

Press release

GLEIF Supports Development of Cross-Border Organizational Trust Services Mutually Recognized by Japan and Europe

Standardized entity identifiers (LEIs) in eSeals allow Japanese and European organizations to transact digitally with greater trust in counterpart authenticity

13 December 2022 – Basel/Tokyo – A proof-of-concept initiated by the Global Legal Entity Identifier Foundation (GLEIF) has demonstrated that embedding the Legal Entity Identifier (LEI) within eSeals brings significant international interoperability and enhanced trust advantages. The initiative was undertaken to support a Japanese consortium program which aims to develop entity-level trust services that are mutually recognizable by Japanese and European organizations.

Beyond eIDAS regulations and the European Union members states they apply to, there is no international uniformity in eSeal format or requirements. eSeals are electronic signatures associated with legal entities. As a result, there is no mutually recognized way for an eSeal recipient to verify the authenticity of a sender's identity beyond national borders. Yet there is a growing requirement for harmonization in cross-border trust services to support an ever-increasing level of international trade and commerce taking place across digital platforms. The value of import / export transactions between Japan and the European Union in 2021 was approximately 14 trillion yen*.

To address this challenge, GLEIF has recently concluded a proof-of-concept exercise in partnership with a number of high-profile digital trust services stakeholders in Japan and Europe, to demonstrate the benefits of embedding standardized and machine-readable LEIs in eSeal certificates. The LEI can provide an additional trust layer in eSeals used across borders, by acting as an internationally compatible verified entity identifier. By harmonizing eSeal formats and allowing trust sources to be recognized across regions, it enables greater mutual trust in the authenticity of counterparties engaged in an international digital transaction.

The recently completed proof-of-concept involved an electronic invoice being digitally sealed by the sender using an eSeal with the sender's LEI embedded and a timestamp. This enabled the authenticity of the sender and the time of the sealing to be confirmed. The process was undertaken reciprocally, with the digitally sealed invoice issued by the Japanese organization to the European organization and vice versa. The authenticity of the eSeal could be confirmed, thanks to the proof-of-concept framework, which was mutually recognized by both regions.

Stephan Wolf, GLEIF CEO, comments: "Trust services are critical to the support of international trade and commerce. This co-operation between Japanese and European

organizations, at a time when Japan is formalizing national entity-level trust services, is incredibly forward-looking and it paves the way for LEIs to become embedded within eSeals globally in the future. Through this proof-of-concept we demonstrated the benefits the LEI can bring in helping to establish an additional trust layer and the international interoperability of trust services. Interoperability is critical because it will support the realization of Data Free Flow with Trust (DFFT) – a G20 endorsed guiding principle for international cooperation on data flows.”

This proof-of-concept uniquely focused on Japanese-European eSeal interoperability. Due to different trust service architectures used globally, the exercise concluded that it is necessary to consider developing a trust gateway that supports multiple architectures to achieve global compatibility and mutual recognition of trust services in the future.

Japanese participants in the proof-of-concept, included: Hitachi, Ltd.; Secom Trust Systems Co., Ltd.; Seiko Solutions Co., Ltd.; Keio University; TEIKOKU DATABANK, LTD. European-based participants included: GLEIF; InfoCert S.p.A.; and Société Internationale de Télécommunications Aéronautique.

More information on GLEIF can be found on the [GLEIF website](https://www.gleif.org/en).

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* The trade volume data (approximately 14 trillion yen annually) is taken from the following source: [Trade statistics of Japan by Ministry of Finance of Japan](#).

Full resolution images and logos can be downloaded via this link
<https://www.gleif.org/en/newsroom/gleif-graphics-images>

Contact

Lucy Bristow / James Kemp

lucy@iseepr.co.uk / james.k@iseepr.co.uk

+44 (0) 113 350 1922

Relevant link

<https://www.gleif.org/en>

Glossary of terms

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Each LEI contains information about an entity's ownership structure, answering the questions of 'who is who' and 'who owns whom'. It provides a universally recognized identifier paired with essential entity data, rigorous verification processes and high data quality.

About the Global Legal Entity Identifier Foundation (GLEIF)

Established by the Financial Stability Board in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) is a not-for-profit organization created to support the implementation and use of the Legal Entity Identifier (LEI) and its digital counterpart the verifiable LEI (vLEI). GLEIF is headquartered in Basel, Switzerland.

GLEIF's mission is to manage a network of global partners to provide trusted services and open, reliable data for unique legal entity identification worldwide. GLEIF makes available the technical infrastructure to provide, via an open data license, online access to the full global LEI database free of charge to users. GLEIF is overseen by the Regulatory Oversight Committee, which is made up of representatives of public authorities from across the globe.

Diversity and inclusion underpin GLEIF's values. This is reflected in its workforce of approximately 60 staff from over 20 nations, its operational excellence, and its commitment to open, global participation in the Global LEI System.

For more information, visit the GLEIF website at <https://www.gleif.org/en>.

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Global Legal Entity Identifier Foundation, St. Alban-Vorstadt 5, 4052 Basel, Switzerland
Chairman of the Board: Steven Joachim, CEO: Stephan Wolf
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