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European Securities and Markets Authority (ESMA)
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Re: Securities Financing Transaction Regulation (SFTR) Discussion Paper

To whom it may concern:

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide you with its comments on the Securities Financing Transaction Regulation (SFTR) Discussion Paper published by ESMA in December 2015.

Our letter will limit its comments specifically to the GLEIF's views on the use of Legal Entity Identifier's (LEI)'s in the report. The GLEIF has been established **to act in the public and private interest as the operational arm of the Global LEI System**. Consequently, we appreciate the opportunity to provide comments on the possible use of LEIs as described in the report.

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 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 considerations of ESMA concerning the use of LEIs for the actors and place of settlement fields for SFTR reporting.

There is one additional mention of LEIs in paragraph 200 of the Discussion Paper. Specifically, 'In this respect ESMA EMIR General question 118 indicates that sub-funds, which are not identifiable by LEI, can be typically considered as beneficiaries to the SFT.'

GLEIF would like to take the opportunity to clarify that in section 3.4 of the ISO 17442 standard, within the term 'investment vehicle', it is stated that sub-funds are included within the scope of assignment of LEIs. Therefore, GLEIF does not envision a situation in which a sub-fund could not be identified by an LEI.

3.4 investment vehicle

mutual fund, pension fund or alternative investment fund constituted as a corporate entity or collective investment agreement (including umbrella funds as well as sub-funds under an umbrella structure).

In conclusion, we would like to reiterate that the Global LEI System supports the objectives of the ESMA of reporting in a consistent and clear manner. We therefore, encourage ESMA to progress the considerations regarding the use of LEI set out in its Discussion Paper.

Sincerely,

Stephan Wolf
CEO
GLEIF