

## Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Commission Digital Services Act package: open public consultation

September 2020

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Commission Digital Services Act Package: Open Public Consultation. GLEIF will focus its comments on consistent and standard legal entity identification in digital platforms.

First, GLEIF would like to respond to the Question 7: *“How should the spread of illegal goods, services or content across multiple platforms and services be addressed? Are there specific provisions necessary for addressing risks brought by: a. Digital services established outside of the Union? b. Sellers established outside of the Union, who reach EU consumers through online platforms?”* under “2. Clarifying responsibilities for online platforms and other digital services”.

As a result of the Covid-19 pandemic, consumers are using digital platforms more than ever. Rising demand from consumers for online purchases has created a new opportunity for fraudsters to sell either non-existing or fake products. Authorities have opened investigations for understanding which companies these fraudsters use for distributing such products. For instance, in the EU, the European Anti-Fraud Office (OLAF) recently announced that approximately 20,000 businesses have been set up on e-commerce platforms that allow the selling of medical equipment without checking and verifying the identity of sellers. As this example demonstrates, the process of establishing a stakeholder’s legal identity digitally has become a foundational requirement for digital life; it defines ‘who’s who’ within a digital community. And this can be enabled with the Global Legal Entity Identifier (LEI) System. The LEI is a 20-character, alpha-numeric code, based on the ISO 17442 standard. It is used for uniquely and unambiguously identifying legal entities globally. Each LEI contains information about an entity's ownership structure and thus answers the questions of 'who is who' and 'who owns whom'. Simply put, the publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace. Designed to provide greater transparency for public and private sectors around the world, the Global LEI System enables unrestricted access to LEI data on a global scale.

A broader requirement for the LEI can help overcome cross-border challenges associated with reconciling legal names and addresses – for example abbreviations of common terms, differences in translations, and the provision of transliteration for in non-Latin character sets. Through a single click or call to the Global LEI Foundation (GLEIF) Application Programming Interface (API), data users could be directed from an e-commerce platform to the Global LEI Repository and access the open public reference legal entity reference data without any fee or barrier. Each LEI record also has a Change History and Last Update Date which give users full transparency about the current status of a legal entity.

An additional layer of trust in the digital space is incorporating the LEI in digital certificates as highlighted in GLEIF's responses to the recent consultations for the revision of the eIDAS regulation.

In closing, GLEIF would like to highlight that the digital space and e-commerce are global by nature. That is why any standard or provision adopted must be able to respond to that global nature. Safety of consumers and trust in online service providers can only be ensured by bringing a requirement for the first foundational step: a standardized legal entity identification of sellers in these platforms through a globally trusted, machine readable, open standard, the LEI.