

December 13, 2019

BY ELECTRONIC MAIL

The Legal Entity Identifier Regulatory Oversight Committee (LEI ROC)  
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**RE: Legal Entity Identifier Regulatory Oversight Committee Consultative Document -  
*LEI Eligibility for General Government Entities***

Dear Legal Entity Identifier Regulatory Oversight Committee,

The International Swaps and Derivatives Association, Inc. (“ISDA”) and the Global Financial Markets Association (“GFMA”) (together the “Associations”) thank you for the opportunity to provide the Legal Entity Identifier (LEI) Regulatory Oversight Committee (ROC) with industry feedback to the consultative document on *LEI Eligibility for General Government Entities* (“*LEI Consultation*”), and for the flexibility provided in the time to respond.

The Associations appreciate the important work of the LEI ROC related to the LEI global identifier standard. Broadly speaking, we support the LEI ROC’s initiatives towards improving the quality of information for general government entities within the Global LEI System (GLEIS). More specifically, we recognize the importance and value of using the LEI to provide clear distinctions of entity types and are therefore in favor of creating a new item “General Government Entities” so that these entities can be differentiated in the global LEI database from private sector entities. We agree that the *System of National Accounts, 2008* (SNA 2008) produced by the United Nations, the European Commission, the Organisation for Economic Co-operation and Development, the International Monetary Fund and the World Bank Group is an appropriate source for defining government entities. Additionally, however, a supplementary table should be provided by the LEI ROC in its final policy to (a) list particular entities that cause uncertainty for the industry, and (b) provide ROC’s guidance about whether that entity is or is not considered a general government entity within the GLEIS in order to eliminate industry questions, reduce inconsistencies, and yield higher quality data.

ISDA and GFMA members believe that clarifying what will be considered a government entity by providing globally consistent definitions of government entities and subsectors within the GLEIS will eliminate industry uncertainty. The importance of consistency is highlighted in the individual responses to the consultation questions on the following pages.

*Association responses to specific questions:*

**The Legal Entity Identifier Regulatory Oversight Committee (LEI ROC) consultative document on *LEI Eligibility for General Government Entities*.**

**Questions for public consultation**

***Section 1: Is there some need for identifying general government entities?***

- 1. Do you see some need for identifying general government entities within the GLEIS? If yes, for what purposes? Please provide details. If no, skip to Question 2.**

Yes, we do believe there is a need to identify general government entities and their relationships within the GLEIS. Doing so would clarify any legal entities, including subsidiary corporations that ultimately fall under government control and/or ownership. The below illustrates an example of an entity believed to have a subsidiary-level relationship with the Government of the People's Republic of China<sup>1</sup>:

- China Reinsurance (Group) Corporation (300300F3000111000079)
  - Subsidiary of - Central Huijin Investment Ltd
  - Subsidiary of - China Investment Corporation
  - Subsidiary of - Government of the People's Republic of China

We believe that more clarity about government relationships would provide important information from an Anti Money Laundering (AML), Know Your Customer (KYC) and general regulatory perspectives. Moreover, we believe that LEIs for general government entities at different levels will aid in the aggregation for large exposure regimes such as the U.S. Single-Counterparty Credit Limits (SCCL)<sup>2</sup>. For example, in the U.S., LEIs at the state level will allow financial institutions to aggregate at this level for SCCL purposes.

***Section 2: Potential difficulties for identification of general government entities in the GLEIS current framework***

- 2. Are you aware of any specific difficulties general government entities may have in obtaining an LEI and completing all the data elements? If no, please skip to Question 3.**

**If yes, have you observed any such cases? If no, please skip to Question 3.**

**If yes, please specify the jurisdiction, the name and function of the entity, its national code and LEI if any. Please also indicate if the entity is incorporated or other legal form, its type of relationship with or within the government sector.**

No response at this time.

<sup>1</sup> [http://www.huijin-inv.cn/huijineng/About\\_Us/index.shtml](http://www.huijin-inv.cn/huijineng/About_Us/index.shtml)

<sup>2</sup> <https://www.federalregister.gov/documents/2018/08/06/2018-16133/single-counterparty-credit-limits-for-bank-holding-companies-and-foreign-banking-organizations>.

**3. Is the identification of the ‘ultimate parent’ a relevant concept for general government entities within the GLEIS system?**

While ‘ultimate parent’ may not apply for general government entities in terms of stock and shares ownership, we believe that ‘ultimate parent’ would be an acceptable term and relevant concept in terms of indicating the ultimate controlling party of a government entity.

**4. What kind of relationship could be described according to legal provisions that apply to general government entities?**

No response at this time.

**5. What organisation is a government entity that does not have legal personality but has a kind of autonomy or responsibility? What reasons are there for and against such organisations obtaining an LEI?**

One type of organization that is a government “entity” that can have unique and persistent responsibilities is “The Office of...” (e.g. The Office of Attorney General). Typically, these are organizations established through acts of law by Governments, Government Departments, or Agencies. The name of the designated Attorney General may change over time, but “The Office of...” continues existing until it is dissolved or merged by future acts of law. If such an office is a true legal entity, then we believe that an LEI for “The Office of...” reflects and provides clarity of their existence as separate government entities.

***Section 3: Evaluation of the convenience for a new item to identify general government entities***

**6. Do you think it is appropriate to separately identify general government entities and create a new item in a different section within the GLEIS in order for general government entities to declare their affiliation?**

Yes, we agree that it is appropriate and indeed preferable to separately identify general government entities within the GLEIS so that they can be clearly distinguished from private entities.

**7. Should the general government entity registrant provide some reference to any official document?**

Yes, we believe that general government entity registrants should provide some reference to an official document, such as the act of law that created the government entity, as one example.

**Section 4: Scope and Appropriateness of SNA definitions**

**8. Do you think the SNA 2008 definition of general government entities (see Section 3 of the consultative document) is appropriate for the GLEIS?**

Yes, we believe that the definitions of general government sector in Section F of SNA 2008 would be appropriate for the GLEIS, however we believe that a supplementary table should be provided by the LEI ROC in its final LEI ROC policy to (a) list particular entities that cause uncertainty for the industry, and (b) provide ROC's guidance about whether that entity is or is not considered a general government entity within the GLEIS in order to eliminate industry questions, reduce inconsistencies, and yield higher quality data.

Please also refer to response to Question 9.

**9. Do you identify any government entity not included in the SNA definitions? Please specify.**

Although the SNA 2008 definitions form a good basis for general government categories, we believe that certain government bodies are not captured in current definitions, and therefore should be defined, more clearly specified, or made distinct to other government entities for GLEIS purposes. A supplementary table provided in the LEI ROC final policy should a) list the particular entities which cause uncertainty, and b) provide LEI ROC guidance of whether that entity would or would not be considered a general government entity within the GLEIS to eliminate industry questions, reduce inconsistencies, and yield higher quality data.

The industry feedback received by the Associations for this consultation indicates a degree of uncertainty about whether certain entities would or would not be considered general government entities within the GLEIS. We have taken the opportunity to list several below:

Possible central government level:

a) Multilateral Development Banks<sup>3</sup> - Global Development Banks:

- European Investment Bank (EIB)
- International Fund for Agricultural Development (IFAD)
- International Investment Bank (IIB)
- World Bank (International Bank for Reconstruction and Development (IBRD); Int'l Dev Association (IDA))

Multilateral Development Banks - Regional Development Banks

- The European Bank for Reconstruction and Development (EBRD)
- The African Development Bank (AfDB)
- The Asian Development Bank (ADB)
- The Inter-American Development Bank Group (IADB)

b) The International Monetary Fund (IMF), governed by 189 countries that make up its membership.<sup>4</sup>

<sup>3</sup> <http://web.worldbank.org/>

<sup>4</sup> <https://www.imf.org/en/About>

- c) Government agencies with implicit guarantees, and explicit guarantees.
- d) Tennessee Valley Authority (TVA), a corporate agency of the United States that provides electricity for business customers and local power companies<sup>5</sup>.
- e) Federal Farm Credit Bureau (FFCB)<sup>6</sup>
- f) Government National Mortgage Association (GNMA or Ginnie Mae), a government corporation<sup>7</sup>.
- g) Federal National Mortgage Association (FNMA or Fannie Mae), a government-sponsored enterprise under the conservatorship of the Federal Housing Finance Agency (FHFA)<sup>8</sup>
- h) The Federal Home Loan Mortgage Corporation (Freddie Mac), which operates under a congressional charter.<sup>9</sup>
- i) Government bodies, such as financial service authorities or securities commissions: it is not clear whether these fit neatly within a SNA 2008 category and therefore would be considered a government entity within the GLEIS). One such example is the Securities Commission Malaysia (254900UOOKFOBX2TYQ23), created by the Ministry of Finance Malaysia, which reports to Government of Malaysia (254900GSIL471JOBYY43).

*Possible local government level:*

j) SNA 2008 §4.145 identifies the local government subsector as consisting of local governments that are separate institutional units plus non-market, non-profit institutions (NPIs).<sup>10</sup> Clarification in the LEI ROC policy that non-fee paying schools and public hospitals are considered government entities within the GLEIS would eliminate the industry uncertainty.

k) There are an estimated 50-70,000 state and local government issuers of municipal securities in the U.S. The parent-subsidiary relationship between state and local entities is not uniform across the states. For instance, in some jurisdictions, such as the Commonwealth of Virginia, cities and counties are mutually exclusive, whereas in the state of New Jersey, cities and towns are subsidiaries of counties. Many authorities are authorized by a state or local government but can act independently, such as the New York State Dormitory Authority (DASNY) or the New York Metropolitan Transit Authority (MTA). A “parent” might not be a true “parent” with authority, but merely a sponsor or authorizer. A water authority might be a reporting unit within the state or local government, a separate governmental entity, or non-governmental. Public schools sometimes have their own tax ID number and are their own legal entity, but in some jurisdictions, they are part of the local government and share a tax ID number (see also response 9j). The many variations on this theme should be taken into consideration by the LEI ROC.

<sup>5</sup> <https://www.tva.gov/About-TVA/Our-History>

<sup>6</sup> <https://www.fca.gov/> [https://www.farmcreditfunding.com/ffcb\\_live/index.html](https://www.farmcreditfunding.com/ffcb_live/index.html)

<sup>7</sup> [https://www.ginniemae.gov/about\\_us/what\\_we\\_do/Pages/statutes\\_regulations.aspx](https://www.ginniemae.gov/about_us/what_we_do/Pages/statutes_regulations.aspx)

<sup>8</sup> <https://www.usa.gov/federal-agencies/federal-national-mortgage-association-fannie-mae>

<sup>9</sup> <https://www.fhfa.gov/SupervisionRegulation/FannieMaeandFreddieMac/Pages/About-Fannie-Mae---Freddie-Mac.aspx>

<sup>10</sup> “The majority of NPIs in most countries are non-market rather than market producers. Non-market producers are producers that provide most of their output to others free or at prices that are not economically significant,” [SNA 2008 §4.90](#)

In summary, in addition to the SNA 2008 descriptions of government entities and specifying that publicly owned corporations that do not belong to the government sector would not be considered general government entities (page 9 of the consultation), the industry requests that a supplementary table or additional guidance information be included in the final LEI ROC policy so that the ROC can specify its determinations for entities which cause uncertainty for the industry. As mentioned earlier, we believe doing so will eliminate existing industry uncertainties, reduce inconsistencies, and ultimately improve the quality of the associated data within the GLEIS.

Please also refer to response to Question 11.

**10. Do you have disagreements on any of the current SNA definitions? Please specify.**

Please see responses to Questions 8 and 9.

**11. Would you support splitting general government into the different types of government entities according to SNA: central government, state government, local government, social security fund?**

**If yes, should the split be compulsory or optional?**

Yes, we would support splitting general government into the different types of government entities for additional clarity (please refer to response to Q9). We believe that the split should be compulsory so that there is less room for ambiguity about the government entity and its subsector (e.g. central, state, local, etc).

Thank you for the opportunity to comments on the LEI ROC's effort to improve the quality of information about general government entities, their relationships, and affiliations within the Global LEI System. Please feel free to contact us if we can be of further assistance.

Sincerely,

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Allison Parent  
Executive Director  
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## **ABOUT THE ASSOCIATIONS**

### **The International Swaps and Derivatives Association (ISDA)**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 900 member institutions from 71 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org). Follow us on Twitter @ISDA.

### **The Global Financial Markets Association (GFMA)**

The Global Financial Markets Association (GFMA) brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA. For more information, visit <http://www.gfma.org>.