

# THE FINANCIAL SERVICES ROUNDTABLE

*Financing America's Economy*



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Office of Financial Research  
U.S. Department of the Treasury  
1500 Pennsylvania Ave., N.W.  
Washington, DC 20220

Re: Statement of Policy on Legal Entity Identification for Financial Contracts

Dear Sir or Madam:

The Financial Services Roundtable (“Roundtable”) appreciates the opportunity to comment on the statement of policy regarding the use of legal entity identifiers in data reported to the Office (the “Statement”).<sup>1</sup>

The Statement calls for the development of a universal system for identifying legal entities that participate in financial markets, and it sets forth key attributes of such a system. The Statement also calls upon relevant stakeholders in the private sector to select a not-for-profit entity that can issue distinct legal entity identifiers, which, among other attributes, have persistence, are reliable, accessible, and compatible with existing systems.

The Roundtable supports the Statement.<sup>2</sup> We agree that a standardized system for identifying legal entities for financial reporting purposes would be useful for both financial firms and regulators. We also agree that such a system should be developed by the private sector, and we look forward to working with the Office and other stakeholders toward that end.

The Roundtable has joined in a letter submitted to the Office by the Securities Industry and Financial Markets Association (SIFMA). That letter raises various practical and policy issues associated with the implementation of a legal entity identifier system. We would like to highlight some of those issues.

First, and foremost, there is the need for consistency. As the Statement acknowledges, it is important to obtain international agreement on any standard. It also is important to ensure that our own domestic policies are consistent. In that regard, we note that shortly after the Statement was released the

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<sup>1</sup> The Roundtable is a national trade association for 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services American consumers and businesses. Roundtable member companies account directly for \$74.7 trillion in managed assets, \$1.1 trillion in revenue, and 2.3 million jobs.

<sup>2</sup> The Roundtable also has joined in the letter submitted to the Office by the Securities Industry and Financial Markets Association (SIFMA). That letter supports the Statement and addresses various issues related to the implementation of a legal entity identifier system.

Commodities Futures Trading Commission (“CFTC”) published a proposed rule that calls for the establishment of “unique counterparty identifiers” or “UCIs”, which would be the functional equivalent of legal entity identifiers.<sup>3</sup> Additionally, in mid-December paper, two Federal Reserve System staff released a paper entitled “Creating a Linchpin for Financial Data: The Need for Legal Entity Identifier.”<sup>4</sup> Going forward, we urge the Office to work closely with other federal regulatory agencies and international bodies to ensure that whatever standard identifier is developed is universally recognized and accepted.

Second, there is the matter of timing. There are numerous practical considerations that must be addressed in order to establish and implement this system. For example, there is a need to clarify the scope of entities to be identified. While the Statement is focused on financial transactions, it is not clear if identifiers will be needed for all firms and legal entities (e.g., trusts) or just financial counterparties. Additionally, it will be necessary to settle upon an appropriate identifier and to establish a process for ensuring the integrity of the system. Furthermore, industry needs to agree upon the design, governance and funding structure for the organization selected (or created) to issue the identifiers. Resolving these practical issues naturally will take some time. We urge the Office, and other financial regulators, to give the industry sufficient time to address these and other practical matters.

In summary, we support the creation of a standardized legal entity identifier system for financial transactions and welcome the opportunity to work with the Office and all interested stakeholders in addressing the policy and practical issues associated with the establishment and implementation of such a system.

Sincerely,

*Richard M. Whiting*

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<sup>3</sup> CFTC Proposed Rulemaking on “Swap Data Recordkeeping and Reporting Requirements”, 75 Fed. Reg. 76574 (December 8, 2010). <http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2010-30476a.pdf>

<sup>4</sup> [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1723298](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1723298)