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Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Securities and Exchange Commission and the Commodity Futures Trading Commission (CFTC) on the Proposed Rule on Amendments for Form PF

October 2022

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), collectively the “Commissions”, on joint proposed rules for Form PF.

GLEIF supports the proposed amendment for Form PF to require the Legal Entity Identifier (LEI) to enable the Financial Stability Oversight Council’s (FSOC) ability to assess systemic risk as well as to bolster the SEC’s and CFTC’s regulatory oversight of private fund advisers and its investor protection efforts in light of the growth of the private fund industry.

First, some background information on the LEI and GLEIF.

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

The scope of the ISO 17442 standard specifies “all entities that trade stock or debt; investment vehicles, including mutual funds, pension funds and alternative investment vehicles constituted as corporate entities or collective investment agreements (including umbrella funds as well as funds under an umbrella structure, hedge funds, private equity funds);” are eligible for an LEI.

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 agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee, in which the Commissions are active members, and the Financial Stability Board in 2012. Further details on the use of the LEI in regulatory initiatives is provided [here](#).



GLEIF would like to provide combined comments to Questions 16, 36, 85 on Form PF:

GLEIF supports expanding the inclusion of the LEI in Form PF for the identification of investment advisers, hedge fund advisers, private funds, creditors, trading vehicles, counterparties, and central clearing counterparties. The ISO 17442 standard mentioned above applies to all of these entity types. A more comprehensive inclusion of the LEI within Form PF will create a more complete identification scheme for the Commissions in the future.

Furthermore, GLEIF agrees that the LEI field in the current Form should strictly be used for an LEI, not an RSSD ID, and not substitute any other identifier. GLEIF also supports the creation of a separate field for the RSSD.

The inclusion of LEI within the proposed rule presents an opportunity for the Commissions to capitalize on recent proposed rules that seek to add the LEI in various form types, which would result in more comprehensive use of the LEI. As Commissioner Crenshaw indicated in recent official SEC [statement](#) in April, “I believe we should leverage the benefits of the LEI by incorporating it into our forms and filings wherever appropriate...”. The SEC already has made several amendments to include the LEI as well, specifically as it relates to the funds industry, Form N-CEN, Form ADV, Form N-MFP, Form N-PORT and more recently in the final rule for 13-Fs. By implementing the LEI more comprehensively within all fund related filings, the Commissions would comprehensively set forth a consistent identification scheme highlighted by the LEI. Consultations and amendments to existing requirements 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 agencies. In addition to the Commissions, the value proposition of LEI has also been recognized by several U.S. regulators including the Federal Reserve Board, Consumer Financial Protection Bureau, National Association of Insurance Commissioners and U.S. Treasury.

Question 17: Alternatively, should Form PF require any entities to obtain LEIs if they do not have them? Would those entities seek to obtain LEIs in the future absent any regulatory requirement to do so?

GLEIF supports requiring entities included in Form PF to obtain an LEI. The Proposed Rule could create numerous LEI fields for a variety of entities. If so, a consistent and comprehensive identifier scheme featuring the LEI could only be accomplished with full coverage of LEIs, opposed to optional inclusion of LEIs. In addition, GLEIF also would like to propose that the Commissions consider requiring that LEIs be maintained, meaning duly renewed on an annual basis.

[H.R. 2989](#), the Financial Transparency Act (FTA), a House bill, and [S.4295](#), the Financial Data Transparency Act (FDTA), a Senate bill, seek to unlock data in the financial regulatory sector. The proposed bills would direct seven of the Financial Stability Oversight Council (FSOC) financial regulatory agencies to adopt consistent data fields and formats for the information they already collect from industry under securities, commodities, and banking laws. On October 25, 2021, the U.S. House of Representatives concluded consideration of the FTA. The bill passed with overwhelming

support, 400-19. Although specific standards such as the LEI are not specifically mentioned in the bill, the requirement for “legal entity identifiers” is cited. The LEI is the only entity identifier that meets the criteria specified in the FTA/FDTA, most notably, “be non-proprietary or made available under an open license” and “incorporate standards developed and maintained by voluntary consensus standards bodies”. Open, non-proprietary data standards, established by voluntary standard bodies, create transparency, and facilitate the open exchange of information for regulators.

GLEIF is also working directly with financial institutions (FIs) within its [Validation Agent operating model](#) (VA) to issue LEIs for their clients, counterparties and funds, in cooperation with LEI Issuer organizations officially accredited by GLEIF, by leveraging their business as usual client identification procedures in Know Your Customer (KYC) and client onboarding processes. This model, triggering LEI growth beyond regulatory mandates, would help to make the financial ecosystem more transparent and accessible for all parties. [FIs](#) have already begun utilizing the LEI within capital markets, which will result in greater coverage of LEIs, at a lower cost, for many of the entity types included in Form PF.

19. Should we amend the term “LEI” in Form PF to match Form ADV or any other forms that use the term or a similar term?

GLEIF supports referencing the LEI consistently across all forms that currently have an LEI field and any future forms that will have an LEI field. Form PF currently states “LEI” in the first and only instance of the LEI, whereas Form ADV states “Legal Entity Identifier”. GLEIF suggests “Legal Entity Identifier (LEI)” for the initial mention of LEI in any Form and thereafter using “LEI” for any additional LEI field in the same form.

Other Relevant Identifying Information:

Requirements for open, standardized, and high-quality legal entity reference data available to users in the Global LEI System continues to expand through the implementation of policies from the Regulatory Oversight Committee. One of these policies relates to the expanded collection of [funds relationship data](#) and includes three new relationship types for fund LEI records: Fund Management Entity, Umbrella Structure, Master Feeder, which is noted in a related capacity in footnote 308 of the Proposed Rule. The Commissions could consider making use of these new fields within Form types relating to the fund industry, beginning with Form PF, especially if the LEI was required and no longer optional (“if available”).

GLEIF would be happy to engage further in conversations with the Commissions regarding these proposed amendments or other remarks included herein.