



Enabling global identity  
Protecting digital trust

## **Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Banking Authority's (EBA) Discussion Paper on the centralization of EEA banks Pillar 3 disclosures in the EBA Pillar 3 data hub**

March 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Banking Authority (EBA) on the Discussion Paper on the centralization of the EEA banks Pillar 3 disclosures in the EBA Pillar 3 data hub. GLEIF will focus its comments on the use of the verifiable legal entity identifier (vLEI) as a scalable and secure solution for the submission of Pillar 3 data by large and other institutions on the European Centralised Infrastructure for Supervisory Data (EUCLID) platform in an efficient manner.

**Firstly, GLEIF would like to provide comments to Question 29: *Do you agree that there is merit in leveraging the vLEI solution as a decentralized organizational digital identity management system?***

Yes. GLEIF agrees that there is merit in leveraging the vLEI solution as a decentralized organizational digital identity management system.

The vLEI is a solution for digital organisational identity. The vLEI fulfils the requirements for the signing and submission of Pillar 3 reporting and the verification of these submissions as outlined in the Discussion Paper by the EBA. The vLEI will provide the user identity management solutions for submissions to the Pillar 3 Data Hub (P3DH) addressing the identification, authentication, authorisation, security and management of users in charge of submitting information.

The vLEI as an open, commercially neutral and global identity organizational identity solution will provide to the EBA and the submitting entities these key benefits:

- **Authenticates**
  - Each vLEI requires an underlying LEI that matches the file submitter legal entity code.
  
- **Combines identification and authentication**
  - Decentralized identification and verification for organizations as well as the people who represent their organizations either in official or functional roles.



Enabling global identity  
Protecting digital trust

- **Enables delegation of authority**
  - Allows for more efficient management and operational effectiveness within the organization by enabling the submitting entities to manage in a more flexible manner internal workflows regarding the assignment or transfer of authority, such as changes in fillers, proxies, etc.
- **Solves the common problem of lack of trust and the costs involved for creating trust**
  - Because the vLEI leverages the well-established Global LEI System (GLEIS), which is the only open, standardized and regulatory-endorsed legal entity identification system, it can establish digital trust between all organizations, everywhere.
  - The vLEI ecosystem and infrastructure is a Zero Trust Architecture (ZTA) for organizational identity.
- **Delivers decentralized digital identity solution that is interoperable**
  - Supports modern technical networks, in which there are many interconnected zones, cloud services, connections to remote and mobile environments, and connections to IoT devices.
- **Enables credential management for organizational representatives in report submissions and various business transactions**
  - Allows control of the assignment and management of credentials by the submitting entities to persons representing their organizations in any additional report submission frameworks and for other business transactions and use cases in which the banks would operate.

**Secondly, GLEIF would like to provide comments to Question 30: *If you agree with Q29, do you agree that the EBA Pillar 3 reporting use case represents an opportunity to introduce vLEI into the market? And what are the main challenges that you perceive in the practical implementation of the vLEI from your point of view? If you disagree with Q29, are there alternative options you would suggest the EBA consider?***

GLEIF suggests that the vLEI is the perfect solution to the EBA Pillar 3 reporting use case and will act as a model for the public sector validating and verifying submissions from the private sector.

The vLEI has been designed as a scalable and secure solution to authenticate and bind the legal entity and its authorized representatives cryptographically, and can verify the representative's authority to submit EBA Pillar 3 data on the EUCLID platform efficiently. The vLEI also will provide a standardized, verifiable identity layer that reduces the manual

overhead associated with submissions of reporting frameworks, thereby simplifying the overall Pillar 3 data collection ecosystem process.

*i. Development of the ecosystem*

Addressing the challenge of development of the ecosystem stated in the Discussion Paper, the vLEI system has been designed to scale. The vLEI has been evaluated positively by independent experts for its technical sustainability and future-proof nature by leveraging the evolutionary, open, and adaptive features of the Key Event Receipt Infrastructure (KERI) protocol. Additionally, security-wise, KERI's design as a universal, portable Decentralized Key Management Infrastructure (DKMI) incorporates innovative, flexible, and adaptive security features. GLEIF exhibits a strong commitment to compliance, actively engaging in initiatives like the eIDAS 2.0 working groups. Furthermore, the open nature of KERI, supporting multivariant infrastructures, not only enhances interoperability but also adds an additional layer of security. This comprehensive approach positions the vLEI as a forward-thinking and secure solution in the evolving landscape of digital identity and financial regulation.

The vLEI ecosystem also includes additional requirements that support its ability to scale, such as the requirement for all Qualified vLEI Issuers (QVIs) to stand up five Witnesses when entering and implementing the vLEI ecosystem in production.

The number of qualified service providers for vLEI issuance continues to grow with one additional QVI entering the vLEI ecosystem in Q1 2024; Nord vLEI has been given the status of QVI by GLEIF on March 21, 2024. A pipeline of additional candidate QVIs are also close to qualification.

*ii. Support to institutions*

As announced in the Discussion Paper, the EBA is planning a pilot following on from the PoC that the EBA conducted with GLEIF in 2023. GLEIF stands ready to aid in the pilot to support the step by step process for the pilot banks to obtain vLEIs starting with selecting a QVI, designated authorized representatives of the bank to engage with their QVIs and preparing for the issuance of vLEI credentials, both to the bank and to their designated EBA Data Submitters.

As stated above, GLEIF actively is engaging in one of the eIDAS 2.0 large scale pilots as a member of the European Wallet Consortium with the aim to include KERI compatible wallets within the eIDAS 2.0 framework.

*iii. Market's recognition of the vLEI*

GLEIF also views the Pillar 3 application as a starting point that could trigger the broader adoption of the vLEI and anticipates that initiatives such as Pillar 3 will evolve to include additional use cases by a supportive ecosystem and market participant acceptance.

*iv. vLEI Synergies*

The vLEI could be used in a similar manner for other EU initiatives such as the European Single Access Point (ESAP). The vLEI can be used to secure content accessible via the ESAP and to ensure users that the information has not been tampered with. The use of vLEIs would not constitute an obstacle for the long-term strategy of the EU and eIDAS.

Additionally, the vLEI framework is globally relevant. Digital ecosystems are global by nature. Therefore, any standard adopted in digital ecosystems should be global in nature. Considering the vLEI as the standard for legal entity identification in digital transactions would mean the EU is adopting a globally recognized standard and requesting submitting institutions to obtain a digital credential that can be re-used for EU and international initiatives.

**Thirdly, GLEIF would like to provide comments to Question Q31: *If you agree on the adoption of the vLEI for Pillar 3, what should the EBA do to facilitate its practical application and promote market acceptance?***

GLEIF agrees on the adoption of the vLEI for Pillar 3 and suggests the following actions for the EBA to facilitate its practical implementation and promote market acceptance:

- Promote/mandate the usage of the vLEI by EBA Data submitters as the most suitable mechanism for the identification, authentication, authorisation, security and management of users in charge of submitting information.
- Promote the EBA use case in different fora as success story of the vLEI usage.
- Engage with other public sector entities to raise awareness and understanding of the use of the vLEI for the private sector reporting to the public sector and the resulting benefits to both sectors.
- Continue engagement with the Commission regarding compliance with eIDAS 2.0, focusing on the inclusion of next generation verifiable credentials being recognized and accepted as part of the eIDAS 2.0 framework.