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Response of the Global Legal Entity Identifier to the Commodity Futures Trading Commission’s proposed rule for operational resilience framework for futures commission merchants, swap dealers, and major swap participants.

February 26th, 2024

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Commodity Futures Trading Commission (CFTC) on the proposed rule for operational resilience framework for Futures Commission merchants, swap dealers, and major swap participants (operational resilience framework).

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, in which the CFTC is an active member, 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. In 2012, the CFTC was the first regulator to require the LEI when the CFTC implemented swap reporting requirements.

GLEIF suggests implementing the LEI

GLEIF supports the CFTC’s Operational Resilience Framework that would require notification to the CFTC and customers or counterparties of certain adverse incidents, activation of a covered entity’s Business Continuity Plan, and any incident that could have adversely affected the confidentiality or integrity of such customer or counterparty’s covered information. GLEIF suggest that notifications provided by covered entities should include LEIs the identify these covered entities. These covered entities, specifically swap dealers and major swap dealers, already report to the CFTC with their LEI



for derivative reporting requirements. Futures Commission Merchants also likely have an LEI for other regulatory requirements.

Reported data is more useful when it contains a consistent identifier, like the LEI, opposed to names or different and optional identifiers. Reporting of non-standardized data will lead to inconsistent submissions and in terms of comparability, ultimately more work on behalf of the CFTC. Moreover, the CFTC would have a more complete reporting model if the LEI was included in this reporting regime as well.

GLEIF remains at your disposal to further discuss and support the CFTC in your work. Do not hesitate to engage us in discussions and questions related to the LEI in future rules.

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