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GLEIF response to the Financial Stability Board (FSB) Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms Consultation document on main elements

Dear Financial Stability Board,

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide you with its comments on the consultative document, entitled 'Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms Consultation document on main elements' published by the Financial Stability Board in April 2017.

Our letter will limit its comments specifically to GLEIF's views on the use of Legal Entity Identifier's (LEI)'s in regard to the topic of the Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms as the subject of the document. The GLEIF, established to act in the public and private interest as the operational arm of the Global LEI System, appreciate the opportunity to provide comments on the possible use of LEIs in regard to this consultation.

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. Recognizing this, the FSB and global regulatory authorities, working with the private sector, 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 consideration of the FSB for Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms concerning the use of LEIs in its work.

Specifically, GLEIF would like to provide a response to question 10 regarding *Data issues*:
10. Do you have suggestions on information sharing arrangements (publication of results, repository of evaluations, and data availability, particularly as it pertains to replicability)?

GLEIF views the use of the Legal Entity Identifier (LEI), itself a result of the G20 Financial Regulatory Reform, as a necessary condition of being able to deliver on several of the proposed requirements

for an effective structured framework for post-implementation evaluation of the effects of the G20 financial regulatory reforms.

First, the framework is meant to cover cross-sectoral and cross-cutting issues stemming from the interaction and combined effects of the reforms. Use of a standard international authoritative identifier, the LEI as the identity management key, especially is relevant in the case of identifying entities across borders, sectors and for cross-cutting issues for reporting and statistical purposes. GLEIF recommends the use of the LEI as an important foundation to support these requirements. Using the LEI will insure consistency for entity identification on an international scale for these processes which require communication across multiple parties and jurisdictions and establishing effective arrangements for cooperation and information sharing.

The design of the evaluation also is to consider Data and information requirements as part of the process. The usage of the LEI in the evaluations will produce a high degree of quality in data for both for regulators and industry. LEI enables interchangeability with other national or proprietary identifiers, thus allows comparison and analysis of older data sets as well.

Another important aspect of the framework is implementation monitoring. The framework is to be supported by metrics for measurement of both the benefits and costs of the reforms. The LEI is a foundational tool for aggregation and analysis and could help to identify issues and trends (including any regulatory gaps, remaining or newly identified benefits or risks, or potential positive or negative unintended consequences). The LEI would be useful particularly in measuring the private benefits and costs that accrue to particular market participants or end users, as metrics that are outlined for the framework.

The consultation document sets out that the evaluations of post-crisis reforms should be able to address if the regulatory reforms have had broadly similar effects across relevant markets, states of world, or jurisdictions and regions (Heterogeneity) as well as a requirement to link micro and macro sectoral analyses. In an area in which challenges with aggregation currently are compounded with data gaps, the consistent, pervasive use of valid current renewed LEIs in G20 regulation could be an important factor in helping the G20 close data gaps and improve data sharing.

Finally, there is a suggested requirement for creating a repository of evaluations to support the standardised and centralised collection of information on the effects of reforms. With the main purpose of making this information accessible and publicly available to a broad base of stakeholders, inclusion of the LEI would facilitate the search for and analysis of information in this repository.

We encourage the FSB to progress the considerations regarding the use of LEI in the context of this consultative document.

Sincerely,

Stephan Wolf
CEO