



Enabling global identity
Protecting digital trust

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Financial Conduct Authority's (FCA) consultation on enhancing the National Storage Mechanism

September 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Conduct Authority's (FCA) consultation on proposals to change the requirements for submitting regulated information to the National Storage Mechanism (NSM). GLEIF will focus its comments on how the amendment and extension of the requirement of the Legal Entity Identifier (LEI) in the Disclosure Guidance and Transparency Rules sourcebook (DTR 6.2.2R) can help to improve the NSM's functionality.

Firstly, GLEIF would like to respond to Question 2: *Do you agree with our proposal to amend and extend the requirement in DTR 6.2.2A R so that it requires the filer of the regulated information under DTR 6.2.2 R to provide us with their name and LEI and the name and LEI of any related issuer?*

GLEIF fully supports the FCA's proposal to expand the metadata requirements of the NSM, which would require the issuers concerned, the persons filing the regulated information (if different), and any related issuers to disclose their Legal Entity Identifier (LEI), if available, as part of the filing process with the authority.

The LEI is the only global standard for legal entity identification. It is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). It connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions and answers the questions of 'who is who' and 'who owns whom'. Simply put, the publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace.

As such, extending the requirement of the LEI to any related issuers would bring direct benefits by improving the machine-readability, interoperability, and usability of the collected data as well as ensuring efficient, transparent, and accurate verification of regulated market issuers.

As rightly pointed out in the consultation paper, an extended use of the LEI will enhance data quality controls through the standardization of data exchanges and improve the accuracy and relevance of the information transmitted. This will facilitate faster information verification and improve searchability for NSM users, thereby contributing to the overall functionality and accessibility of the NSM, without creating additional hurdles.



Furthermore, the interoperable nature of the LEI can support efforts to facilitate information sharing between supervisors in a cross-border context, which is of relevance given the international status of the UK financial services sector.

Additionally, GLEIF suggests that the FCA explore implementing solutions for digital organizational identity, such as the verifiable LEI (vLEI), the LEI's digital counterpart, to enhance the functionality of the NSM. The vLEI is a digitally signed credential that allows an LEI to be instantly and securely verified when presented in digital form. This enables digital interactions using the vLEI to maintain a high level of assurance about the identity of the actors (both official and functional representatives) and the organizations they represent, while also fulfilling zero trust architecture requirements.

The vLEI can support the FCA's efforts to further improve the NSM's functionality by providing robust identity management solutions for submissions. This would address critical needs such as the identification, authentication, authorization, security and management of users responsible for submitting information. Last but not least, the vLEI can also provide a standardized, verifiable identity layer that can reduce the manual processes involved in reporting frameworks, thereby simplifying the overall NSM data collection ecosystem. As an example, GLEIF is participating in a proof of concept with the European Banking Authority (EBA) for Pillar 3 reporting, in which 17 banks have agreed to participate using the vLEI for private sector reporting to the EBA.

EBA assessed the vLEI in collaboration with Gartner. Based on a first preliminary assessment, the EBA concluded that the vLEI could serve as a scalable and secure solution to authenticate and bind cryptographically the legal entity, an authorized representative, and this representative's authority to submit EBA Pillar 3 Data on the EUCLID platform efficiently. The key points from Gartner's analysis, after scanning the market, have been that there are no comparably efficient alternative solutions globally. For more information, please see section 6 in the document [PILLAR 3 DATA HUB PROCESSES AND POSSIBLE PRACTICAL IMPLICATIONS](#).

Secondly, GLEIF would like to respond to Question 3: *Do you agree with our proposal to require that issuers and persons subject to DTR 6.2.2 R maintain an LEI with a registration status of 'issued' as per GLEIF?*

GLEIF fully agrees with the FCA's proposal to require that issuers and persons subject to DTR 6.2.2 R maintain an LEI with a registration status of 'issued' as per GLEIF. The inclusion of this requirement is a necessary step to ensure the LEI is leveraged in the most efficient manner and guarantees that the LEI reference data included is regularly updated and complete according to Regulatory Oversight Commission (ROC) Policies. As highlighted in the consultation paper, this will help NSM users find regulated information about specific entities and ensure that the submitted metadata is up to date and accurate. For more information, please refer to [Policy Conformity Flag](#). The FCA could consider

including a reference to conforming LEIs if it seeks to align with global transparency standards in financial markets.

Lastly, GLEIF would like to respond to Question 4: *Do you agree that the proposed LEI filing requirement regarding related issuers should be optional when reporting net asset values?*

The consultation paper currently proposes that funds or sub-funds, covering over 2.4 million entities, should not be required to provide an LEI when reporting their net asset value to the NSM. GLEIF would like to take this opportunity to suggest that LEI filing requirements be made mandatory when available for funds already identified with an LEI and reporting their net asset values, thereby minimizing the reporting burden on entities not yet assigned an LEI.

GLEIF remains at the FCA's disposal to discuss and support its work. Please do not hesitate to engage us in discussions and questions related to the LEI and/or the vLEI in current and future consultations. We are also available to provide further assistance to ensure the LEI is leveraged in the most efficient manner, benefiting both businesses and supervisors.