

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Securities and Exchange Commission Proposed Rule for Investment Company Names

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The Global Legal Entity Identifier Foundation is pleased to provide comments to the Securities and Exchange Commission (Commission) on a proposed rule for investment company names.

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 is the only global standard for legal entity identification and its associated reference data are accessible to all as open, public data.

The scope of the ISO 17442 standard specifies “all entities that trade stock or debt; investment vehicles, including mutual funds, pension funds and alternative investment vehicles constituted as corporate entities or collective investment agreements (including umbrella funds as well as funds under an umbrella structure, hedge funds, private equity funds);” are eligible for an LEI.

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 (ROC), where 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’s response to the Proposed Rule:

Following the collapse of several notable financial institutions in 2008, regulators and private-sector firms were unable to assess quickly and fully the extent of market participants’ exposure and how the vast network of market participants was connected. This was due in part to the fact that client and counterparty records were all name based, which emphasized the need for a global system to identify financial connections, so regulators and private sector firms could better understand the true nature of risk exposures across the financial system. As noted above, this was a primary reason for the creation and development of GLEIF and the LEI.

Additionally, names alone are insufficient and can be mis-leading for investors. For example, fund names are often similar within a given fund family and only differentiated by numeric or alphabetic series and currency. Furthermore, In the Global LEI System (GLEIS) the legal name of an entity is a

referential data point included in a LEI record. Names can change due to corporate actions, however LEI's are persistent and this is key from a data management perspective. Fund names will also experience name changes, often many at a time. The Commission and consumers of public fund data filed with the Commission would benefit from using the LEI for record tracking purposes.

GLEIF suggests that the Commission should continue to expand the inclusion of the LEI in fund filing formats, in particular the initial filing, Form N-1A. The Commission already has made several amendments to include the LEI as well, specifically as it relates to the funds industry, Form N-CEN, Form PF, Form ADV, Form N-PORT and more recently in the proposed rules for N-MFP, N-PX, and the final rule for 13-Fs. By implementing the LEI more comprehensively within all fund related filings, the Commission would set forth a comprehensive and consistent identification scheme highlighted by the LEI. 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.

Use of the LEI among U.S. regulators continues to increase as well. There have been several recent consultations that specifically mention the LEI from [Bureau of Consumer Financial Protection](#), [Financial Crimes Enforcement Network](#), [Treasury](#), [U.S. Customs and Board Protection](#). 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.

[H.R. 2989](#), the Financial Transparency Act (FTA), a House bill, and [S.4295](#), the Financial Data Transparency Act (FDTA), a Senate bill, seek to unlock data in the financial regulatory sector. The proposed bills would direct seven of the Financial Stability Oversight Council (FSOC) financial regulatory agencies to adopt consistent data fields and formats for the information they already collect from industry under securities, commodities, and banking laws. On October 25th, the U.S. House of Representatives concluded consideration of the FTA. The bill passed with overwhelming support, 400-19. Although specific standards such as the LEI are not specifically mentioned in the bill, the requirement for "legal entity identifiers" is cited. The LEI is the only entity identifier that meets the criteria specified in the FTA/FDTA, most notably, "be nonproprietary or made available under an open license" and "incorporate standards developed and maintained by voluntary consensus standards bodies". Open, non-proprietary data standards, established by voluntary standard bodies, create transparency and facilitate the open exchange of information for regulators.

Requirements for open, standardized, and high-quality legal entity reference data available to users in the Global LEI System continues to expand through the implementation of policies from the ROC. One of these policies relates to the expanded collection [of certain relevant funds relationship data](#) and includes three new relationship types for fund LEI records: Fund Management Entity, Umbrella Structure, Master Feeder. The Commission could consider making of these new fields within Form types relating to the fund industry.

The ROC also released a new policy on [government entities](#). The policy will allow certain legal entities to be classified as "Resident Government Entities" or "International Organizations". For the former, sub-categories will be created and filled in as optional. The sub-categories are subsectors defined in the System on National Accounts 200813. They are "Central Government", "State Government", "Local Government" and "Social Security". These sub-categories could be useful to the Commission for consideration in N-PORT filings for holdings that include government issued instruments.

GLEIF also suggests that the Commission could make further use of the XBRL reporting capability, which includes a LEI taxonomy that can be used in conjunction with any inline XBRL taxonomy. XBRL US is a nonprofit standards organization. The mission of XBRL US is to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical XBRL specification, which is a free and open data standard widely used around the world for reporting by public and private companies, as well as government entities. The Commission could both leverage existing standards, in this case XBRL in tandem with the LEI, to create more transparency, improve reporting and the quality of data included therein.

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