

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the Financial Stability Board Cyber Lexicon Consultative Document

August 10, 2018

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the Financial Stability Board Cyber Lexicon Consultative Document.

GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.

Since 2011 when the G20 called on the FSB to take the lead in developing recommendations for a global LEI and a supporting governance structure, which led to the subsequent establishment of the Global LEI System (GLEIS) and the GLEIF, over 1.2 million LEIs have been registered by over 30 LEI issuers.

GLEIF would like to respond to Q3:

In light of the objective of the lexicon, should any particular terms be deleted from, or added to, the draft lexicon? If any particular terms should be added, please suggest a definition, along with any source material for the definition and reasons in support of inclusion of the term and its definition.

GLEIF proposes that the LEI should be added to the lexicon. The Consultative Document states that all or nearly all G-20 jurisdictions have addressed banks and financial market infrastructures, and a majority have addressed trading venues, insurance companies, broker-dealers and asset managers. A significant number of these types of entities already have LEIs, being subject to post-crisis regulatory reporting which has focused mostly on players within the capital markets. These also are the types of private sector financial entities that are most concerned and affected by cyber risks and incidents.

The use of the LEI is relevant to the lexicon for the term 'Identity Access Management (IAM)' especially to authenticate users and grant or deny access rights to data and system resources and to satisfy the goal of IAM to provide appropriate access to organisation resources. The LEI also could be useful for the requirement of 'Information Sharing' in exchanges of data, information and/or knowledge that will be used to manage cyber risks or respond to cyber incidents.

In the management of cyber risks and incidents, identity management and authentication/authorization are key. The LEI provides a global standard for the representation of identity as well as a standard validation rule set. Identity management includes the global standardization of validation of any legal entity data against publicly available authoritative sources, e.g. business and tax registries. As consistent with the principles on which the GLEIS was founded, both are subject of a very detailed compliance program in order to ensure proper issuance/maintenance of LEIs and data quality.

The LEI can be integrated easily within the tools necessary to identify and authenticate resources digitally, such as digital certificates and seals. Authorized users can be authenticated by means of associating their digital identity to the organization(s) for which they are authorized to act. This is an enterprise-wide requirement that could lead to increased adoption of the LEI, allowing the LEI to permeate within organizations, as cyber threats and incidents are not confined only to participants within the capital markets.

The LEI also would meet the requirement of Information Sharing as a global standardized identifier to allow both public and private sector participants to have a clear and common understanding of identity. Leveraging the LEI in the lexicon as the FSB seeks to provide guidance related to cyber security and cyber resilience, including identifying effective practices, would lead to effective and consistent regulatory approaches while reducing the risk of duplicative and potentially conflicting regulatory requirements for identity and identity management.

GLEIF suggests the following definition of the LEI:

Legal Entity Identifier (LEI) is a 20-digit alpha-numeric code that unambiguously identifies a legal entity which is a legal person or structure that is organized under the laws of any jurisdiction.

It connects to key reference information that enables clear and unique identification of legal entities. Each LEI contains information about an entity's ownership structure and thus answers the questions of [1]'who is who' and [2]'who owns whom'.

Source: ISO 17442:2012

[1] <https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-1-data-who-is-who>

[2] <https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom>

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