

Response of GLEIF to the European Banking Authority (EBA) Consultation Paper on Guidelines on Connected Clients under Article 4 (1) (39) of Regulation (EU) No 575/2013.

October 2016

The Global Legal Entity Identifier Foundation (GLEIF) has provided comments regarding the Guidelines on Connected Clients under Article 4 (1) (39) of Regulation (EU) No 575/2013.

GLEIF will limit its comments specifically to the GLEIF's views on the use of Legal Entity Identifier (LEI) in the consultation.

The LEI, as the identity management key, could be used in the process for identifying connected clients in a standard way. The requirements for connected clients base the assessment of connections on control and advises institutions to make use of their clients' consolidated financial statements.

GLEIF has worked directly with XBRL International to standardize the structure of the LEI when used in any XBRL taxonomy. The LEI could be used in any reporting format but could be especially valuable when used within the principal standard and format for reporting of financial statements globally.

Use of the LEI as the identity management key positions the information collected on connected clients for aggregation and analysis of the exposures in both the control and economic dependency scenarios. Use of a standard international authoritative identifier especially is relevant in the case of identifying connected clients across borders.

Borrowers/clients could be identified unambiguously under the large exposure regime according to Art. 387 FF CRR. The National Supervisory Authorities also could use the LEI to identify supervised entities and could mandate the LEI to identify supervised banks and their consolidated entities.

Registration facilities for the assignment of LEIs for all legal entities already are in place. GLEIF currently provides search and look up as well as download capabilities for LEI codes and their corresponding data records.