

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Securities and Markets Authority (ESMA) on the Consultation Paper on draft ITS specifying certain tasks of collection bodies and certain functionalities of the European Single Access point

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The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Securities and Markets Authority (ESMA) on the Consultation Paper on draft ITS specifying certain tasks of collection bodies and certain functionalities of the European Single Access point.

Firstly, GLEIF would like to respond to Q12: “Do you agree with the requirement to include ISO 17442 LEI code as an attribute in the digital certificates whenever the information submitted to ESAP is accompanied by a QES?”

Yes.

Digital certificates with embedded LEIs are an important enabler of digital transformation. This is because the qualified digital certificate by itself guarantees the identity of the signer and its signature guarantees document integrity and frames it in time, using qualified time stamps. However, the qualified digital certificate does not contain a globally interoperable identifier of the signing entity. This means any recipient of this qualified digital certificate needs to apply mapping algorithms, specifically fuzzy matching algorithms, to try and understand who the signing entity is. Clearly this impedes straight through processing and the ability to generate business value out of the qualified digital certificate.

Furthermore, incorporating LEIs into digital certificates and document e-signature processes can provide an additional layer of trust proof, since the LEI is a global secure mechanism that provides reliable data on organizational identity.

Digital certificates with embedded LEIs also provide a direct link to the regularly updated LEI reference data, enabling more automated monitoring for revocation. Data access is conveniently provided via website search functions, full file downloads and an Application Programming Interface (API). The net result is strong and reliable validation of an organization’s data, together with the identity of those acting on behalf of the company.

Therefore, GLEIF suggests including a constantly ‘issued’ LEI within the digital certificates, meaning that the LEI is current and contains complete parent information. The combination of these features will result in a truly unprecedented advancement: instantly available, digitally verifiable credentials that confirm both the authenticity of the document and the key individuals responsible for its content.

Secondly, GLEIF would like to respond to Q22: “Do you agree with the proposal to specify that the legal entity identifier should be the ISO 17442 LEI code? If not, what other identifier would you suggest and why?”

Yes.

In order to make the ESAP a successful one-stop source for EU company information, easy identification is needed to recognize and extract specific data from collection bodies. This is best done through machine readable formats, which also need to be globally interoperable.

The ISO 17442 LEI is a global, interoperable, open and machine-readable identifier. It is available to all legal entities worldwide and is already in use in over dozens of pieces of EU legislations for reporting purposes (e.g., the European Single Electronic Format (ESEF), the Markets in Financial Instruments Directive (MiFID), the European Market Infrastructure Regulation (EMIR), the Alternative Investment Fund Managers Directive AIFMD, the Transparency Directive and many others).

In addition, data access is conveniently provided via website search functions, full file downloads and an Application Programming Interface (API). This aligns very closely with the aims of European Commission, as the ESAP proposal notes that *“efficient search functions will need to be implemented such as the specific legal entity identifier, the classification of the type of information, and the categories of the size of the entities.”* It also enables automated security checks where the LEI of the filing entity is also embedded in the signing tools or digital certificate.

In summary, ESAP, as a one-stop source for EU company information, will need a one-stop source for identifying the filers and legal entities reported to it. Given the Global LEI System's characteristics and the LEI's prominent use across EU financial markets regulation, the LEI is the logical choice to achieve the combined objectives of global reach and efficiency (i.e., avoiding duplicative requirements for the companies).