

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Securities and Market Authority (ESMA) Consultation Paper Draft Implementing Technical Standards under the Regulation on Cross-Border Distribution of Funds

June 2020

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Securities and Markets Authority (ESMA) Consultation Paper Draft Implementing Technical Standards under the Regulation on Cross-Border Distribution of Funds. In this consultation, GLEIF will respond to *Question 5: "Please specify the use you would make of the information to be contained in the central database listing UCITS and AIFs marketed on a cross-border basis. Do you have any suggestions regarding the format of this central database?"*.

GLEIF thinks that it is crucial to ensure transparent, easily accessible, identifiable, and comparable information on all Alternative Investment Funds (AIFs) and Undertakings for Collective Investment in Transferable Securities (UCITS) management companies. Ensuring granular, standardized, and consistent information on these entities would help investor protection and facilitate cross-border investment in the European internal market. GLEIF suggests ESMA make the LEI as a mandatory data element for all published funds in the central database.

Taking this opportunity, GLEIF would like to bring into ESMA's attention the [letter](#) sent by the European Systemic Risk Board (ESRB) to the EU Commission. In this letter, the ESRB highlighted that around half of funds reporting under AIF Managers Directive (AIFMD) do not report or possess an LEI, and this missing LEI requirement for AIFs and UCITS limits risk exposure analysis and causes regulatory fragmentation in the European Union. ESRB mentioned that this is particularly crucial for the analysis of interconnectedness, the understanding of complex group structures or when linking AIFMD data with other data sources. For example, when trying to combine data collected through AIFMD and EMIR to explore exposures of investment funds on derivatives markets, the ESRB analysis shows that approximately 25% of funds which report trading derivatives under AIFMD do not report LEIs. ESMA also highlighted the importance of LEI reporting in response to the previous consultation on the fitness check on supervisory reporting.

GLEIF suggests that ESMA considers the European Single Access Point (ESAP) as proposed by the European Commission High-Level Forum report on CMU for the consolidation of European companies. According to the report, information for AIFs and UCITS will be added in the ESAP by 2025. It is stated in the report that technical standards to develop data fields and formats should use appropriate entity and document identifiers (LEIs, ISINs, etc.) to ensure that public information about issuers and securities can be easily interlinked and cross-referenced. Considering this direction in the European Union, GLEIF suggests ESMA should consider mandating that the LEI associated with the AIF, UCITS, AIF Manager, or any other fund/fund management company is part of the published data. ESMA could also consider providing the public link to each fund's LEI reference data thereby allowing users to access the funds' basic reference data and relationship information in an easy and seamless way. Through a single click on

the LEI record on ESMA's website, data users could be directed to the Global LEI Repository and access the open public reference data and relationship information of the fund in question. With the LEI Regulatory Oversight Committee's [Funds Relationship Policy](#), whose implementation is in progress at the moment, users can have a more granular view of the relationship information. As part of the policy implementation, the following relationships will be enumerated in the Common Data File Format: Fund Management Entity relationship IS-FUND-MANAGED-BY, Umbrella Structure relationship IS_SUBFUND_OF and Master-Feeder IS_FEEDER_TO.