

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Security and Exchange Commission

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Securities and Exchange Commission (Commission) on the proposed rule for relating to security-based swap execution and registration and regulation of security-based swap execution facilities.

Consultations and amendments to existing requirements are opportunities to re-consider existing identifier schemes with longer term vision for a broader, standardized and consistent use of global standards and open sharing across US agencies.

GLEIF also will focus on responding to Question 42.

First, some background information on the LEI and GLEIF.

The Legal Entity Identifier (LEI) is a 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The code connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions including their ownership structure. The LEI and its associated reference data are accessible to all as open, public data.

Established by the Financial Stability Board in June 2014 under the mission of improving financial stability and transparency due to the aftermath of the financial crisis, GLEIF is tasked to support the implementation and use of the LEI. Even though the primary and initial usage and adoption of the LEI predominantly was in financial markets and financial instruments, the LEI is use agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee, in which the Commission is an active member, and the Financial Stability Board in 2012. Further details on the use of the LEI in regulatory initiatives is provided [here](#).

Question 42: Do you agree with the requirement for an SBSEF to report its platform ID on the cover sheet? Should the disclosure of standard identifiers such as the LEI, the Financial Instrument Global Identifier (“FIGI”), and the Unique Product Identifier (“UPI”) be included in an SBSEF’s other reporting obligations under the proposed rules?

GLEIF supports the Commission’s effort to include the LEI for identifying security-based swap execution facilities (SBSEFs). The original use of the LEI for this purpose trace back to the Commodity Futures Trading Commission (CFTC), which requires counterparties engaging in swaps transactions to be identified with an LEI. The Commission’s decision to include the LEI creates consistency and transparency for the identification of execution facilities, while also enabling information sharing across agencies. GLEIF also supports the inclusion of the Unique Product Identifier (UPI), which is also an ISO standard, as well as the Financial Instrument Global Identifier (FIGI), an adopted U.S. standard. Open, non-proprietary data standards, which are established by voluntary standard bodies, facilitate the open exchange of information for regulators.

The LEI is the only global standard for legal entity identification. The value proposition of LEI has been recognized by several U.S. regulators, most notably the Commission. The LEI has also been recognized

by the CFTC, Federal Reserve, Consumer Financial Protection Bureau, National Association of Insurance Commissioners and U.S. Treasury. The LEI currently exists in 29 various U.S. laws and regulations and globally the LEI exists in 126 laws and regulations. By implementing the LEI more comprehensively the Commission would set forth a consistent identification scheme highlighted by the LEI. The Commission has previously included the LEI in many other reporting forms and rules and is considered in several outstanding proposed rules.

Consistent use of the LEI in the U.S. would greatly enhance information sharing across different government entities. Today, the U.S. government utilizes [more than 50 different identifiers](#) for legal entity identification; which causes manual reconciliation of data and drain of resources. Instead of using/accepting a plethora of identifiers, the Commission could leverage the LEI, as an established open source, to harmonize and sharing of critical data both at home and abroad.

The Foundation for Evidence-based Policy Making Act of 2018 (Evidence Act) requires that data be open and be shared across federal agencies. Furthermore, President Biden’s Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking further supports the Evidence Act:

“(d) Consistent with the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, heads of agencies shall, as appropriate and consistent with applicable law, expand open and secure access to Federal data routinely collected in the course of administering Federal, State, local, Tribal, or territorial government programs or fulfilling Federal, State, local, Tribal, or territorial government mandates..”

More recently, [S.4295](#), the Financial Data Transparency Act (FDTA) is a bill that seeks to unlock data in the financial regulatory sector. The proposed bill would direct the Financial Stability Oversight Council (FSOC) financial regulatory agencies to adopt consistent data fields and formats for the information they already collect from industry under securities, commodities, and banking laws. Although specific standards such as the LEI are not specifically mentioned in the bill, the requirement for “legal entity identifiers” is cited. The LEI is the only entity identifier that meets the criteria specified in the FDTA, most notably, “be nonproprietary or made available under an open license” and “incorporate standards developed and maintained by voluntary consensus standards bodies”.

The Commission also could benefit from data that is contained in the LEI record. For example, company legal name, legal address and headquarter address, all of which are part of a LEI record, can be retrieved automatically or verified from a LEI record. GLEIF facilities mapping through an [open-API](#), which is available at no costs to end users. All LEI data is validated and verified by LEI issuers against authoritative sources which results in a trusted source of entity data.

GLEIF would be happy to engage further in conversations with the Commission regarding these new policies or other remarks included herein.

Submitted by:
Stephan Wolf, CEO GLEIF
Stephan.Wolf@gleif.org