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Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Financial Conduct Authority (FCA) on the Consultation Paper CP23/32 on improving transparency for bond and derivatives markets

February 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Conduct Authority (FCA) on the Consultation Paper CP23/32 on improving transparency for bond and derivatives markets.

GLEIF would like to respond to Q51: *“Do you agree with our proposal to introduce the new field ‘LEI of clearing house’? If not, please explain why and set out your preferred approach to reporting the clearing status of trades.”*

The Global Legal Entity Identifier Foundation (GLEIF) welcomes and strongly supports the Financial Conduct Authority’s proposal to further integrate the ISO 17442 Legal entity Identifier (LEI) in the UK post-trade transparency regime by introducing a new ‘Legal Entity Identifier (LEI) of the clearing house’ reporting field for derivative transactions.

We strongly agree that, by ensuring the effective identification of the clearing house used to clear the transaction, the LEI would highlight whether or not a certain trade is executed via the same clearing house, and it would thus improve the comparability of prices reported post-trade. In this way, the LEI would therefore support the price formation and best execution – as well as the smoother functioning of the market more broadly.

Furthermore, given that clearing houses are very likely to already have an LEI, the introduction of this new reporting field would not result in increases in reporting costs.

The LEI is indeed a universal ISO standard for the unique, open, reliable, and digitally friendly identification of legal entities worldwide. The LEI is a 20-digit, alpha-numeric code that enables clear and unique identification of legal entities. The code is linked to a set of key reference information relating to the legal entity in question e.g., name, legal form, headquarter address, parent company, child entities. These pieces of information need to be updated on a regular basis in order to be considered current.

By connecting entities to key reference information including ownership structure – which is easily accessed via the online Global LEI Index – the LEI tackles data reconciliation problems across borders and promotes an interoperable identity standard.