

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the UK Department for Digital, Culture, Media & Sport for the UK digital identity and attributes trust framework policy paper March 2021

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the UK Department for Digital, Culture, Media & Sport for the UK digital identity and attributes trust framework policy paper. GLEIF will focus its comments on how the use of the Legal Entity Identifier (LEI) in this trust framework can help both the UK and international businesses' digital identities to interoperate across borders and help faster, easier and more transparent legal entity identification.

GLEIF would like to respond to the Question: *Please provide any general comments about the trust framework. If you choose not to complete the rest of the survey, your feedback will only be considered if your answer to this question includes substantive comments on the trust framework.*

GLEIF welcomes the creation of a clear trust framework for UK digital identity and attributes by the UK Department for Digital, Culture, Media & Sport.

In a hyper-connected global economy digital identity is becoming a critical enabler of digital transactions. But this is only true if the digital identity is set up structurally to maximize interoperability across borders. Although some regional initiatives enable mutual recognition of electronic ID schemes, such as eIDAS in the European Union, mutual recognition of different schemes at the political/legislative level does not help if different identifiers are used in digitally enabled machine-readable platforms. The lack of interoperability across these platforms limits the benefits obtained from private sector applications such as online banking or open finance. Therefore, GLEIF suggests that the LEI, a global standard, as opposed to regional or local ones, for entity identification can maximize the cross-border interoperability and benefits for all users.

GLEIF believes that legal entity identification is a new necessary concept in the discussion on self-sovereign identity and envisions that each business worldwide should have only one global identity. Similar to individuals, legal entities also need a way to assert their identity and the identities of persons authorized to take action on their behalf. By using the LEI, legal entities could easily and effectively identify themselves, verify their business partners (B2B) and allow regulators/government (B2G) to verify their identities in digital applications.

GLEIF welcomes the UK Department for Digital, Culture, Media & Sport's suggestion to add the LEI among the accepted information that a relying party might request to check if a business is eligible to do something in this alpha version. However, GLEIF would like to emphasize that the LEI is in a different compartment compared to other identifiers listed, such as VAT number, Economic Operators Registration and Identification (EORI) number or Data Universal Numbering System (DUNS) number. Among those listed, the LEI is the only open, global standard for unique entity identification, backed by 71 regulators in its Regulatory Oversight Committee. While the VAT number is a local and non-digital number with personal information; the EORI number is only for businesses that want to import or export goods into or out of the EU. Since Duns & Bradstreet providing DUNS is a commercial enterprise and the DUNS is a proprietary system, the US government will stop using the DUNS number to uniquely

identify entities registered in the System for Award Management (SAM) by April 2022. Therefore, GLEIF suggests that the LEI is accepted as the only accepted identifier along with the Companies House number for digital identification of the UK and foreign businesses.

Credibility of entities' identities is one of the major challenges in sharing trusted data. Given the UK digital identity and attributes trust framework will allow individuals and businesses to use and reuse their digital identities, the LEI can facilitate trusted data sharing solutions. It will also give entities a way to share their attributes with other people and organizations more easily. For example, Bank of England [suggests](#) that through an open data platform the SMEs could create a portable credit file under a unique identifier – the LEI. Thanks to the global recognition of the LEI, these SMEs could share their identity across different providers and even shop for finance across borders. The Bank says that the use of LEIs could replicate the benefits of a digital identity by enabling fast, accurate and unique identification of businesses, both domestically and globally.

GLEIF applauds the Bank of England for its progressive approach towards interoperable entity identification management via the LEI as a globally recognized and unique identifier for all businesses in the UK since its response to the van Steenis review on the Future of Finance. This includes:

- Integrating the LEI in the Bank's new Real Time Gross Settlement system and mandating its use in payment messages.
- Suggesting Companies House generate LEIs as a unique global identifier either for all entities on a systematic basis as a primary identification number, or on an ad-hoc basis for entities who wish to have LEIs as a secondary identification number in its [response](#) to the UK Department for Business, Energy & Industrial Strategy Corporate Transparency and Register Reform Consultation Paper.
- Recognizing the LEI supports cross-border identification and digitization in its recent [open data for SME finance](#) paper.

In their dialogue with GLEIF, large European corporate treasurers acknowledged that all companies, regardless of their size, have challenges in submitting the same set of documents in different formats for establishing a new banking relationship and regular Know Your Customer refreshes on a constant basis. According to the survey carried out by EuroFinance in partnership with SWIFT in August/September 2019, 10% time of a corporate treasurer is spent to meet the KYC requirements. The requested documents from banks include information for certificates of incorporation, identification documents, details on corporate ownership and financial statements. The LEI includes the basic business card information of a legal entity and corporate hierarchy verified via an authoritative source such as a business registry in a structured data format. Corporates confirmed that if the financial institutions accept the LEI instead of incorporation documents, the identity submission process, hence the onboarding process, would be digital, cheaper, faster and more efficient for all parties.

The recently published Kalifa [report on the UK Fintech sector](#) welcomes GLEIF's work to establish a basis for digital ID verification of corporates with Companies House and Bank of England. In the report it is stated that the UK has made some progress in adopting common financial data standards – but there is substantial scope to increase their coverage and adoption. If common data standards can be implemented more widely, that could be a foundation for more significant improvements in digital financial services. GLEIF suggests that the LEI, an international data standard for entity identification, is a key for fulfilling several projects such as establishing an International Fintech Credential Portfolio (FCP) or the Bank of England's SME Passport.

Lastly, GLEIF would like to provide an update on its digital strategy for the LEI, which, similar to examples given in the policy paper for natural persons, allows entities to control how much information they manage and share.

First, integration of the LEIs in digital certificates. This would allow anyone to easily tie together all certificate records associated with an entity, determine which certificates are current, and clear up variances. In this way, it can provide certainty of identity and trust in any online interaction between entities, making it easier for everyone to participate safely in the global digital marketplace. It also significantly reduces the complexity and cost, both people and technology-related, associated with due diligence and validation of customers, partners and suppliers.

Second, GLEIF's work in verifiable LEI (vLEI). GLEIF recently unveiled the issuance and technical infrastructure models for its recently announced vLEI system. A vLEI is a secure digital attestation of a conventional LEI, which is digitally signed by the owner and cryptographically secured with the owner's private key. By combining three concepts – the organization's identity, represented by the LEI, a person's identity represented by their legal name, and the role that the person plays for the legal entity, vLEI credentials can be issued and become part of organizational wallets. With vLEI, companies could easily testify the counterparties that are making transactions with, and remediate issues especially associated with payment processes. The vLEI as a Verifiable Credential is capable of decentralized authentication and verification of the identity of legal entities and persons who represent them. GLEIF's vLEI framework is being built to interoperate with all blockchain/DLT networks as well as cloud infrastructures for true portability and interoperability.

GLEIF suggests that the UK Department for Digital, Culture, Media & Sport consider both options in the design of UK digital identity and attributes trust framework. Making the LEI foundation of the trust framework could help organizations to know precisely and based on which standards other organizations make verification and validation of the legal entity data. With the LEI, they can trust if the processes the other organisation followed are secure and trustworthy.