

Response of the Global Legal Entity Identifier Foundation (GLEIF) to Australian Treasury's Consultation on enhanced beneficial ownership disclosure for listed entities

December 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Australian Treasury's Consultation on enhanced beneficial ownership disclosure for listed entities in Australia.

Established by the [Financial Stability Board](#) in June 2014, the [Global Legal Entity Identifier Foundation \(GLEIF\)](#) is tasked to support the implementation and use of the [Legal Entity Identifier \(LEI\)](#). GLEIF is a supra-national not-for-profit organization headquartered in Basel, Switzerland. The Global LEI System is overseen by over 71 public authorities (including Australian Securities and Investments Commission) participating in the [Regulatory Oversight Committee](#).

GLEIF welcomes the the Australian Treasury's amendment Bill to Chapters 6 and 6C of the Corporations Act aimed at enhancing the substantial holding and tracing notice regimes to increase the disclosure of beneficial ownership for listed entities. GLEIF agrees that such amendments are in line with the general context of the multinational tax integrity package, facilitating more accessibility and transparency of beneficial ownership. In this context, GLEIF wishes to provide a general proposal rather than responding to specific consultation questions.

GLEIF proposes that the Treasury consider adopting the LEI to identify relevant legal entities, especially in the context of the public registry of beneficial ownership.

The LEI is a 20-digit, alpha-numeric code based on ISO17442 standard. It is a global and machine-readable standard for the unique legal identification of legal entities worldwide. Each LEI contains information about an entity's basic reference data and its ownership structure, and thus answers the questions of 'who is who' (business card information) and 'who owns whom' (corporate structure showing subsidiaries with an LEI). Each legal entity is assigned a unique LEI. Therefore, identifying a legal entity with its LEI represents the first necessary step toward achieving organizational transparency at the global level.

Below is an example LEI of an Australian entity:

Nestle Australia Ltd: <https://search.gleif.org/#/record/254900RVLKQM46QQVA12>

Using this LEI, users can obtain basic reference data of Nestle Australia Ltd, including its previous names, local registration number, local registration authority, legal form, addresses, etc. Additionally, users can also explore its relationship data:

- Ultimate and Direct Parent Entity is **NESTLÉ S.A.** ([KY37LUS27QQX7BB93L28](#))
- Direct Child Entity is **THE BETTER HEALTH COMPANY (AUSTRALIA) PTY LTD** ([254900DYWHOCQ0FZ3702](#))

All this information has been verified by the LEI Issuing Organizations against local authoritative sources (GLEIF maintains a global [Registration Authorities List](#)), financial statements or other audited/regulatory filings. GLEIF operates under the Open Data Charter terms, which means that the above information and the complete database of LEIs is available free of charge for anyone to access. GLEIF makes the LEI and LEI reference data available via [full file download](#), [webpage search](#) and [GLEIF API](#). GLEIF also deploys a rigid [data quality management program](#) to ensure the LEI data is of highest quality.

Based on the consultation, the new law will *‘require foreign-registered entities listed on Australia’s financial markets and their shareholders to disclose interests in securities to the same standard as Australian-registered listed entities and their shareholders’*. However, it is usually challenging to unambiguously identify an entity and their subsidiaries particularly when they are associated with different securities or products in different systems. For example, in some jurisdictions, there are multiple major registration authorities, resulting in several identifiers for a single entity (e.g. India). In others, users need to tackle language barriers to precisely identify a legal entity. Moreover, when verification is needed, not all company registers offer the same level of accessibility.

The Global LEI Index offers an efficient and quick access to verified entity data. This is further supported by the Bank of International Settlements (BIS) [Corporate digital identity: no silver bullet, but a silver lining](#). In particular, the BIS states: *‘Corporations are often identified by their business registration or company registry number. However, these systems are not standardised, generally not interoperable and often not digitised. Information is frequently unverified and not updated. The Legal Entity Identifier (LEI) is a sounder starting point for corporate ID as it is global, unique and widely recognised.’*

In recent years, an increasing number of regulators have also started to adopt the LEI as the identifier for foreign investors. For instance, in December 2023, the Financial Services Commission of South Korea abolished the previous foreign investor registration certificates and announced the usage of LEI to identify foreign investors. In July 2023, the Securities and Exchange Board of India mandated the LEI for all non – individual Foreign Portfolio Investors (FPIs).

Additionally, in its role as a key data connector, the LEI enables critical data sets to be efficiently connected. The LEI already links to the local business registration number and is mapped to a myriad of other identifiers, including the OpenCorporates ID, S&P Global Company ID, SWIFT's ISO's Market Identifier Code (MIC) and BIC managed by SWIFT, International Securities Identification Numbers (ISIN) managed by the Association of National Numbering Agencies (ANNA) and the Business Ownership Data Standard (BODS) of Open Ownership. For example, the [mapping between LEI and the ISIN](#) helps to uniquely identify the legal entities that issue financial instruments (such as bonds, equities, derivatives) identified by ISINs, therefore, regulators, investors, and market participants can easily trace the issuing entity behind a particular security, improving overall transparency in the financial markets.

Currently, the LEI as a common data standard is widely used in reporting regimes globally, as demonstrated by the adoption of the LEI in 233 regulations and 61 policy recommendations across the globe.¹ Among these regulations, GLEIF would like to highlight that the [ASIC Derivative Transaction Rules \(Reporting\) 2024](#) specifies the LEI as the identifier for all reporting entities and relevant counterparties. The Unique Transaction Identifier (UTI) is also being required for certain reportable transactions, with the LEIs of both transaction parties being a mandatory element of the UTI. This regulation paves a foundation for the LEI adoption, as entities participating in specified derivative transactions would already possess LEIs.

In summary, the Legal Entity Identifier (LEI) ensures that beneficial ownership registers remain accurate, transparent, and consistent across borders. It aids in identifying foreign-registered entities, verifying ownership data, and facilitating cross-jurisdictional compliance, making it a valuable tool for both regulators and businesses in maintaining robust systems of corporate transparency. This aligns with the government's initiative to improve corporate transparency, address tax avoidance, and enhance financial market efficiency, as outlined in the 2022 multinational tax integrity package and the creation of a public registry of beneficial ownership.

GLEIF remains at the Australian Treasury's disposal to discuss and support its work. Please do not hesitate to engage us in discussions and questions related to the LEI in current and future consultations.

¹ <https://www.gleif.org/en/lei-solutions/regulatory-use-of-the-lei>