

Response of the Global Legal Entity Identifier Foundation (GLEIF) to The Bureau of Consumer Financial Protection Proposed Rule for Small Business Lending Data Collection Under the Equal Credit Opportunity Act (Regulation B)

January 2022

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Bureau of Consumer Financial Protection (Bureau) on proposed rules amending Regulation B to implement changes to the Equal Credit Opportunity Act (ECOA) in section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

First, some background information on the LEI and GLEIF.

The Legal Entity Identifier (LEI) itself is a 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The code connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions including their ownership structure. The LEI and its associated reference data are accessible to all as open, public data.

Established by the Financial Stability Board in June 2014 under the mission of improving financial stability and transparency due to the aftermath of the financial crisis, GLEIF is tasked to support the implementation and use of the LEI. Even though the primary and initial usage and adoption of the LEI predominantly was in financial markets and financial instruments, the LEI is use agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee, in which the Bureau is an active member, and the Financial Stability Board in 2012, Further details on the use of the LEI in regulatory initiatives is provided [here](#).

GLEIF would like to provide combined comments on the Proposed Rule:

The value proposition of LEI has been recognized by several U.S. regulators, including the Bureau, Commodities Future Trading Commission (CFTC), Federal Reserve, National Association of Insurance Commissioners, Securities and Exchange Commission and U.S. Treasury. The LEI currently exists in 29 various U.S. laws and regulations and globally the LEI exists in 126 laws and regulations, inclusive of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), which is mentioned in the Proposed Rule summary.

More specifically, Regulation C of the Home Mortgage Disclosure Act (HMDA) requires financial institutions involved to maintain, report and control data regarding the information within mortgage transactions. Every financial institution that files an HMDA submission to the Bureau is required to have an LEI. This was an important milestone for the LEI; its value is now recognized and mandated within this segment to bring increased transparency and enhance consumer protection.

GLEIF supports the Bureau’s requirement for covered financial institutions “..obtain and maintain..” an LEI within Regulation B as this is a consistent and logical extension of the HMDA for reporting financial

institutions. GLEIF also supports the inclusion of both immediate and ultimate parent LEIs, when available. Extending the LEI into Regulation B also further promotes transparency and consumer protection while leveraging the LEI as a linchpin identifier within the Bureau's data collection processes. GLEIF would also suggest extending the Proposed Rule to include the LEI as a data element for the small business applicants as well. GLEIF is already working with financial institutions to achieve more widespread assignment of LEIs for their customers through on-boarding processes across various business segments. This model is referred to as the [Validation Agent model](#).

There are innumerable national or regional standards for entity identification across the world. Different identifiers might serve the national needs, however, create conflicts and inefficiencies when it comes to the reconciliation of data across borders. Research conducted by GLEIF and Data Coalition demonstrates that the U.S. federal government alone uses 50 distinct entity identification systems—all of which are separate and incompatible with one another. Therefore, the LEI responds to the critical need for a universal system of identifying entities across markets, products, and regions. Instead of using/accepting multiple identifiers, federal agencies should leverage the LEI, as an established open-source identifier, to harmonize and share critical data as the Bureau has established.

The Foundation for Evidence-based Policy Making Act of 2018 (Evidence Act) requires that data be open and be shared across federal agencies. Furthermore, President Biden's Memorandum on Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking further supports the Evidence Act:

“(d) Consistent with the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, heads of agencies shall, as appropriate and consistent with applicable law, expand open and secure access to Federal data routinely collected in the course of administering Federal, State, local, Tribal, or territorial government programs or fulfilling Federal, State, local, Tribal, or territorial government mandates..”

The Bureau could also benefit from data that accompanies a LEI record. For example, company legal name, which is also collected by the Bureau, and address (legal and headquarters), can be retrieved automatically 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 also facilitates mapping through an [open-API](#), which is available at no costs to end users.

GLEIF would be happy to engage further in conversations with the Bureau regarding these new policies or other remarks included herein. Most notably, how GLEIF and the Bureau can advance this Proposed Rule further by requiring LEIs for small and medium businesses that covered financial institutions conduct business with. This would increase the assignment of LEIs beyond the covered financial institutions reporting to the Bureau.