

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Securities and Exchange Commission's Potential Money Market Fund Reform Measures in President's Working Group Report

April 2021

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Securities and Exchange Commission (Commission) on proposed amendments pertaining to money market fund (MMF) reforms. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) as it pertains to the identification of funds.

The value proposition of LEI has been recognized by several U.S. regulators, not limited to just the Commission, however also including the Commodities Future Trading Commission (CFTC), Federal Reserve, Consumer Financial Protection Bureau, National Association of Insurance Commissioners, U.S. Treasury, some of which are members to the President's Working Group on Financial Markets (PWG). The U.S. Customs and Border Protection is working on the Global Business Identifier (GBI) Initiative, in which the Bureau will test the LEI as part of an evaluative proof of concept to determine the optimal GBI solution. Most importantly, the Commission itself has made several amendments to include the LEI as well, specifically as it relates to the funds industry, Form PF, Form ADV, Form N-MFP (Forms). By implementing the LEI more comprehensively within all fund investment related vehicle filings, the Commission would comprehensively implement a consistent identification scheme highlighted by the LEI. Implementing the LEI across the current Forms is a positive first step, however inconsistent use of the LEI results in the mapping and maintenance of multiple identifiers across multiple SEC filing types. For example, a MMF can file a N-MPH disclosing its holdings, but the same MMF's prospectus or annual report does not contain an LEI.

Consistent use of the LEI in the US could greatly enhance information sharing across different government entities. Today, the US government utilizes [more than 50 different identifiers](#) for legal entity identification; which causes manual reconciliation of data and drain of resources. Instead of using/accepting a plethora of identifiers, the SEC could leverage the LEI, as an established open source, to harmonize and sharing of critical data both at home and abroad. Case in point, as previously mentioned Form PF, which is shared with the CFTC and Financial Stability Oversight Council (FSOC) for the monitoring of systemic risk. Additionally, the Foundation for Evidence-based Policy Making Act of 2018 (Evidence Act) seeks to synchronize data across various agencies, inclusive of regulators. Consultations and amendments to existing requirements are opportunities to re-consider existing identifier schemes with longer term vision for a broader, standardized and consistent use of global standards and open sharing across US agencies.

The LEI is the only global standard for legal entity identification. It is a 20-character, alpha-numeric code based on a standard developed by International Organization for Standardization, the ISO 17442 standard, which has become an adopted U.S. standard. The definition of legal entities includes the identification of funds. The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. LEIs contain information about an entity's ownership structure and thus answers the questions of 'who is who' and 'who owns whom', which also applies to funds. Simply put, the publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace.

The drivers of the LEI initiative, i.e., the Group of 20, the Financial Stability Board (FSB) and many regulators around the world, have emphasized the need to make the LEI a broad public good. As such, the LEI and its associated reference data are accessible to all as open, public data. It is registered and regularly verified according to protocols and procedures established by the Regulatory Oversight Committee (ROC). The LEI currently exists in 26 various U.S. laws and regulations and globally the LEI exists in 119 laws and regulations.

Lastly, the Commission could also benefit from data that accompanies a LEI record. For example, company name and address (legal and headquarters), both of which are collected within Forms today can be automatically retrieved or verified from an LEI record. All LEI data is validated and verified by LEI issuers against authoritative sources which results in a trusted source of entity data. LEI issuers are rigorously accredited by GLEIF and renewed annually.

GLEIF would be pleased to further engage with the Commission on this topic and provide further information, if requested.