

A Response by the Global Legal Identifier Foundation (GLEIF) to the the Securities and Exchange Commission’s Crypto Task Force:

March 27th, 2025

To: Securities and Exchange Commission (SEC), Crypto Task Force.

First, some background on GLEIF:

Established by the Financial Stability Board (FSB) 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 (Legal Entity Identifier, ISO 17442). Even though the primary and initial usage and adoption of the LEI predominantly was in financial markets and financial instruments, the LEI is use-case agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee (ROC), in which the Board of Governors of the Federal Reserve System (Board), Commodity Future Trading Commission (CFTC), Consumer Financial Protection Bureau (CFPB), Department of Treasury (Treasury), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and the SEC, are active members.

The LEI and the verifiable LEI (vLEI):

The term “Legal Entity Identifier” or “LEI” means a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The LEI uniquely and unambiguously identifies a legal entity and which meets the requirements of section 124(c)(1). The LEI is nonproprietary, and the LEI data is made publicly available under an open license, free of charge to any interested user. The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions including their ownership structure.

A number of existing SEC registration and filing requirements have already incorporated the use of the LEI by regulated entities. These include the current rules for Form N-Port¹, Form ADV², Form PF³, and Form N-PX⁴. Under the oversight of the SEC, the MSRB also includes the LEI on Form A-12⁵ and G-32.

¹ <https://www.sec.gov/files/formn-port.pdf>

² <https://www.sec.gov/files/formadv-instructions.pdf>

³ <https://www.sec.gov/files/formpf.pdf>

⁴ <https://www.sec.gov/files/formn-px.pdf>

⁵ <https://www.msrb.org/sites/default/files/2022-09/MSRB-Registration-Checklist-Form-A-12.pdf>

The costs of obtaining and renewing an LEI are governed by a cost-recovery model and imposed only to the degree necessary to cover the administrative expenses of the LEI system. Any increase, or decrease for that matter, requires review and approval by GLEIF. The ROC charter specifically states that any fees are imposed “on a non-profit cost-recovery basis.”

The LEI can be implemented for the identification of crypto and virtual asset service providers, digital asset and stablecoin issuers, and more generally entities that participate in crypto markets, for example, stablecoin custody service providers.

In December 2019, GLEIF announced the creation of the digital equivalent of the LEI: the “vLEI”⁶. The term “Verifiable Legal Entity Identifier” or “vLEI” means a cryptographically verifiable version of a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO).⁷ The vLEI is a digitally signed credential that makes an LEI instantly and cryptographically verifiable when presented in digital form, enabling digital interactions that utilize the vLEI to have a high level of assurance about the identity of the actors and the organizations they represent.

The vLEI is a new form of digitized organizational identity. Uniquely, it provides automated and non-repudiable verification of an organization’s identity, as well as that of the person(s) acting on its behalf. The vLEI addresses critical needs associated with tackling emerging identity-based risks. Namely, the permissions and authentication of organizational identity and the digital signing and submission of official documentation (such as regulatory filings, reports, data submissions), including the signing of the content therein. vLEIs are digitally signed credentials that leverage the LEI to indicate the identity of a legal entity and enable verification of the organization as well as persons representing the organization.

The vLEI offers a secure, verifiable approach to organizational identity and organizational credentials – capabilities that will be needed as U.S. agencies seek to comply with Executive Order 14028 requiring the adoption of Zero Trust Architecture, especially for authentication and permissioning for applications run by the US agencies.

How does it apply to Crypto and Digital Asset business?:

Beyond its foundational use in traditional finance, the LEI, and especially the vLEI, can now play a pivotal role in bridging the gap between traditional and digital finance. These identifiers can serve as the backbone of trust and compliance in blockchain-based ecosystems.

The vLEI provides a mechanism for verifiable identification of digital asset issuers, including but not limited to digital securities, allowing regulators, investors, and market participants to trace asset origin without compromising efficiency or decentralization.

⁶ <https://www.gleif.org/en/vlei/introducing-the-verifiable-lei-vlei>

⁷ <https://www.gleif.org/en/about-lei/iso-17442-the-lei-code-structure>

In decentralized finance (DeFi), the vLEI can support compliance by enabling wallet-level verification. Specifically, it can indicate whether a wallet has undergone Know Your Customer (KYC) verification and source-of-funds assessment, without necessarily disclosing the identity of the wallet holder. This enables privacy-preserving compliance aligned with regulatory expectations.

Moreover, the vLEI can be used to identify the accountable parties behind smart contract-based services such as decentralized exchanges (DEXs) and lending protocols. This provides the foundation for responsible innovation by making control and governance structures transparent and verifiable on-chain.

In addition, the vLEI can be used to enable verifiable proof of reserves for stablecoins and other asset-backed digital assets. By associating reserve attestations with cryptographically verifiable organizational identities, regulators and users gain greater transparency and trust in the backing of digital financial instruments.

In addition to these use cases, there are a number of policy challenges that Commissioner Hester Peirce has identified as priorities for the Commission's Crypto Task Force where the vLEI might be useful in developing workable solutions. These topics include, but are not limited to, the creation of a safe harbor from registration, potential challenges around on-chain identity solutions in tokenized securities transactions, and the development of a cross-border micro-innovation sandbox. In each of these areas, use of the vLEI by digital asset market participants would provide the Commission, as well as other regulators, increased visibility into these markets while minimizing any new regulatory burdens.

Ultimately, the LEI and vLEI empower a responsible, compliant, and innovative use of blockchain for storing and transferring value. They support interoperability between centralized and decentralized systems, create trust in tokenized securities markets, and are aligned with the global regulatory agenda for digital assets.

These capabilities point toward the evolution of a verifiable smart contract concept, where both the identity of the deploying entity and the terms and control mechanisms of the contract are transparent, cryptographically assured, and auditable.

GLEIF applauds the Crypto Task Force's efforts to bring regulatory clarity to the crypto sector, and remains at your disposal to further discuss and support your work. Do not hesitate to engage us in your discussions and questions related to the Crypto Task Force and the priorities laid out in the press release⁸.

⁸ <https://www.sec.gov/newsroom/speeches-statements/peirce-journey-begins-020425>

GLEIF Americas
a NJ Nonprofit Corporation

2500 Plaza 5
25th floor
Harborside Financial Center
Jersey City, NJ 07311



Enabling global identity
Protecting digital trust

Submitted by:
Alexandre Kech, GLEIF CEO
Alexandre.Kech@gleif.org