

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Monetary Authority of Singapore Consultation Paper on a New Omnibus Act for the Financial Sector

August 2020

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Monetary Authority of Singapore Consultation Paper on a New Omnibus Act for the Financial Sector. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) to regulate virtual asset service providers (VASPs) created in Singapore for anti-money laundering and countering of financing of terrorism (AML/CFT) purposes.

GLEIF would like to respond the Question 5: *MAS seeks comments on the proposal to introduce a regulatory regime for entities created in Singapore that carry on a business of providing VA activities outside of Singapore.*

GLEIF agrees that the licensing and registration of the VASP in the jurisdiction where it is created is an essential step to curb the anonymity and reduce the ML/FT risks. Ideally, all jurisdictions shall apply this requirement so as to prevent regulatory arbitrage worldwide.

GLEIF suggests that any global problem requires a coordinated global solution. The Legal Entity Identifier (LEI), is the global solution for the identification of all legal entities on a global scale in a standardized way, regardless of their jurisdiction of business formation or legal form. The Global LEI System was created to respond to the global challenges in legal entity management worldwide after the financial crisis of 2008 and the inability of regulators 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 on a timely manner. Global LEI System is overseen by the LEI Regulatory Oversight Committee, a group of 71 public authorities with full membership and 19 observers from more than 50 countries. Singapore is represented by Mr. Andrew Tan, Lead Economist, Macroeconomic Surveillance, from the Monetary Authority of Singapore.

The LEI, a global standard (ISO 17442), could be leveraged by all regulators across jurisdictions for uniquely identifying entities providing/involving virtual asset services. If all regulators worldwide require an LEI for each licensed and registered VASP, (i) anonymity of these new players and the risks that they could pose could be eliminated; (ii) LEIs of VASPs could be used by regulators to facilitate communication with each other; which would ensure precision in the identification of the entity in question (iii) updates to both entity and relationship data of the VASPs could be tracked (e.g. headquarter address change) relative to this provider via an open, publicly available, personal-data-free [Global LEI Repository](#). Therefore, GLEIF suggests MAS consider adding the LEI as a precondition for an entity applying for VASP licensing and registration.

GLEIF would like to provide information on its work in the [Joint Working Group on interVASP Messaging Standards \(JWG\)](#). Recently, the LEI was adopted as an optional field in inter-VASP Messaging Standard IVMS101. The interVASP messaging standard is intended for use in the exchange of required data between VASPs. This opens the door for leveraging the LEI to bring transparency and enhance consumer protection for crypto-assets and tokenization transactions.

Lastly, GLEIF would like to bring to the attention of the MAS the recently published [Stage 2 report to the G20](#): Enhancing cross-border payments: building blocks of a global roadmap. The report highlights that the most significant enhancements are likely to arise if over time all building blocks are advanced and implemented in a coordinated manner. While providing a globally standardized approach supporting the LEI for legal entities and establishing proxy registers based on unique identifiers is part of the Building *Block D, Increase data quality and straight through processing by enhancing data and market practices*; ensuring more effective and robust implementation and application of AML/CFT frameworks while continuing to pursue a risk-based approach is placed under *Block B: Coordinate regulatory, supervisory and oversight frameworks*.

In parallel to standardization and harmonization efforts for transparent, resilient and secure financial markets at the global level, use cases for the LEI are constantly increasing. Therefore, GLEIF urges MAS to consider the LEI mandate for all licensed and registered VASPs; who can use the LEI across borders from shopping for finance to cross-border payments.