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Second Consultative Report Harmonisation of the Unique Product Identifier

Dear Madam, Sir:

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide you with its comments on the second consultative report, entitled 'Harmonisation of the Unique Product Identifier' published by the Committee on Payments and Market Infrastructures (CPMI) in August 2016.

Our letter will limit its comments specifically to GLEIF's views on the use of Legal Entity Identifier's (LEI)'s in regard to the topic of UPI as the subject of the report. The GLEIF has been established to act in the public and private interest as the operational arm of the Global LEI System. Consequently, we appreciate the opportunity to provide comments on the possible use of LEIs in regard to UPIs.

GLEIF has a very strong interest in ensuring there is a good understanding by rule makers of the significant benefits to the public and private sectors that derive from the widespread use of LEIs for entity identification in regulatory reporting and supervision. Following the 2008 financial crisis, the importance and benefit of a universal LEI became clear. Regulators worldwide acknowledged their inability to identify parties to transactions across markets, products, and regions. This hindered the ability to evaluate systemic and emerging risk, to identify trends, and to take corrective steps. Recognizing this gap, authorities, working with the private sector, have developed the framework of a Global LEI System that will, through the issuance of unique LEIs, unambiguously identify entities engaged in financial transactions.

Regulators globally, therefore, play a key role in facilitating the expansion of the LEI system and its related benefits by requiring LEIs to be used broadly in regulatory reporting and other supervisory practices.

Consequently, we welcome the consideration of the CPMI-ISOCO Harmonisation Group for the harmonisation of key OTC derivatives data elements concerning the use of LEIs in its work.

Included here please find the comments provided on behalf of GLEIF with regard to a specific proposal relevant to the use of LEIs in regard to UPIs. Specifically for Question 4: How should underlying assets and reference entities be represented in the UPI reference data library? **Would LEIs be suitable, at least for corporate reference**

entities? Why or why not? Are there suitable identifiers for indices? If not, is it feasible to use an existing identifier such as an ISIN code for them?

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to see that use of the LEI is under consideration within the UPI reference data library to identify corporate reference entities and agrees that the LEI is fit-for-purpose in this context.

The identification of corporate entities underlying OTC derivatives may cover regulatory requirements on its own. For other uses, particularly to cover the operational needs of the industry in terms of operational processing and recordkeeping of credit default swaps, the LEI in the UPI reference data library plus the precise identification of the financial instrument(s) would be needed. In this context, the LEI is well-placed and can be used as the key to existing reference data, more precisely, to link to financial instrument identifiers. Mapping services between the LEI and instrument identifiers will add value by linking entity identification of financial instrument issuers and guarantors with their related financial instruments.

In conclusion, we would like to reiterate that the Global LEI System in place today supports also the objectives of the CPMI-IOSCO in the area of harmonisation of key OTC derivatives data elements. We therefore, encourage the CPMI-IOSCO to progress the considerations regarding the use of LEI in the context of this consultative report.

Sincerely,



Stephan Wolf
CEO