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Response of the Global Legal Entity Identifier Foundation (GLEIF) to the US Financial Crimes Enforcement Network’s (FinCen) proposed rule for Anti-Money Laundering Regulations for Residential Real Estate Transfers

April 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Crimes Enforcement Network (FinCEN), Department of Treasury (Treasury) on the proposed rule for Anti-Money Laundering Regulations or Residential Real Estate Transfers.

Consultations and proposed rules 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 and global regulations.

First, some background information on the LEI and GLEIF.

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

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 case agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee, in which Treasury is an active member, as is the ROC Secretariat, the Office of Financial Research (OFR) and the Financial Stability Board in 2012. The LEI currently exists in 47 various U.S. laws and regulations and globally the LEI is included more than 280 regulations and 60 policy recommendations.

GLEIF suggests implementing the LEI

GLEIF supports FinCEN’s efforts to create a Real Estate Report and the recommended data points to be included in the report. However, GLEIF also suggests that FinCEN add the LEI to the report for the identification of the legal entity receiving the property, more specifically the “transfer entity” or “transfer trust”.



The LEI is applicable to legal entities, which include, but are not limited to, unique parties that are legally or financially responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts, regardless of whether they are incorporated or constituted in some other way, for example, a trust or partnership.

Reported data is more useful when it contains a consistent identifier, like the LEI, opposed to names. Reporting of non-standardized data will lead to inconsistent submissions and in terms of comparability, ultimately more work on behalf of FinCEN.

GLEIF would also like to bring to FinCEN's attention GLEIF's mapping partnership with [Open Ownership](#), which has resulted in LEIs being integrated into datasets produced in line with beneficial ownership data for the first time. The goal of the collaboration is to promote greater transparency in corporate ownership and control in support of safer, faster, and more efficient payment activities globally and a more secure financial landscape.

Globally, there have been a series of recent recommendations from prominent authorities supporting the LEI:

The Financial Action Task Force (FATF), where Treasury is the head of the U.S. delegation, is considering revisions to Recommendation 16 (R.16) in response to changes in payment business models and messaging standards. As part of this initiative, FATF launched a [Public Consultation](#) on 26 February to gather input from all interested stakeholders. The consultation proposes that a legal identifier be mandated for legal persons in messages accompanying cross-border payments, with the LEI referenced as one of these identifiers.

In October of 2023, GLEIF welcomed the support of the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) 'Harmonized ISO 20022 data requirements for enhancing cross-border payments', The CPMI ISO 20022 data requirements, which were developed in collaboration with the Payment Market Practice Group (PMPG), establish a consistent minimum set of messaging data for more efficient processing of cross-border payments in support of G20 targets. In a landmark development and following feedback from various industry stakeholders during the consultation phase, the CPMI recognized the LEI as an equivalent identifier to the Business Identifier Code (BIC) for identifying financial institutions and legal entities within a payment message.

In parallel, the Wolfsberg Group – an association of 12 global banks which aims to develop frameworks and guidance for the management of financial crime risks – has published its updated Payment Transparency Standards, which begin to identify how various capabilities within the ISO 20022 structure can be utilized to enhance payment transparency. The updated standards state that to the fullest extent permitted by the payment market infrastructure, the payment service provider (PSP) of the payer (referred to within ISO 20022 as the 'debtor agent') should use the LEI or other equivalent reference codes to enhance the accuracy of identification information on relevant parties.

Lastly, the Financial Stability Board (FSB), which Treasury is also an active member, previously endorsed the LEI for supporting the goals of its G20-endorsed Roadmap for Enhancing Cross-Border



Payments. As part of this initiative, and in collaboration with other industry standard-setting bodies, the FSB is currently working to promote standardized use in ISO 20022 payments messaging to mitigate constraints in cross-border payments.

GLEIF remains at FinCEN's disposal to further discuss and support the Treasury in your work. Please do not hesitate to engage us in discussions and questions related to the LEI in future rules.