

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Commission's Public Consultation on the Rationalisation of Reporting Requirements

23 November 2023

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Commission's public consultation on the rationalisation of reporting requirements. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) to reduce the reporting and administrative burden placed on businesses due to EU legislation.

One issue that comes up for reporting businesses is the variety of identifiers requested through the different pieces of national, regional, and sectoral legislation e.g., VAT number, TIN, national identifier, sectoral authorization identifier.

This plethora of identifiers can cause a headache for businesses which need to ensure they are properly identified under each reporting obligation. This causes unnecessary administrative burden to the reporting entities as well as ultimately scatters the reported information available to supervisory entities – which could enjoy a fuller picture otherwise.

A way to fix this issue is to encourage the use of a single identifier in all relevant legislation to be used by businesses as a universal alternative to identifiers that are available today.

GLEIF proposes this common identifier to be the Legal Entity Identifier (LEI). The LEI is indeed a universal ISO standard for the unique, open, reliable, and digitally friendly identification of legal entities worldwide. The LEI is already in use in over 75 pieces of EU legislation for reporting purposes such as the Markets in Financial Instruments Directive (MiFID), the Capital Requirements Regulation (CRR), the Alternative Investment Funds Directive (AIFMD), the Markets in Crypto-Assets (MiCA) regulation and the Directive on Administrative Cooperation (DAC8).

Concretely, thanks to the Global LEI Index, businesses and SMEs will have complete LEI data at their disposal, which will facilitate the identification and linkage of parties they are dealing with in the context of data collection related to reporting obligations.

Furthermore, the use of LEI could rationalize the identification process of reporting businesses used by Member States and ensure an identification framework fit for the digital age, which prevents fragmentation arising out of differences between national rules, based on the principles of open access, machine-readability, global reach, and sound governance.

Simply put, the publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace for the benefit of businesses and authorities dealing with reporting obligations.

The LEI is a 20-digit, alpha-numeric code that enables clear and unique identification of legal entities. The code is linked to a set of key reference information relating to the legal entity in question e.g., name, legal form, headquarter address, parent company, child entities. These pieces of information need to be updated on a regular basis in order to be considered current.

The LEI is managed by the Global Legal Entity Identifier Foundation (GLEIF – <https://www.gleif.org/en/about/this-is-gleif>) and is ultimately overseen by more than 70 regulators from around the world participating in the Regulatory Oversight Committee (ROC) (<https://www.leiroc.org/about/membersandobservers/index.htm>). EU participation in the ROC includes four EU institutions and 18 member state authorities.

The LEI will likely also be referenced in the European Single Access Point (ESAP), the Instant Payments Regulation and the Anti-Money Laundering Regulation (AMLR).