



Enabling global identity
Protecting digital trust

Response of the Global Legal Entity Identifier Foundation to the Financial Crimes Enforcement Network’s request for information and comment on customer identification program rule taxpayer identification number collection requirement.

May 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Crimes Enforcement Network (FinCEN), Department of Treasury (Treasury) request for information and comment on Customer Identification Program Rule Taxpayer Identification Number Collection Requirement.

GLEIF recognizes that the scope of the current consultation is on individuals. However, in cases in which entity identification is needed, rather than the equivalent ‘tax’ numbers for entities (an EIN, for example), there is a better way in choosing the global standard, the LEI.

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 (ROC), in which the Treasury is an active member, as is the ROC Secretariat, the Office of Financial Research (OFR), and the Financial Stability Board in 2012. The LEI currently exists in 47 various U.S. laws and regulations and globally the LEI is included more than 280 regulations and 60 policy recommendations.

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 Treasury, 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. The joint rulemaking is expected to be released this coming June.

GLEIF would like to respond D. Other than processes related to TIN collection and verification, what other means are used by financial institutions to collect and verify customer identifying information?

GLEIF is working directly with financial institutions (FIs) with its [Validation Agent operating model](#) (VA) to issue LEIs for their clients, 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, in particular in payments, would help to make the financial ecosystem more transparent and accessible for all parties. [FIs](#) have already begun utilizing the LEI within client onboarding, KYC and customer due diligence processes without administrative or financial burden for the registrant.

Entity identification and verification is an essential component of the client KYC onboarding and remediation process. It is at the heart of international anti-money laundering (AML) sanctions, regulations and related monitoring and therefore the success of GLEIF's VA model will result in increased assignment of LEIs for entities covered by KYC processes.

Globally, there have been a series of recent recommendations from prominent authorities supporting the LEI:

The Financial Action Task Force (FATF), where Treasury is the head of the U.S. delegation, is considering revisions to Recommendation 16 (R.16) in response to changes in payment business models and messaging standards. As part of this initiative, FATF launched a [Public Consultation](#) on 26 February to gather input from all interested stakeholders. The consultation proposes that a legal identifier be mandated for legal persons in messages accompanying cross-border payments, with the LEI referenced as one of these identifiers.

In October of 2023, GLEIF welcomed the support of the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) 'Harmonized ISO 20022 data requirements for enhancing cross-border payments', The CPMI ISO 20022 data requirements, which were developed in collaboration with the Payment Market Practice Group (PMPG), establish a consistent minimum set of messaging data for more efficient processing of cross-border payments in support of G20 targets. In a landmark development and following feedback from various industry stakeholders during the consultation phase, the CPMI recognized the LEI as an equivalent identifier to the Business Identifier Code (BIC) for identifying financial institutions executing payment instructions and legal entities within a payment message.



In parallel, the Wolfsberg Group – an association of 12 global banks which aims to develop frameworks and guidance for the management of financial crime risks – has published its updated Payment Transparency Standards, which begin to identify how various capabilities within the ISO 20022 structure can be utilized to enhance payment transparency. The updated standards state that to the fullest extent permitted by the payment market infrastructure, the payment service provider (PSP) of the payer (referred to within ISO 20022 as the ‘debtor agent’) should use the LEI or other equivalent reference codes to enhance the accuracy of identification information on relevant parties.

Lastly, the Financial Stability Board (FSB), which Treasury is also an active member, previously endorsed the LEI for supporting the goals of its G20-endorsed Roadmap for Enhancing Cross-Border Payments. As part of this initiative, and in collaboration with other industry standard-setting bodies, the FSB is currently working to promote standardized use in ISO 20022 payments messaging to mitigate constraints in cross-border payments.

Digital Identity and the LEI:

In December 2019, the Global Legal Entity Identifier Foundation (GLEIF) [announced](#) the creation of 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 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.

Financial institutions can leverage the vLEI to collect the organization’s identity, represented by the LEI, a person’s identity represented by their legal name or social security number, and the role that the person plays for the legal entity, for example, CEO.

GLEIF remains at FinCEN’s disposal to further discuss and support the Treasury in your work. Please do not hesitate to engage us in discussions and questions related to the LEI in future rules.