

## **Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Security and Exchange Commission on the Proposed Rule for the security-based swaps market**

March 2022

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Securities and Exchange Commission (Commission) on the Proposed Rule for the security-based swaps market.

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.

GLEIF also will focus on generally the data elements included in the Proposed Rule, most notably the inclusion of the Legal Entity Identifier (LEI) in Rule 10B-1(c).

### ***First, some background information on the LEI and GLEIF.***

The 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 Commission 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 respond regarding the data elements included in the Proposed Rule:***

GLEIF supports the Commission's effort to include the LEI in the Proposed Rule 10B-1 for the identification of reporting entities and parties to security-based swap transactions. The LEI, as one of the data elements, would assist in providing investors and other market participants with public access to material information regarding swap transactions. Open, non-proprietary data standards, which are established by voluntary standard bodies, create transparency and facilitate the open exchange of information for regulators.

Financial regulators have incorporated the LEI for many different regulatory purposes. By implementing the LEI more comprehensively the Commission would set forth a consistent identification scheme highlighted by the LEI. The Commission has previously included the LEI in many other reporting forms and rules.

The LEI is the only global standard for legal entity identification. The value proposition of LEI has been recognized by several U.S. regulators, most notably the Commission, but also includes the Commodities Future Trading Commission (CFTC), Federal Reserve, Consumer Financial Protection Bureau, National Association of Insurance Commissioners 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. These rules and global regulations have resulted in comprehensive assignment of LEIs for issuers, both public and private and therefore LEI coverage for issuers of underlying debt and equity instruments, as it pertains to security-based swaps, is comprehensive.

GLEIF is also working directly with financial institutions (FIs) within its [Validation Agent operating model](#) (VA) to issue LEIs for their clients, in cooperation with LEI Issuer organizations officially accredited by GLEIF, by leveraging their business as usual client identification procedures in Know Your Customer (KYC) and client onboarding processes. This model, triggering LEI growth beyond regulatory mandates, would help to make the financial ecosystem more transparent and accessible for all parties. [FIs](#) have already begun utilizing the LEI within capital markets, which will result in greater coverage of LEIs, at a lower cost, for debt and equity issuers over time.

The Commission also could benefit from data that is contained in the LEI record. For example, company legal name, legal address and headquarter address, all of which are part of a LEI record, can be retrieved automatically or verified from a LEI record. GLEIF facilitates mapping through an [open-API](#), which is available at no costs to end users. All LEI data is validated and verified by LEI issuers against authoritative sources which results in a trusted source of entity data.

GLEIF would be happy to engage further in conversations with the Commission regarding these new policies or other remarks included herein.