

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Office of Management and Budget Proposed Guidance for Grants and Agreements

March 2020

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Office of Management and Budget (OMB) Proposed Guidance for Grants and Agreements.

GLEIF will concentrate its comments on the Part 25 – Universal Identifier and System for Award Management (SAM).

From the Proposed Guidance, GLEIF understands that OMB plans to create a new Unique Entity ID (UEI) number for all recipient and sub-recipient entities and instead of the DUNS number. GLEIF is aware that in March 2019, the General Services Administration (GSA) concluded a contract with Ernst and Young LLP for up to five years of entity validation services for the federal award process through GSA's SAM. GLEIF's understanding is that the two initiatives are linked.

GLEIF proposes that OMB and GSA reconsider the LEI to identify applicants and recipients of Federal grants. In addition to the identifier code, the LEI itself, and associated entity level data, the Global LEI system already is operational to collect the data required by applicants and recipients on their immediate and highest parents, subsidiaries and predecessors. Relying upon the Global LEI System, this information could be kept current and up-to-date in SAM.

The LEI is a 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The code connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions including their ownership structure, meaning their direct and ultimate parent information. This feature of the LEI would satisfy the requirement for recipients to report their immediate and highest parent. The LEI data also displays legal entity events such as merger and acquisitions, which would satisfy OMB's information request on predecessor and successor entity. Further, expansion of the types of corporate events that could result in updates to data records of legal entities already is underway in the Global LEI System with [the Legal Entity Events \(formerly referred to as "Corporate Actions"\) and Data History in the Global LEI System](#).

The LEI and its associated reference data are freely available either in bulk via file download or application programming interface (API) or individually via an online look up (identification) tool. The complete database of LEIs and the associated LEI reference data is available free of any charge or barrier to anyone on the web. GLEIF operates under the Open Data Charter terms, which means the data can be used by all users without limitations. The LEI and its associated reference data are transmitted daily by LOUs to GLEIF with full transfer of any intellectual property rights (if applicable). The LEI itself is a nonproprietary identifier, thereby ensuring the U.S. Federal Government has maximum flexibility with its implementation and downstream usage.

The Global LEI System was developed by the Group of Twenty and the Financial Stability Board in order to provide unique identification of legal entities participating in financial transactions. Established in June 2014, GLEIF is a not-for-profit organization created to support the implementation and use of the LEI. GLEIF services ensure the operational integrity of the Global LEI System. GLEIF is overseen by the LEI Regulatory Oversight Committee (ROC), which is made up of 71 public authorities from around the globe. The U.S. Department of the Treasury Office of Financial Research was the founding Chair of the LEI ROC. There are six U.S. federal agencies participating in the LEI ROC. Additionally, the LEI is involved in the U.S. Government Global Business Identifier (GBI) initiative.

Under 2 CFR 200.1 non-Federal entities are listed as (a) foreign organizations, (b) foreign public entities, and (c) domestic for profit organizations. GLEIF would like to remind OMB that for uniquely identifying foreign entities, the LEI can be instrumental given each LEI record contains both the legal name in the original language and the transliterated name. This feature of the LEI is particularly important for identification of foreign entities from jurisdictions, in which non-Latin alphabet (i.e. Cyrillic, Chinese or Arabic) is used. Verification and validation of all legal entities are undertaken by the GLEIF accredited Local Operating Units (LOUs), which guarantees that a consistent and locally relevant approach is applied during the LEI application and annual renewal process.

Under the Proposed Guidance, OMB requests all recipients to keep their information current in SAM. In the Global LEI System, for making sure that the LEI reference data and parent information is current, registrants are required to renew their LEI on an annual basis as well as updating any time the reference data changes. Given the registrant does not renew its LEI a “LAPSED” registration status is applied. The Global LEI System gives full transparency to users regarding the registration status of the LEI as well as the last update date of the data. LOUs are responsible for verifying and validating all reference data along with the ownership information during renewals.

Considering OMB’s efforts to promote the collection of data in machine readable formats, GLEIF would like to highlight the collaboration between GLEIF and XBRL International. In partnership with XBRL International, GLEIF published its [2018 Annual Report](#) in human and machine-readable Inline XBRL and HTML format. It becomes the first official business report globally which automatically links the filing entity to its verified LEI reference data held within the Global LEI Index. This establishes an important link between the legal entity and its financial reports and other relevant regulatory reporting, all based on the consistent application of the LEI in the taxonomies of XBRL.

Lastly, GLEIF would like to comment on the new addition “Part 183 – Never contract with the enemy” section in the Proposed Guidance. GLEIF understands that the Federal awarding agency shall exercise required due diligence to ensure that none of funds are provided to unintended persons or entities. For performing required level of due diligence, the Federal awarding agency might need to leverage and reconcile disparate data sources. However, these efforts can only be maximized if an interoperable standard and structured data is used for bridging different data sources. Here, the LEI, a globally recognized international standard for entity identification, can add significant value by linking these different datasets. The Federal Agency can easily verify and validate the identity of the entity and its related parties by leveraging the LEI.

In closing, we share the conclusions of a research report titled [Envisioning Comprehensive Entity Identification for the U.S. Federal Government](#) and published by GLEIF and the Data Foundation in 2018. The report demonstrates that, as of 2018, the U.S. federal government used fifty distinct entity

identification systems—all of which are separate and incompatible with one another. It provides the following four reasons why using the LEI is preferred to alternative solutions:

- 1) Many federal entity identification systems are unique to their specific agencies, often built to fulfil highly targeted purposes, and lack governance structures that could ensure their flexibility for broader use.
- 2) Every federal identification system is managed by a single central authority with sole control over the issuance of identification codes. By contrast, the Global LEI System is federated. No one single agency or company controls all registration for the whole system.
- 3) High quality data only matters if it can be readily accessed and used. Proprietary entity data has traditionally led to higher costs, reduced data access, and limited competition. The LEI, on the other hand, is nonproprietary, with its supporting structures and associated data managed in accordance with the principles of open data.
- 4) Data verification and validation are key to a successful entity identification system. Without it, data quality would decay and eventually render the system unusable. The Global LEI System provides validation services at the registration and the annual renewal phase, has a robust data quality management program, and requires high standards of service and quality from the network of LOUs.

By using the LEI as the universal identifier within its Guidance for Grants and Agreements, grant officers and any recipient of the collected information could better understand how an entity acts and interacts with government across sectors and industries, painting a more complete picture of economic and organizational activity in the United States.