



Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Consumer Financial Protection Bureau’s proposed rule defining larger participants of a market for general-use digital consumer payment applications.

January 8th, 2023

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Consumer Financial Protection Bureau’s (CFPB) proposed rule to define a market for general-use digital consumer payment applications.

Consultations and proposed rules 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 and global regulations.

First, some background information on the LEI and GLEIF.

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

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 case agnostic and therefore has been embraced by different industry sectors and regulators since its introduction by the Regulatory Oversight Committee, in which the CFPB is an active member, and the Financial Stability Board in 2012.

GLEIF would like to respond to the inclusion of the LEI in the proposed rule:

GLEIF suggests that the CFPB’s final rule include the LEI for the identification of “nonbank covered persons that provide funds transfer or wallet functionalities through a digital application for consumers’ general use in making consumer payments transactions as defined in the Proposed Rule.” Providers of consumer financial products and services commonly referred to as “digital wallets,”



“payment apps,” “person-to-person apps,” “P2P apps,” should report to the CFPB with their LEI under the final rule.

Including the LEI in the final rule would be consistent with other final rules issued by the CFPB. The LEI was previously included in the Home Mortgage Disclosure Act, Regulation C to identify financial institutions, including credit unions. The LEI was also included Small Business Lending under the Equal Credit Opportunity Act, Regulation B, to also identify financial institutions. More recently, the LEI was included in the proposed rule on personal financial data rights.

Reported data is more useful when it contains a consistent identifier, like the LEI, opposed to names or different and optional identifiers. Reporting of non-standardized data will lead to inconsistent submissions and in terms of comparability, ultimately more work on behalf of the CFPB. GLEIF also suggests that the LEI can be used to confirm the legal name submitted by third party since the legal name is part of the open LEI reference data set.

On December 23rd, 2022, Financial Data Transparency Act (FDTA) became law, with its inclusion as a title within the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023. The FDTA directs eight financial regulators, including the Commission, to adopt standardized data reporting practices for information collected from regulated entities, and mandates the adoption of an open, non-proprietary legal entity identifier to allow for easy and consistent matching of filings from the same entity across different financial regulators. The adoption of open data standards through the FDTA will improve transparency and accountability for federal agencies and the public, and can also accelerate policy innovation. GLEIF asserts that the LEI is the only legal entity identifier that fully meets the requirements specified in the FDTA. Currently, the FDTA is in a two-year implementation phase which will culminate with a joint-rulemaking from the financial regulators outlined in the new statute. In order to fulfill the forthcoming requirements of the law, the CFPB has an opportunity in the interim to consider requiring the LEI in future proposed rules and when determining final rules that include the LEI, as opposed to voluntary inclusion requirements. Moreover, excluding the Federal Energy Commission and the Commodity Futures Trading Commission, the remaining agencies mentioned in Section III (B) *Consultation with other agencies* of the proposed rule are also included in the FDTA.

By requiring the LEI now, the CFPB would initiate the assignment of LEIs for consumer financial products engaged in certain general-use digital consumer payment applications, like wallet services, as defined in the proposed rule. GLEIF has created the digital equivalent of the LEI, the verifiable Legal Entity Identifier, or “vLEI”. The vLEI is a digitally signed credential that makes an LEI instantly and strongly verifiable when presented in digital form, enabling digital interactions that utilize the vLEI to have a high level of assurance about the identity of the actors (both official and functional representatives) and the organizations they represent. The vLEI offers a secure, verifiable approach



to organizational identity and organizational credentials which are capabilities which will be needed as the U.S. agencies seek to comply with the Executive Order requiring Zero Trust Architecture.

Regulations impacting the payment industry:

Although the proposed rule exempts international money transfer and transfer of funds that are linked to the consumer's receipt of a different form of funds, such as a currency exchange transaction, GLEIF would like to note recent developments in the broader global payment industry.

In May 2023, the European Union adopted the Markets in Crypto Assets (MiCA) regulation, bringing together crypto assets, crypto asset issuers and crypto asset service providers under a single regulatory framework, and extended the scope of Transfer of Funds Rule (TFR) to include transfers of crypto assets. By January 2025, Crypto Asset Service Providers (CASPs) must identify with the LEI when facilitating transactions. The LEI is also recommended for virtual asset traders.

In July 2023, the FSB has put its full weight behind a landmark recommendation that the LEI should be widely adopted across the global payments ecosystem. The FSB published a report encouraging global standards-setting bodies and international organizations with authority in the financial, banking, and payments space to drive forward LEI references in their work. The report also recommends guidance and further outreach on the use of the LEI as a standardized identifier for sanctions lists and as the primary means of identification for legal entity customers or beneficiaries, with specific reference to customer due diligence and wire transfers.

More recently, the Wolfsberg Group [published](#) their updated Payment Transparency Standards (the previous version dates from 2017). The revised Standards begin to identify how various capabilities within the ISO 20022 structure can be utilized to enhance payment transparency. These standards state that to the fullest extent permitted by the payment market infrastructure, the "debtor agent payment service provider (PSP) – order institutions/payer PSP" use the LEI or other equivalent reference codes to enhance the accuracy of identification information on relevant parties.

Further details on the use of the LEI in other global regulatory initiatives is provided [here](#).

GLEIF remains at your disposal to further discuss and support the CFPB in your work. Do not hesitate to engage us in discussions and questions related to the LEI in future rules.

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