

## Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Bank of England ISO 2022 consultation paper: a global standard to modernise UK payments

July 2018

**The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Bank of England ISO 2022 consultation paper: a global standard to modernise UK payments. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.**

GLEIF would like to thank the Bank of England for the proposal to mandate LEIs in CHAPS to be accomplished by the uniform and universal adoption of ISO 2022. GLEIF will provide responses to questions 17 to 19.

Q.17 Do you agree with the proposals for improved identification of parties and agents in a CHAPS payment?  Yes

Please explain, in particular any issues with the proposals.

GLEIF agrees with the statements by the Bank in the consultation paper that the implementation of the LEI in the CHAPS payment system, and beyond in the future, will allow the Bank to increase oversight and understanding of the transactions flowing through the UK financial system on both a granular and system-wide level and to support effectively the Bank's responsibility for end-to-end risk management across the CHAPS payment chain.

Q.18 Do you agree that LEIs should be made mandatory for payments between financial institutions in order to achieve the expected benefits?

Fully agree

Please explain the rationale for your choice.

The introduction of the LEI into the payments messages for CHAPS will bring value-added information to the high-value payments process in the UK. Currently, parties and agents within the financial messaging that supports this payments process are identified in their operational contexts (Ordering, Sender, Receiver, Intermediary, Account with Institutions, for example). The inclusion of the LEI will introduce information about the legal entities behind these roles within financial institutions.

The inclusion of the legal entity level information will have even more relevance and benefit with the introduction of the Payment Services Directive 2 (PSD 2) as Third-Party Payment Providers, as new players, enter the established payment processes and channels.

GLEIF would like to propose an additional requirement in specifying the mandate of the LEI within the CHAPS system. GLEIF proposes that the Bank explicitly specify that fully valid and renewed LEIs are required for use in the CHAPS system. Both the quality and accuracy of LEI data will be maintained as reporting entities renew and keep current their LEI entity and relationship data.

Q.19 Do you agree that LEIs should be made mandatory for a wider set of CHAPS payments?  Yes

GLEIF expects that over time the LEI will be used for multiple public and private purposes. Expanding the mandatory use of the LEI for a wider set of CHAPS payments will ensure that the Bank more fully derives the benefits if using the LEI and that the LEI becomes a broad public good as expected by the Financial Stability Board (FSB).