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Re:
Draft RTS and ITS under SFTR and amendments to related EMIR RTS Consultation Paper

To whom it may concern:

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide you with its comments on the Draft RTS and ITS under SFTR and amendments to related EMIR RTS Consultation Paper published by ESMA in September 2016.

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 regulatory reporting.

Specifically, GLEIF would like to provide responses to the following questions included in the Consultation Paper:

Q9: Would the suggested data elements allow for accurate reporting at individual SFT level and CCP-cleared position level? In line with approach described above?

GLEIF is pleased to see the use of the LEI consistently for Counterparty data in SFTR as well as the regular renewal of the LEI reference data as a requirement for valid reporting for SFTR.

Q39: Do you agree with the proposal to identify the country of branches with ISO country codes?

ESMA has clarified to the LEI ROC and GLEIF that ESMA does not have the requirement to precisely identify a branch by means of its LEI. In the ESMA reporting frameworks, the first element of data is the responsible

reporting entity is the parent entity, which is to be identified by its LEI, and the second element of data would be the ISO country code of the host country of the branch, which would identify the location of a branch.

Since the distribution of data collected from SFTR is so far reaching, however, impacts would be seen by other authorities when consuming and analyzing data from SFTR. This would require understanding the data from ESMA reporting frameworks, based on the identification of locations of branches in host countries by ISO country codes, as well as for the precise identification for international/foreign branches by LEI, as specified in the LEI ROC statement of July 2016, *Including data on international/foreign branches in the Global LEI System*, for other regulations and legislation.

GLEIF supports the use of the LEI both to reference and to identify branches in a standard way, as well as to be a foundation for future needs in which there may be a requirement to identify more than one branch per country.

Q75: Do you agree with the proposed structure of the validation rules? If not, what other aspects should be taken into account. Please elaborate.

GLEIF is pleased to see that the LEI, along with the UTI, can be used effectively by TRs in the determination of the uniqueness of SFTs.

Q105: Do you agree with the proposed levels of access to data reported by subsidiaries under EMIR included in sections 6.5.1 – 6.5.5? If not, what other aspects should be taken into account. Please elaborate. and Q106: Do you agree with the proposed levels of access to data reported by subsidiaries under SFTR included in sections 6.5.1 – 6.5.5? If not, what other aspects should be taken into account. Please elaborate.

The foundation to the reporting of and the access to subsidiary data for both EMIR and SFTR is LEI registration of subsidiaries and the collection of relationship data. GLEIF is on track for the collection of relationship data beginning with ultimate and direct parents to be completed by registered entities by the end of 2017. In addition to the collection of this parent data at the time of registration or renewal of subsidiary (child) LEIs, GLEIF continues to investigate opportunities for LEI issuers (LOUs) to offer top down registration services for legal entity structures to register their entire organizations.

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 Consultation Paper.

Sincerely,

Stephan Wolf
CEO
GLEIF

Sven Schumacher
General Counsel