter will limit its comments specifically to the GLEIF's views on the use of Legal Entity Identifier's (LEI)'s in the proposal. The GLEIF has been established to act in the public and private interest as the operational arm of the Global Legal Entity Identifier System (GLEIS). Consequently, we appreciate the opportunity to provide comments on the possible use of LEIs in investment company reporting.

The GLEIF has a very strong interest in ensuring there is a good understanding by rule makers of the significant benefits to the public and private sectors that derive from the widespread use of LEIs for entity identification in regulatory reporting and supervision. Following the 2008 financial crisis, the importance and benefit of a universal LEI became clear. Regulators worldwide acknowledged their inability to identify parties to transactions across markets, products, and regions. This hindered the ability to evaluate systemic and emerging risk, to identify trends, and to take corrective steps. Recognizing this gap, authorities, working with the private sector, have developed the framework of a Global LEI System (GLEIS) that will, through the issuance of unique LEIs, unambiguously identify entities engaged in financial transactions.

Regulators globally, therefore, play a key role in facilitating the expansion of the LEI system and its related benefits by requiring LEIs to be used broadly in regulatory reporting and other supervisory practices. Consequently, we welcome the SEC's considerations to require LEIs with its proposed new reporting requirements.

Included here please find the comments provided on behalf of GLEIF with regard to the specific questions relevant to the use of LEIs raised by the SEC with its consultation on the proposed new rules on investment company reporting modernization.

*1. Should the Commission require funds to obtain LEIs?*

Yes. The Commission should require the use of the LEI for identification of funds, registrants and counterparties. As the proposal indicates, the inclusion of LEI information on Form N-PORT and N-CEN would facilitate the ability of investors and the Commission to link the data reported on these forms with data from other filings or external sources. The LEI provides the key to such linkages and ensures that parties to investment company activity will be unambiguously identified. Further, we strongly

agree that using the LEI to identify counterparty, collateral, foreign ownership information would provide the Commission with information to better understand the level of potential counterparty risk assumed as part of the fund's activities, e.g., securities lending, repo, etc., and its ability to assess collateral reinvestment risks and associated potential liquidity and loss risks, as well as better understand leverage creation through the reinvestment of collateral.

2. *Is it appropriate for the Commission to require LEIs, which are only available through the global LEI system? Why or why not?*

LEIs have been accepted by over 80 regulators around the world who are members of the LEI Regulatory Oversight Committee (ROC) as the appropriate standard for entity identification (including the Commission). These regulators, by signing the ROC Charter<sup>1</sup>, have agreed to adopt the LEI in their regulatory processes in their jurisdictions. Thus, the LEI is now widely adopted for regulatory reporting and supervision around the world. There are over 40 rules today that require or request the LEI. As a result, we believe it is completely appropriate for the Commission to require LEIs.

Further, by REQUIRING the LEI, rather than just requesting the LEI, the Commission will help to grow the population of entities with LEIs. This is very important, as the utility of the LEI will only be fully achieved when the large majority of companies active in the financial markets have LEIs. So the Commission has a keen opportunity to support the global LEI system with this rulemaking.

3. *In the case of funds that have not obtained an LEI, will those funds seek to obtain an LEI in the future absent any regulatory requirement to do so?*

This is hard to say. At some point, firms in the financial services industry may require LEIs from their clients as they begin to use LEIs more fully in their internal processes, for example, in their client onboarding processes.

4. *In addition to the fees for obtaining and maintaining an LEI, would there be other costs associated with funds obtaining LEIs?*

There are no additional costs that we are aware of to obtain an LEI.

In conclusion, we would like to reiterate that the global LEI system in place today supports also the SEC's objectives in the area of investment company reporting modernization. We therefore, encourage the SEC to require LEIs with its new rules to apply in this area.

Sincerely,



Gerard Hartsink  
Chairman  
GLEIF

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<sup>1</sup> [http://www.leiroc.org/publications/gls/roc\\_20121105.pdf](http://www.leiroc.org/publications/gls/roc_20121105.pdf).