

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Financial Conduct Authority's (FCA) Discussion Paper (DP24/2) on Improving the UK Transaction Reporting Regime

February 2025

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to Financial Conduct Authority's (FCA) Discussion Paper (DP24/2) on improving the UK transaction reporting regime.

First, GLEIF would like to respond to Question 27: *"Do you agree that an investment firm should be able to report the underlying client instead of a trust LEI in all instances where the identity of the client(s) is known? Should we allow the use of the appropriate national identifier for the client(s) in this scenario?"*

The Global Legal Entity Identifier Foundation (GLEIF) welcomes the opportunity to contribute to the UK FCA's revision of its transaction reporting regime.

While GLEIF supports initiatives to reduce reporting and administrative burdens, introducing the opportunity to use alternative forms of identification, other than the LEI, for transaction reporting can undermine the efforts to simplify rules for firms and the ability for supervisors to effectively monitor market trends.

As a global and machine-readable credential, the ISO 17442 Legal Entity Identifier (LEI) remains an effective means to verify all parties involved in a transaction in a transparent and accurate manner. If *employed consistently*, its interoperable character makes the LEI the ideal solution to increase *data comparability while ensuring that proper fraud risk management practices remain in place regardless of whether the identity of the client is known*.

Crucially, by also allowing to reconcile reports concerning the same entity on an international scale, the LEI adds unique value to national identification systems (which would otherwise be limited to national operations) by extending their reach to a global network of identifiers and related reference data sources as well as ensuring alignment with other jurisdictions, thereby further promoting supervisory harmonisation.

On costs, by safely speeding up identification processes, the LEI allows companies to reduce the time and human resources required for manual data consistency verification, thereby contributing to significantly cutting costs associated with internal control and broader risk management. This is particularly advantageous for smaller enterprises wishing to expand their client and partnership

networks at the international level, whose uptake of the LEI would also reduce costs related to the adoption of different standards across jurisdictions.

Secondly, GLEIF would like to respond to Question 28: *“Would you support simplification of the requirements for the buyer and seller field when trading on a trading venue where the counterparties are not known at the point of execution?”*

Please refer to answer above.

Furthermore, GLEIF would like to respond to Question 33: *“What difficulties, if any, would you anticipate in being able to provide a linking code for aggregated transactions? Which of the options outlined would you prefer and why? Do you have alternate suggestions to improve data quality for transactions which use INTC?”*

GLEIF supports the FCA’s consideration of adding the Digital Token Identifier (DTI) ISO 24165 alongside the ISIN for the transparent and unique identification of digital tokens, including tokenized securities, as well as the blockchain on which they were issued. GLEIF wishes to reiterate that the broadest possible use of global, machine-readable standards, such as the DTI, ISIN, and LEI, which are both complementary and interconnected, provided transparency and interoperability for entity, security, and token/ledger identification.