



Electronic Commerce
Code Management
Association

CODE MANAGEMENT ASSOCIATION

IBRN US-DE.BER:3031657

P.O. Box J || Bath, PA 18014 || USA

T: +1.610.851.4290 || E: info@eccma.org

www.eccma.org

Via Electronic Submission

James P. Sheesley, Assistant Executive Secretary
Attention: Comments/Legal OES (RIN 3064-AF96)
Federal Deposit Insurance Corporation (FDIC)
550 17th Street NW
Washington, DC 20429

September 19, 2024

**Re: Proposed Rule: Financial Data Transparency Act Joint Data Standards,
RIN 3064-AF96 (August 22, 2024)**

Dear Sir or Madam: The Code Management Association (US-DE.BER:3031657) appreciates the opportunity to comment on the proposal by nine federal agencies (“Agencies”) to establish joint data standards for collections of information reported to the Agencies under Section 124 of the Financial Stability Act of 2010, which has been added pursuant to Section 5811 of the Financial Data Transparency Act of 2022 (“FDTA”). We respectfully urge the Agencies to reconsider the proposed establishment of the Global Legal Entity Identifier Foundation Legal Entity Identifier (GLEIF-LEI) as the common financial legal entity identifier.

The recent and continued development of Machine Learning/Artificial Intelligence (ML/AI) has demonstrated the speed and power of large-scale data aggregation. Beyond the security concerns posed by a centralized system, relying on GLEIF to collect and validate data on behalf of the financial community runs contrary to current trends where data is obtained directly from the authoritative and collaborating sources as and when required.

ISO 8000-116 is the international standard for formatting Authoritative Legal Entity Identifiers (ALEI) as International Business Registration Numbers (IBRN). The IBRN complies with all the requirements of section 124(c)(1)(A) of the Financial Stability Act that requires “a common nonproprietary legal entity identifier”.

Adopting the IBRN and the ISO 8000 portable data format will allow the Agencies to leverage AI solutions to more easily aggregate and validate data from multiple data providers and directly validate legal entity identity and status with the authoritative government registries worldwide.

If the Agencies nonetheless choose to proceed with the current proposal, we respectfully request that the agencies consider requiring that GLEIF reference the International Business Registration Number (IBRN) and implement the international standards for quality master data with provenance.

The GLEIF-LEI is a proxy legal entity identifier.

An Authoritative Legal Entity Identifier (ALEI) is the identifier assigned by a government jurisdiction authorized by statute or decree to create legal entities and to maintain the authoritative registries of legal entities. The same government jurisdictions record the termination of legal entity status, for a natural person by recording a death and for a juridical person through registration cancelation.

The GLEIF-LEI is a proxy legal entity identifier for the Authoritative Legal Entity Identifier assigned by a government.

The Global Legal Entity Identifier Foundation (GLEIF) is a Swiss legal entity. The proposed rule would require that the US government depend on a foreign entity and that all US businesses pay an annual fee to that foreign entity to obtain a common financial legal entity identifier.

Active GLEIF-LEI records represent less than half of one percent of the estimated 350 million businesses registered as legal entities worldwide.

Worldwide, there are approximately 350 million businesses registered through governments as legal entities. As of 2024-09-17, after 10 years of availability of GLEIF-LEIs for purchase, there were only 1,531,710 active (“ISSUED”) GLEIF-LEI records representing less than half of one percent of the businesses registered as legal entities worldwide.

The authoritative legal entity registration and renewal process is overseen by approximately one thousand government managed registration authorities worldwide (over 50 in the USA). The government registration authorities are staffed with hundreds of trained professionals in the US and thousands worldwide. Online government business registries represent 97% of world GDP.

In contrast, the GLEIF-LEI registration and renewal process is overseen by 34 commercial regional agencies and consists primarily in verifying the locally issued authoritative business registration data with the online government registries.

All legal entities already have an International Business Registration Number (IBRN).

In the same way that adding an International Telecommunication Union (ITU) country code turns a local telephone number into an international telephone number, adding an ISO 8000-116 prefix that represents the authoritative jurisdiction and registry code to a government issued authoritative legal entity identifier (ALEI) turns it into an International Business Registration Number (IBRN).

ISO 8000-116 is the international standard that defines the process for creating prefixes for each authoritative government legal entity registry. Adding the ISO 8000-116 prefix to a local business registration number creates an International Business Registration Number (IBRN), a globally unique authoritative legal entity identifier.

ISO 8000-116 Prefix	+	ALEI	=	IBRN
US-DE.BER	+	3031657	=	US-DE.BER:3031657

The ISO 8000-116 prefix identifies the country, subdivision and registry, in the above example: US is the ISO code for the United States of America, the subdivision is DE for the State of Delaware, and the registry is the Delaware Business Entity Register (BER).

Locally issued business registration numbers are authoritative legal entity identifiers (ALEI). They have the force of law; they are backed by legal authority and in all countries registration and renewal is required by law. In the USA, providing incorrect data to a government agency is covered by the False Claims Act (FCA), 31 U.S.C. §§ 3729 – 3733.

Governments worldwide maintain registries of legal entities and they issue certificates that attest to the status of entities as legal entities in their jurisdictions. Most commonly this is done through the maintenance of public registries such as a business entity registry for juridical persons (companies) or vital records registry for natural persons (individuals).

All natural persons (individuals) are ultimately identified through their government issued birth certificates that are extracts from government managed registries. The government registry reference of the birth of a natural person is the Authoritative Legal Entity Identifier (ALEI) for an individual.

ISO 8000-116 can be applied to all legal entities including natural persons, governmental organizations and supranationals. The common convention for government entities is to follow the country and subdivision code with the domain “.GOV” and use the legal name as it appears on the document of formation (statute or decree) as the identifier. The IBRN for the US Department of Treasury is “US.GOV:Department of the Treasury”.

The GLEIF-LEI system should not allow registration of unverifiable legal entities.

As of 2024-09-18 there were 263,037 GLEIF-LEI records registered at “No Registration Authority available (RA999999) No alternative Registration Authority ID provided”. This represents 10% of the GLEIF-LEI records. By virtue of issuing a GLEIF-LEI that is not backed by a verifiable legal authority, GLEIF is effectively “creating” unverifiable legal entities; this represents a substantial risk to the financial community.

The GLEIF-LEI code is the proprietary identifier of a GLEIF-LEI record.

There are many competing legal entity value-added data providers including Dun and Bradstreet, Moody’s, GS1, NATO, TealBook, Open Corporates to name a few. All assign and control the use of their own proprietary identifiers.

ISO 8000-116 is an open standard. The standard describes how to format a prefix to convert a locally issued authoritative legal entity identifier (ALEI) to an open, globally unique IBRN. There is no registration fee required to create or use an IBRN.

The IBRN format is nonproprietary, self-explanatory and easily understood; it is designed to directly reference the jurisdiction upon which a legal entity depends and where the legal status can be verified. A proxy fee-based registry is not required to create nor maintain an IBRN.

The data required to create an IBRN already exists in the GLEIF-LEI record.



The GLEIF-LEI record should contain trade names and acronyms.

Beyond “legal name”, many organizations are also known by trade names and acronyms; these need to be added to the GLEIF-LEI record. In the above example, it is not possible to search the GLEIF-LEI database for IBM, the common trade name for International Business Machines Corporation.

The GLEIF-LEI record should contain “Citizenship”.

Government managed business registries record the citizenship of a business entity as “Domestic” or “Foreign”. A foreign registration is dependent on a domestic registration in another jurisdiction. Deactivation of a domestic registration should cause the deactivation of all the dependent foreign registrations.

The GLEIF-LEI record should contain the provenance of entity status.

Government managed business registries are updated on the anniversary of first registration and can be deregistered voluntarily or as the result of legal action at any time.

The GLEIF-LEI record contains the field “Entity Status” which represents the status in the government registry. The GLEIF-LEI Entity Status field does not contain provenance, the date this status was obtained from the government registry, which creates latency errors.

The GLEIF-LEI record should contain date of origin timestamp.

A timestamp and place of origin is defining of all things. Just as natural persons are identified and differentiated based on their name and date of birth so too are juridical persons. A juridical person has a legal name, and a date of origin often referred to as the date of formation.

The purpose of the ISO 8000-116 formatting of the authoritative legal entity identifier as an IBRN is to make it easier to verify and differentiate legal identity by referencing the legal entity record in the authoritative register, an integral requirement of the Know Your Customer (KYC) and Know Your Supplier (KYS) programs.

The exported GLEIF-LEI record should be compliant with ISO 8000.

ISO 8000 is the international standard for data quality. ISO 8000-120 is the international standard for master data quality with provenance. This standard requires that provenance be provided for all data values. ISO 8000-114 defines the interoperable data format (.idf), a simple data format used to create portable data.

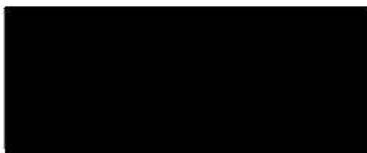
GLEIF is one of many competing legal entity value-added data providers.

The ability to aggregate and validate information in real time from hundreds if not thousands of sources is a near term reality as government registry managers and data providers in general implement standard application programming interfaces (APIs). Relying on GLEIF to centralize the collection and validation of data on behalf of the financial community runs contrary to current technology trends. To paraphrase Leonardo Da Vinci, "He who has access to the fountain does not buy water from a water carrier".

ISO Supply Chain Interoperability and Integration (SCII) working group.

A working group has been created by the ISO community of industry experts to develop and maintain standards specifically designed for Supply Chain Interoperability and Integration (SCII). One of the first standards ISO 25500-3, is the request to the authoritative government register for validation of legal identity and status. The intent is for companies and government entities to be able to validate identity and status in real time at critical stages of engagement.

Respectfully,



Peter R. Benson
Executive Director
Code Management Association (US-DE.BER:3031657)