

## **Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Swiss Federal Council's Public Consultation on strengthening the anti-money laundering framework**

November 2023

The Global Legal Entity Identifier Foundation (GLEIF) welcomes the opportunity to provide its views to the Swiss Federal Council's consultation to strengthen the anti-money laundering framework.

GLEIF believes the Federal Council's initiative is a step in the right direction as it lays down concrete processes to identify 'who is who' and 'who owns who' in the business landscape. Such processes are crucial for identifying and preventing money laundering risks, especially relevant to Switzerland as an international hub for businesses and financial services.

However, the global nature of money laundering also implies the use of interoperable tools for identifying complex businesses structures operating across the globe. Similarly, such solutions should provide a digitally secure means of identifying counterparties in a simplified and efficient manner.

The Legal Entity Identifier (LEI) is one of such tools that can simplify the monitoring of systemic risk related to entities as outlined under this consultation's exploratory report<sup>1</sup>.

Anti-money laundering legislation in the EU, currently under negotiation, proposes that the LEI is used to help identify legal entities during their onboarding process<sup>2</sup>.

The Financial Stability Board (FSB) published at the start of the year the G20 Roadmap for Enhancing Cross-border Payments: Priority actions for achieving the G20 targets<sup>3</sup>, emphasizing the significant role of the LEI in assisting entities and financial institutions with sanctions compliance, customer due diligence and wire transferring.

---

<sup>1</sup> See Federal Council's explanatory report on proposal and consultation (August 2023):

<https://www.news.admin.ch/news/message/attachments/82297.pdf>

<sup>2</sup> European Commission Anti Money Laundering Regulation proposal:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0420>

<sup>3</sup> See G20 Roadmap (February 2023):

<https://www.fsb.org/2023/02/g20-roadmap-for-enhancing-cross-border-payments-priority-actions-for-achieving-the-g20-targets/>

In a similar vein, the Bank for International Settlements (BIS) innovation hub's Project Aurora defends that the LEI can facilitate cross-border supervision of money laundering threats if incorporated into the data sets that identify legal entities<sup>4</sup>.

Furthermore, the lack of high-quality, global beneficial ownership data is the leading cause of friction during Anti-Money Laundering (AML) / Counter Financing of Terrorist (CFT) checks carried out as part of cross-border payment processing, according to a 2021 survey by the Financial Action Task Force. [The Transparency Fabric](#) illustrates how easy it could become to identify direct and indirect connections between businesses with an LEI and sanctioned persons and companies, resulting in quick and easy identification of people and companies with compliance risk.

GLEIF therefore suggests that the Swiss Federal Council should consider introducing the LEI as a mandatory data element when identifying legal entities (companies, NGOs, financial intermediaries) throughout the legislative bill. This becomes particularly attractive as the LEI will play a bigger role in creditor/debtor identification as market infrastructures implement the CPMI Harmonised ISO 20022 data requirements for enhancing cross-border payments in 2025-2027<sup>5</sup>.

Below, we provide further details on our concrete recommendations to the proposal.

The new proposal introduces a central register comprised of all legal entities operating in Switzerland. All entities would be required to provide information on their governance structure and beneficial owners that shall be included in such register.

To ensure that such procedure is efficient and considers the global nature of businesses, GLEIF believes that all types of legal entities should also have the possibility to disclose their LEI, and the LEI of the structures that own them. The LEI code connects to key reference information that enables the clear and unique identification of legal entities including their ownership structure.

In its study "Measuring intra-bank complexity by (not) connecting the dots with LEI. A supervisor perspective"<sup>6</sup> September 2023, the DeNederlandscheBank, mentions "the (LEI) data provide relevant insights for recovery and resolution purposes since it contains information on group structures or for making anti-money laundering measures work more effectively by tracking parents and subsidiaries located in offshore centers."

---

<sup>4</sup> See BIS innovation hub Project Aurora report (May 2023): <https://www.bis.org/publ/othp66.pdf>

<sup>5</sup> See BIS publications (October 2023) : <https://www.bis.org/cpmi/publ/d218.htm>

<sup>6</sup> Source: <https://www.dnb.nl/en/publications/research-publications/analysis/measuring-intra-bank-complexity-by-not-connecting-the-dots-with-lei-a-supervisor-perspective/>

Additionally, the Banque de France publication “An identifier to characterize groups’ global expansion strategies”<sup>7</sup> of January 2021 notes “The descriptive data associated with large enterprise identifiers (LEIs) provide up-to-date information on groups’ ownership structure, as well as on the legal form and location of their operations, including those in off-shore financial centres (OFCs). Extending the obligation to have an LEI would thus help to make global financial transactions more transparent”.

Thus, the inclusion of the LEI as a mandatory element in the flow of information between the legal entities and the register will provide an efficient and secure means of mapping out complex governance and ownership structures as well as assist in the prevention of emerging money laundering risks. Furthermore, the LEI can be incorporated as a mandatory data element in the federal register and populated in collaboration with the [Office Fédéral de la Statistique \(OFS\)](#), the accredited LEI issuer domiciled in Switzerland.

#### About the LEI

The ISO 17442 LEI was developed under the auspices of the G20 leaders and the Financial Stability Board during the 2008 financial crisis to create transparency amongst counterparties to financial transactions. GLEIF’s day-to-day work is overseen by more than 70 public authorities – including the Swiss State Secretariat for International Finance and the Swiss National Bank. The LEI is an interoperable, open, and machine-readable identifier. It is available to all legal entities worldwide.

LEI issuers – also referred to as Local Operating Units (LOUs) – supply registration, renewal and other services, and act as the primary interface for legal entities wishing to obtain an LEI. Only organizations duly accredited by the Global Legal Entity Identifier Foundation (GLEIF) are authorized to issue LEIs. Office Fédéral de la Statistique (OFS) is the accredited LEI issuer domiciled in Switzerland and provides LEI services to more than 8,000 Swiss entities.

The political drivers behind the LEI initiative, including the G20, the FSB have emphasised the need to make the LEI a broad public good. The Global LEI Index provides complete LEI data at the disposal of any interested party, conveniently and free of charge. This includes real-time snapshots of key company data and provides a history of any changes to it.

In addition, data access is conveniently provided via website search functions, full file downloads and an Application Programming Interface (API). It also enables automated security checks where the LEI of the filing entity is also embedded in the signing tools or digital certificate

---

<sup>7</sup> Source : <https://www.banque-france.fr/en/publications-and-statistics/publications/identifiant-caracterize-groupes-global-expansion-strategies>



## About GLEIF

The Global Legal Entity Identifier Foundation (GLEIF - <https://www.gleif.org/en/about/this-is-gleif>) is the not-for-profit foundation that manages the ISO 17442 Legal Entity Identifier (LEI).