



Enabling global identity
Protecting digital trust

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Financial Action Task Force (FATF) Revision of Recommendation 25 and its Interpretive Note Public Consultation

December 2022

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Action Task Force (FATF) Revision of Recommendation 25 and its Interpretive Note Public Consultation.

GLEIF would like to respond specifically to Question 2: *“Are proposals clear and are there any issues which need further clarification or that should be addressed in guidance?”*.

As highlighted in GLEIF’s response to the previous consultation in June 2022, the key obstacle to the transparency of trusts and other legal arrangements is the difficulty of verifying and validating the legal existence of a trust and its name. Not all trusts need to register in business registries, making it difficult for data users to verify and validate the trust and trustees. Given the Global LEI Index operated by GLEIF encompasses all forms of legal entities, including trusts, legal arrangements, funds, partnerships, Special Purpose Vehicles (SPVs), and individuals acting in a business capacity, the obstacles to transparency of trusts and legal arrangements can be reduced substantially by leveraging the Global LEI Index.

GLEIF would like to remind that for a trust to receive a Legal Entity Identifier (LEI), the GLEIF accredited LEI Issuing Organization must verify and validate the contract displaying the relationship between the trust and trustee. If the information of the trust can be verified and validated through official sources (e.g., business registry), the LEI Issuing Organization is able to tag the validation corroboration level as “FULLY CORROBORATED”. If the trust deed submitted by the trust is the only source for verification and validation, the validation level is tagged as “ENTITY SUPPLIED ONLY”. The LEI allows any data user to understand the validation corroboration level of trust data and make their business choices accordingly.

GLEIF welcomes the inclusion of the unique identifiers under Footnote 3 (p.3) as part of basic information with this new public consultation. However, GLEIF suggests that the specific reference to the Legal Entity Identifier (LEI) should be added to the R25 for further clarity, precision and transparency. If the LEI is added to the R25 as a suggested primary means for identification, everyone will have access to key reference data including the legal and headquarter address of the trusts, the local registration number, etc. Financial Intelligence Units or other supervisory authorities could use the LEI to exchange information on trusts and legal arrangements associated with money laundering risks. German Investment Funds Association (BVI) also supports the usage of LEI by financial institutions to facilitate efficient client identification, onboarding and KYC screening, including easier access to the beneficial ownership information.



This suggestion is supported by the [recommendation of the Financial Stability Board \(FSB\)](#) published in July 2022. FSB recommends that standard-setting bodies, including FATF, consider ways to embed or enhance references to the LEI in their work. FSB also recommends to standards setting organizations such as FATF to consider issuing guidance and carrying out further outreach regarding sanctions, customer due diligence and wire transfers on how the LEI may be used as a standardised identifier for sanctions lists or as the primary means of identification of legal entity customers or beneficiaries. Therefore, GLEIF urges FATF to make a specific reference to the LEI as a primary means of identification of legal entity clients, including trusts, in its final R25.