

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Sovrin Governance Framework V2 Public Review

November 2018

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Sovrin Governance Framework V2 Public Review. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments as part of the public review of the Sovrin Governance Framework V2.

GLEIF would like to recommend that the Legal Entity Identifier (LEI) become a part of the standard set of digital credentials of the foundational the Sovrin Web of Trust Governance Framework.

First some background on the LEI.

The development of a system to uniquely identify legal entities globally had its beginnings in the 2008 financial crisis. Regulators worldwide acknowledged their inability to identify parties to transactions across markets, products, and regions for regulatory reporting and supervision. 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 (GLEIS) that will, through the issuance of unique LEIs, unambiguously identify legal entities engaged in financial transactions. Although the initial introduction of the LEI was for financial regulatory purposes, the usefulness of the LEI can be leveraged for any purpose in identity management for legal entities both by the public and private sectors. This includes but is not limited to supply-chain, digital markets, trade finance, and many more.

The LEI initiative is driven by the Financial Stability Board (FSB) and the finance ministers and governors of central banks represented in the Group of Twenty (G20). In 2011, the G20 called on the FSB to take the lead in developing recommendations for a global LEI and a supporting governance structure. The related FSB recommendations endorsed by the G20 in 2012 led to the development of the Global LEI System that provides unique identification of legal entities participating in financial transactions across the globe and the subsequent establishment of the GLEIF by the FSB in 2014. The GLEIF is overseen by a committee of global regulators known as the LEI Regulatory Oversight Committee (LEI ROC).

The LEI itself is a 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization, developed specifically by ISO/TC 68, Financial services.

The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Moreover, the LEI provides freely accessible look up (identification) of the parties to transactions, including in payments and correspondent banking.

The LEI offers both public and private sectors users a one-stop approach to identifying legal entities, which has the potential to take the complexity out of business transactions. Via the Global LEI Index,

GLEIF makes available the largest online source that provides open, standardized and high quality legal entity reference data. No other global and open entity identification system has committed to a comparable strict regime of regular data verification.

Timothy Ruff, co-founder of Sovrin, in his keynote address at the GLEIF Identity Management Workshop in May 2018 put forward the idea that LEIs could be issued as Sovrin verifiable credentials. He further stated that once an LEI had been cryptographically bound to an entity, other attestations could be cryptographically bound to the LEI.

By issuing LEIs as Sovrin verifiable credentials, GLEIF could create a self-sovereign identity for organizations by making LEIs cryptographically verifiable. This would make the LEI foundational for all aspects of legal entity identification. Combined with the plans to embed LEIs in a standard way into digital certificates and seals, the LEI would be positioned to become part of any project or use case in which verifiable digital identification of legal entities would be needed.

The inclusion of the LEI in the Sovrin Web of Trust Governance Framework would add value both to the Framework and for users of the LEI.