FSB FINANCIAL STABILITY BOARD

Implementation of the Legal Entity Identifier

Progress report

21 October 2024

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Executive summary

In response to the Global Financial Crisis, in 2012 the G20 Leaders asked the Financial Stability Board (FSB) to establish the Legal Entity Identifier (LEI) – a global unique identifier for legal entities – to identity counterparties and manage financial risk exposures for individual firms, in particular in over-the-counter (OTC) derivatives markets. Widespread adoption has been reached in OTC derivatives and securities markets, and the benefits of the LEI have been recognised for a broad range of use cases in the financial sector.

The FSB explored the use of the LEI in cross-border payments to help achieve the goals of the G20 roadmap for faster, cheaper, more inclusive and more transparent cross-border payments ("G20 Roadmap"). This work was conducted in collaboration with the Global Legal Entity Identifier Foundation (GLEIF) and the Regulatory Oversight Committee (ROC) to address the challenges to broader LEI adoption previously identified, such as data quality, cost and incentives for adoption, as well as ways to promote the benefits of the LEI, particularly in cross-border payments. The report found that both authorities and market participants recognise the potential benefits of the LEI in strengthening data standardisation as well as assisting know-your-customer (KYC) processes, and sanctions screening. The potential value of the LEI in cross-border payments has been illustrated by pilot projects conducted by the GLEIF, by the inclusion of the LEI as an optional data element in the ISO 20022 data model by the Bank for International Settlements Committee on Payments and Market Infrastructures (CPMI), and by the proposal of the LEI as one of the options to mandatorily identify legal entities in the Financial Action Task Force (FATF)'s public consultation on Recommendation 16 on Payment Transparency. Moreover, the launch of the verifiable Legal Entity Identifier (vLEI) – a verifiable digital credential based on trust in LEIs – enables verifiable digital authentication (for consumers, investors, regulators and other market participants) of organisational representatives, that can help financial services organisations to more effectively address targeted risk areas (e.g. money laundering, fraud in cross-border payments and in crypto-asset transactions) while lowering costs.

However, broader adoption of the LEI remains a challenge. The main obstacles to wider LEI adoption are not specific to the payment domain but pertain to general challenges – notably the lack of perceived incentives for voluntary adoption of the LEI by market participants and end users, and costs (particularly for low-income jurisdictions). The timely update of information contained within the LEI is also an important prerequisite for LEI use. The GLEIF and ROC continue to make strides in addressing these issues by establishing initiatives to improve the quality of LEI reference data, and to reduce costs. These include several data quality initiatives run by the GLEIF and the ROC and GLEIF's validation agent model.

In addition, national authorities have stepped up efforts to promote broad use of the LEI by encouraging firms to adopt bulk registration (e.g. India), raising awareness of the LEI's potential benefits through outreach events, and including the LEI in regulatory requirements on either a mandatory or voluntary basis. For example, China launched its financial sector strategy in 2020, which requires the LEI for all financial transactions, and the United Kingdom is mandating the inclusion of LEIs for CHAPS payments between financial institutions from 1 May 2025. Such regulatory initiatives are key to driving adoption of the LEI. In light of China's 2020 strategy, the number of active LEIs in Asia have increased nearly 90% since 2019. Meanwhile, LEI adoption remains highest in Europe, comprising around 66% of active LEIs globally, due to the European

Union’s regulatory requirement to mandate the LEI in all securities transactions. Globally, since 2019, the number of active LEIs has increased 84%, from nearly 1.4 million to more than 2.6 million, of which 1.5 million were renewed and data quality validated.

The FSB continues to support broad adoption of the LEI: in 2019 the FSB issued recommendations targeted at FSB member jurisdictions, the FSB itself, relevant standard-setting bodies (SSBs) and international organisations, the GLEIF and the ROC. These recommendations were supplemented in 2022 by recommendations to consider options for LEI use in cross-border payments. This report reviews the progress made in implementing these FSB recommendations. Drawing from a survey of FSB and ROC member jurisdictions, and the relevant SSBs, the report finds that a number of initiatives have been introduced by the GLEIF and ROC that will give impetus to broadening LEI adoption, including in cross-border payments, and that the use of the LEI in ISO 20022 would be important to help achieve the goals of the G20 Roadmap.

To continue the momentum to broaden LEI adoption, particularly in cross-border payments, the FSB recommends full and timely implementation of the 2022 FSB recommendations that have not yet been implemented. In particular, some jurisdictions have made no tangible progress towards implementing the actions set out in the 2019 and 2022 Reports.

Accordingly, the FSB recommends that:

1. FSB member jurisdictions, in collaboration with the ROC and the GLEIF:

    a) Continue exploring ways to promote LEI adoption, particularly outside the financial sector, including ways to promote awareness and adoption of the vLEI to enhance trust in digital exchanges through verifiable authentication.

    b) Explore, where appropriate, the scope to mandate use of the LEI for certain payment message types for routing message formats migrating to ISO 20022 messages.

    c) Continue exploring, with national regulators and others, the role the LEI might play in assisting entities with due diligence for KYC, as well as other use cases such as sanctions screening.

    d) Consider a staged approach to the introduction of the LEI requirement in payment messages, by assessing which categories of entities or which thresholds of payment value could be considered for the gradual introduction of LEI requirements for payments.

2. Relevant standard-setting bodies and international organisations should consider issuing guidance on the role that the LEI and possibly the vLEI might play in assisting entities with due diligence for KYC and sanctions screening, and fraud prevention.

1. Introduction

The LEI is a 20-digit alphanumeric code based on the ISO 17442 standard that uniquely identifies legally distinct entities. It was developed to uniquely identify counterparties to financial transactions across borders, and thereby to improve and standardise financial data for a variety of purposes – for instance to support a more accurate and timely aggregation of data on the same entity from different sources, especially on a cross-border basis.[1]

Its development relies on a strong governance structure – including the ROC, which is a group of more than 65 financial markets regulators and other public authorities and 19 observers from more than 50 jurisdictions – and includes an articulated data quality management framework.

As part of the G20 Roadmap to enhance cross-border payments,[2] the FSB explored the scope of establishing unique identifiers with proxy registries to address poor data quality, fragmentation in data sources, and limited standardisation of data exchange causing complexity, costs, and delays when processing cross-border payments. In exploring the potential for as well as the challenges to developing a global digital unique identifier for cross-border payments, the FSB took into account existing identifiers, including the LEI.

In its July 2022 report on "Options to Improve Adoption of The LEI, in Particular for Use in Cross-border Payments" ("2022 Report"),[3] the FSB recommended actions to promote the adoption of the LEI that could help address the frictions in cross-border payments. The FSB committed to review progress in implementing the recommendations, together with progress in implementing the recommendations of the 2019 "Thematic Review on Implementation of the Legal Entity Identifier" ("2019 Report").[4] Recommendations from these reports were addressed to FSB member jurisdictions and to organisations such as the FSB itself, the ROC and its members, the GLEIF, the relevant SSBs[5] and international organisations (IOs), i.e. the International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD), and World Bank.[6,]

This progress report on LEI adoption was informed by responses to a questionnaire completed by authorities in FSB member jurisdictions, non-FSB members of the ROC, the ROC, the GLEIF, and relevant SSBs and IOs in the first half of 2024.[7]

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1 FSB (2012), *A Global Legal Entity Identifier for Financial Markets*, June.

2 FSB (2020), *Enhancing Cross-border Payments - Stage 3 report to the G20*, October

3 FSB (2022), *Options to Improve Adoption of The LEI, in Particular for Use in Cross-border Payments*, July.

4 FSB (2019), *Thematic Review on Implementation of the Legal Entity Identifier*, May.

5 These include the Basel Committee on Banking Supervision (BCBS), the CPMI, the International Association of Insurance Supervisors (IAIS), the International Organization of Securities Commissions (IOSCO), and the Financial Action Task Force (FATF).

6 The recommendations of the 2019 and 2022 Reports are available in Annex A1. Annex B2 provides information about developments in domains that were object the subject of the 2019 Report.

7 The Netherlands did not provide a response. The report does not include information on progress by Russia. Moreover, three ROC member jurisdictions (Austria, Finland, and Norway) also provided responses.

This report is structured as follows:

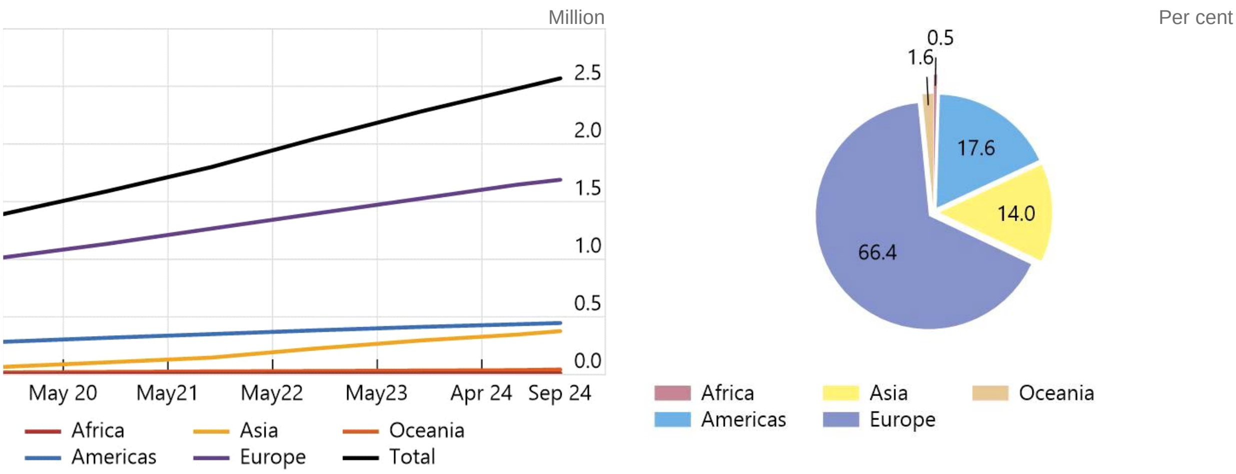
- Section 2 briefly takes stock of the evolution of the Global LEI System (GLEIS) since the 2019 and 2022 Reports.
- Section 3 explores the progress made to implement recommendations, looking first at the initiatives to promote broad adoption of the LEI (section 3.1) and then focusing on the adoption of the LEI for cross-border payments (section 3.2).
- Section 4 depicts the way forward.

2. Growth of LEI adoption

Adoption of the LEI is most prevalent in Europe, followed by the Americas and Asia (Graph 1). Since publication of the 2019 Report the number of active LEIs has increased by 84%, from 1.4 million to 2.6 million worldwide (September 2024). However, Asia has seen the most rapid growth in active LEIs, from 66,000 active LEIs in April 2019 to 377,000 in September 2024, an increase of 470%. This rapid growth was largely driven by China, following implementation of its financial sector strategy in 2020, which made adoption of the LEI mandatory. Meanwhile, use of the LEI continued to grow in Europe, increasing 66% from 1 million active LEIs to 1.7 million in September 2024; and in the Americas, up 57% from 285,000 to 448,000. More recently, the annual growth rate has slowed to 10% from around 13–14% in 2019 (Graph 1).

LEI adoption **Graph 1**

Evolution of the number of active LEIs by region | Composition of the number of active LEIs by region



As of September 2024. The number of active LEIs refers to the number of active legal entities with an LEI. It does not include legal entities that obtained an LEI in the past but ceased to exist.

Source: www.gleif.org.

The number of Local Operating Units (LOUs), the entities authorised to validate legal entity data and issue LEIs in the jurisdiction they are located and in other jurisdictions, has had a net growth of five since the 2019 Report.[8] Over this period, nine entities obtained accreditation to act as an LOU and four LOUs have ceased operations,[9] with their LEIs transferred to other accredited LOUs in accordance with the process established by the GLEIF. Moreover, since the 2019 Report, the validation agent model has begun to be adopted (see Box 1), further expanding the number of entities involved in the LEI issuance and validation process. Since 2019, 22 entities, comprised of large financial entities, fintechs, certificate authorities, credit agencies and virtual assets service providers, have become validation agents and obtained LEIs for all or a subset of their clients.[10]

3. Implementing the recommendations to promote the LEI

3.1. Promoting broad adoption of the LEI

Since the 2019 Report, broad adoption of the LEI has been promoted mainly in three ways: (i) by addressing obstacles to its adoption; (ii) by increasing knowledge and awareness of the benefits of the LEI; and (iii) with regulatory guidance on its use.

Addressing obstacles to broader LEI adoption

The GLEIF and the ROC have launched several initiatives to address obstacles to broadening LEI adoption as identified in the 2022 Report: cost, data quality (see Box 1), and lack of awareness of benefits related to LEI adoption.

Data quality

All FSB member jurisdictions are also members or observers of the ROC. Many of them have actively supported efforts to promote LEI adoption through ROC working groups.[11] Several jurisdictions actively participated in the efforts to enhance the quality of LEI reference data (data quality initiatives),[12] promoted both by the ROC and the GLEIF, such as quality assessments through the mapping of national identifiers and the LEI (China, the EU, Japan, the UK and the US),[13] the analysis of lapsed LEIs[14] (Canada, the EU, Japan, and the US) and the implementation of GLEIF's Policy Conformity Flag (the EU and Korea). Some jurisdictions have conducted analytical work on LEI coverage of local banking organisations (the US), on the data quality of LEI reference data (the US) and on different options for voluntary and mandatory use

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8 Entities need to undergo GLEIF's accreditation process to be authorised to issue LEIs. On an annual basis, the LOUs undergo an accreditation verification. They also undergo a monthly data quality assessment. On a yearly basis, the LOUs must confirm their continued compliance with GLEIF requirements by submitting documents as evidence of the current status of certain internal controls of the LEI operations,

9 For the LOU that ceased operations in 2023, the GLEIF's data quality reports showed limited data quality scores in the months before operations were ceased (see *GLEIF - Data Quality Reports).*

10 The entities that have become validation agents between January and September 2024 are located in US, China, India, Rwanda, Australia and New Zealand.

11 Implementation of recommendation 3 of the 2022 Report.

12 Implementation of recommendation 3 of the 2022 Report and recommendation 4 of the 2019 Report.

13 Implementation of recommendation 1 of the 2022 Report.

14 LEIs should be renewed regularly. If this is not the case and an LEI has lapsed, there is no certainty that the LEI reference data are still up to date or even that the LEI is still active.

of the LEI at the regulatory level (the EU). The ROC and the GLEIF plan more work in the near future to address some of the remaining issues related to data quality. Some jurisdictions have implemented bulk registration in their jurisdiction (India), explored the possibility locally of adopting such a model by their business registry (Austria, Italy, and Switzerland), or supported the GLEIF (the US) when identifying parameters and objectives of dedicated bulk registration pilots in jurisdictions beyond FSB and the ROC members, such as the pilot with the Abu Dhabi Global Market Registration Authority.[15]

Box 1: GLEIF and ROC's recent initiatives to address cost and data quality obstacles to broader LEI adoption

The GLEIF and the ROC have launched or are piloting the following initiatives to address the cost and data quality limitations to a broader adoption of the LEI:[16]

Validation agent model

In the validation agent model a large entity (financial entity, fintech, certificate authority, credit agency or virtual asset service provider) obtains LEIs for all or a subset of its clients, and uses the information collected to onboard those clients to conduct validation checks necessary for the issuance of the LEI. Consequently, the LOU's workload to issue these LEIs is more limited and the cost can be contained.[17]

Bulk registration

In bulk registration, local business registries obtain an LEI for all the entities registered with them. Business registries are the source of data verification in the GLEIS; working directly with the source of local identity offers deeper digital integration between the local business registries and GLEIF. Therefore, bulk registration reduces the cost of issuance as it eliminates an intermediary for validation.

Policy conformity flag

Since April 2024, LEIs have been complemented by an indicator of conformance of the LEI reference data to key ROC policies, such as having been renewed in a timely manner and making information available on the entity's direct and ultimate parent companies. It provides an incentive for entities to update and complete their reference data.

Strategic review of lapsed LEIs

In 2023, a taskforce of ROC and GLEIF representatives analysed and explored possible approaches to addressing the issue of increasing lapsed (i.e. not renewed and verified) LEIs, such as strategic reviews of LEI policies, protocols, and business models. In 2024, the ROC is examining concrete proposals to take action.

Data quality assessment via pairing of LEIs with national identifiers

The ROC conducted a project to analyse data quality issues through the pairing of the LEI to national identifiers. The analysis conducted so far by six jurisdictions highlighted areas for improvement and set out a strategy to achieve them. In 2024 a second wave of jurisdictions is conducting or planning to conduct the same assessment.

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15 In 2022 the ROC collaborated with the GLEIF on a pilot project with the Abu Dhabi Global Market Registration Authority. The goals of the pilot were to assess the benefits of increasing LEI adoption via bulk registration and of including novel types of relationships between entities (beyond direct accounting consolidating parents and ultimate accounting consolidating parents). Beyond the FSB membership, the Kingdom of Bhutan is planning to issue LEIs to all their legal entities and embed it this into their "National Digital Identity" project, a comprehensive decentralised digital identity framework.

16 Implementation of recommendation 4 of the 2019 Report.

17 For statistics on the number of validation agents please see section 2.

Increasing knowledge and awareness of the LEI

Almost all responding jurisdictions have taken actions to increase knowledge on the LEI and raise public awareness of its benefits.[18]

Most jurisdictions are leading by example, obtaining an LEI for its central bank (all jurisdictions except Korea)[19] and government bond issuers (15 jurisdictions),[20, 21] and using the LEI to identify financial entities on the central bank's website (Austria, Italy, and Spain). The public has been informed about the benefits of the LEI with press releases (Austria), articles (Switzerland and the UK), bulletins (Italy and Türkiye), boxes and updates in flagship publications (Mexico and the US), and with dedicated research papers (the EU, Spain, the US, and the UK).[22] As part of the rulemaking processes of voluntary or mandatory LEI requirements, jurisdictions published notices (Canada and the US) and met with the industry, associations and in some instance mercantile registers, tax authorities, and statistical bodies to explain the benefits of the LEI (Canada, France, Germany, Indonesia, and Spain). Awareness campaigns by FSB member jurisdictions included speaking engagements, organising workshops and roundtables, inviting GLEIF representatives to speak, and supporting GLEIF's events with industry. Authorities have also advised LOUs to carry out initiatives to enhance the awareness of the LEI (India and Saudi Arabia). These awareness campaigns used traditional communication channels (i.e. reports published on the authority's website or in journals) but also more novel and creative ones (i.e. social media or communications on ATM screens). One jurisdiction explained that they refrained from awareness campaigns because their market is too shallow to see any impact from the use of the LEI (Argentina). Another jurisdiction (Australia) explained that it was not apparent that awareness campaigns would lead to higher voluntary adoption, but other initiatives specifically targeted to payment systems and supply chains were more likely to result in a tangible increase in LEI use. The ROC and the FSB also organised events to raise awareness,[23] such as the Organizational Identity Workshop (during the November 2023 ROC Plenary meeting), and the joint FSB-GLEIF-ROC Global LEI conference held in July 2024. One jurisdiction is considering a national workshop with the local business registry in the short term (Italy). Moreover, the GLEIF regularly conducts promotional and outreach events. Finally, to raise awareness of the LEI in the digital economy, the GLEIF has developed the vLEI, a verifiable digital credential that embeds information on the LEI and its reference data. It is the secure digital version of the LEI that enables digital authentication of an organisation's representatives. It fosters trust in digital commerce using next generation verifiable credentials (see Box 2).

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[18] Implementation of recommendation 1 of the 2022 Report.

[19] In the United States, the Federal Reserve Board does not have an LEI, but the Federal Reserve Bank of New York and the Federal Reserve Bank of Boston do.

[20] Austria, Canada, the European Union, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Mexico, Norway, Saudi Arabia, Spain, and the United States.

[21] Implementation of recommendation 1 from the 2019 Report.

[22] A Morales, M Ortega, J Rivero and S Sala Bank of Spain, Occasional Paper 2401, (2024), "How to identify all companies worldwide. Experience with the legal entity identifier (LEI)", *Bank of Spain Occasional Paper* 2401, January; F Laurent et al. ESRB, (Occasional paper 18, 2021), "The benefits of the Legal Entity Identifier for monitoring systemic risk", *ESRB Occasional Paper* 18, September; W Treacy and S Okrent FRB, (Finance and Economics Discussion Series, 2023), "Using U.S. Business Registry Data to Corroborate Corporate Identity: Case Study of the Legal Entity Identifier", *Board of Governors of the Federal Reserve Finance and Economics Discussion Series*, February; V Cleland and G Hartsink (Journal of Payments Strategy & Systems, Volume 13 Number 4, 2019), "The value of Legal Entity Identifiers for the payments industry", *Journal of Payments Strategy & Systems*, Volume 13 Number 4.

[23] Implementation of recommendation 4 from the 2019 Report.

Box 2: The vLEI

The verifiable Legal Entity Identifier (vLEI) is a verifiable digital credential that cryptographically combines an organisation's identity, represented by the LEI, a representative's identity, and the role that the representative plays for the organisation. The vLEI helps to enhance trust in the growing digital ecosystem, preventing impersonation fraud (when attackers impersonate an executive at a legal entity to request a payment or sensitive data) and helps to limit cyber risk. With the rise of deepfake videos, audios and documents produced with generative artificial intelligence,[24] the need for a digitally verifiable authority is increasing. The vLEI Ecosystem Governance Framework,[25] that was submitted to the ROC for review before publication, complements GLEIF's existing LEI governance framework.

With a vLEI, a legal entity can prove its own identity and can issue vLEI role credentials to its representatives interacting with external parties thereby enabling discovery of persons who represent an organisation in either official or functional roles. When submitting a supervisory report to an authority or when signing a contract digitally with the vLEI, the submitting or signing representative can digitally prove his/her authority to represent the organisation.[26]

Financial entities or business partners can authenticate their counterparties in a transparent and trusted manner as credentials digitally signed with the vLEI are tamper-resistant and can be verified in a decentralised manner.[27] The International Chamber of Commerce Digital Trust in Trade initiative[28] noted that the vLEI provides a cryptographically secure chain of trust that can replace manual processes needed to access and confirm an entity's identity across industries. Pilots of the vLEI are also ongoing in the maritime industry as part of the efforts to digitise trade documents,[29] and in healthcare services.[30] The vLEI could be considered by cross-border payments providers to prevent identity-related payments fraud.

The digital organisational identity is also relevant to regulators when seeking to enhance the security of compliance submission processes while mitigating their costs. The European Banking Authority (EBA) is piloting the use of the vLEI for the ongoing identity management of its new Pillar 3 reporting requirements.[31] The goal is to enhance submission processes and manage identities in an efficient and tamper-proof way, while also lowering the cost burden for both the authority and the regulated entity. The results of a technical risk assessment of the vLEI and market scanning exercise that Gartner Consulting conducted for the EBA concluded that there are no comparably efficient alternative solutions

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24 G Noto (2024), Scammers siphon $25M from engineering firm Arup via AI deepfake 'CFO', *CFO Dive*, May.

25 GLEIF, *Introducing the vLEI Ecosystem Governance Framework - vLEI – GLEIF.*

26 The vLEI is an agnostic protocol able to support different self-sovereign identity (SSI) platforms, offering the identity holder control over how, when, and to whom his/her personal data are revealed.

27 The vLEI is based on the Key Event Receipt Infrastructure (KERI) protocol. The KERI protocol provides a cryptographic development framework enabling vLEIs to be anchored and verified without requiring a self-sovereign identity, blockchain or distributed ledger utility network to operate. Using the KERI protocol, vLEIs can be created and utilised independently of any specific organisation, with the highest levels of security, privacy, and ease of use: the vLEI can operate under GLEIF's governance framework, unencumbered by the governance of external systems, such as those of blockchains and distributed ledger consortia.

28 International Chamber of Commerce Digital Standards Initiative (2023), *Trust in Trade Verifiable Trust: A foundational digital layer underpinning the physical, financial, and information supply chain*, March.

29 See GLEIF (2024) *GLEIF and WaveBL Take Trust and Transparency in Trade Shipping to the Next Level with the Implementation of the LEI and vLEI on Electronic Bills of Lading Platforms*, July.

30 See GLEIF (2022), *PharmaLedger and GLEIF Support Innovation in Global Healthcare Services by Enabling Trusted Digital Identity - Press Releases*, June. *PharmaLedger and GLEIF Support Innovation in Global Healthcare Services by Enabling Trusted Digital Identity - Press Releases*, June.

31 See European Banking Authority (2023), *Pillar 3 Data Hub Processes and Possible Practical Implications*, *EBA Discussion Paper* No 1, December. The EU Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions (CRR3) introduces a new mandate for the EBA to centralise institutions' prudential disclosures and make prudential information readily available through a single electronic access point on the EBA website (the so-called Pillar 3 Data Hub).

globally. The vLEI could be considered by authorities and other market participants that are implementing a zero-trust architecture.[32]

As of September 2024, two organisations have completed the GLEIF's qualification process to be authorised to issue vLEI credentials,[33] and 12 others have started the process. The two qualified vLEI issuers are currently conducting pilot exercises.

Regulatory efforts to drive the use of the LEI

Since 2019, several jurisdictions have introduced new requirements to use the LEI, either on a voluntary basis (i.e. optionally or requesting it if available) or mandating it (see Graph 2 and Table 1). Jurisdictions that have not introduced new requirements generally explained that they have requirements in place already. A few jurisdictions now require active LEIs.

In OTC derivatives transaction reporting to trade repositories, the vast majority of FSB jurisdictions use the LEI, either as a requirement or encouraged, and for a different range of data elements reported to trade repositories (see Annex B).[34, 35] In two other jurisdictions there are plans to adopt the LEI (Indonesia) or the LEI has already been included in OTC derivatives reporting requirements but the date of its entry into force is yet to be determined (South Africa). Two jurisdictions have no plans to require the use of LEIs for the identification of legal entities in the data reported to trade repositories for OTC derivatives (Argentina and Brazil).[36]

All FSB jurisdictions are prepared to take the LEI into consideration, during revisions to the law and regulatory initiatives, before exploring the possibility of introducing other identifiers; some reported that the LEI would be considered in conjunction with other forms of identification (the UK and the EU).[37] However, no jurisdiction reported the introduction of a new identifier since 2019. A few jurisdictions currently have plans to use the LEI for new identifiers, such as for digital wallets (Germany) and for the smart ID initiative for corporates (Hong Kong).

Three jurisdictions use the LEI to identify a wide set of financial entities:[38] all entities in financial groups (Saudi Arabia and the UK) or all financial institutions, investment firms and clients executing financial instruments transactions or issuing financial instruments, credit rating agencies, funds and fund managers (the EU). Nine other jurisdictions do so for a set of financial market participants and infrastructures beyond the entities involved in OTC derivatives

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32 Zero-trust security models assume that an attacker is present in the environment and that an enterprise-owned environment is no more trustworthy than any non-enterprise-owned environment. In this new paradigm, an enterprise must assume no implicit trust and continually analyse and evaluate the risks to its assets and business functions and then enact protections to mitigate these risks. See S Rose et al. (2020), *Zero Trust Architecture*, NIST Special Publication 800-207.

33 Entities are authorised to issue vLEI once they successfully complete the GLEIF's Qualification Program, which confirms that the entity meets certain quality and performance standards. On an annual basis GLEIF verifies that the authorised vLEI Issuers remain compliant to those standards. A listing of qualified vLEI issuers is available on GLEIF's website: https://www.gleif.org/en/vlei/get-a-vlei-list-of-qualified-vlei-issuing-organizations .

34 Australia, Canada, the EU and its member states, Hong Kong, India, Japan, Korea, Mexico, Norway, Saudi Arabia, Singapore, Switzerland, Türkiye, the UK and the US.

35 Implementing recommendation 1 from the 2019 Report.

36 In Argentina the use of the LEI is optional for derivatives transactions outside of the scope of market negotiations authorised by the CNV.

37 Implementing recommendation 1 from the 2022 Report and recommendation 1 from the 2019 Report.

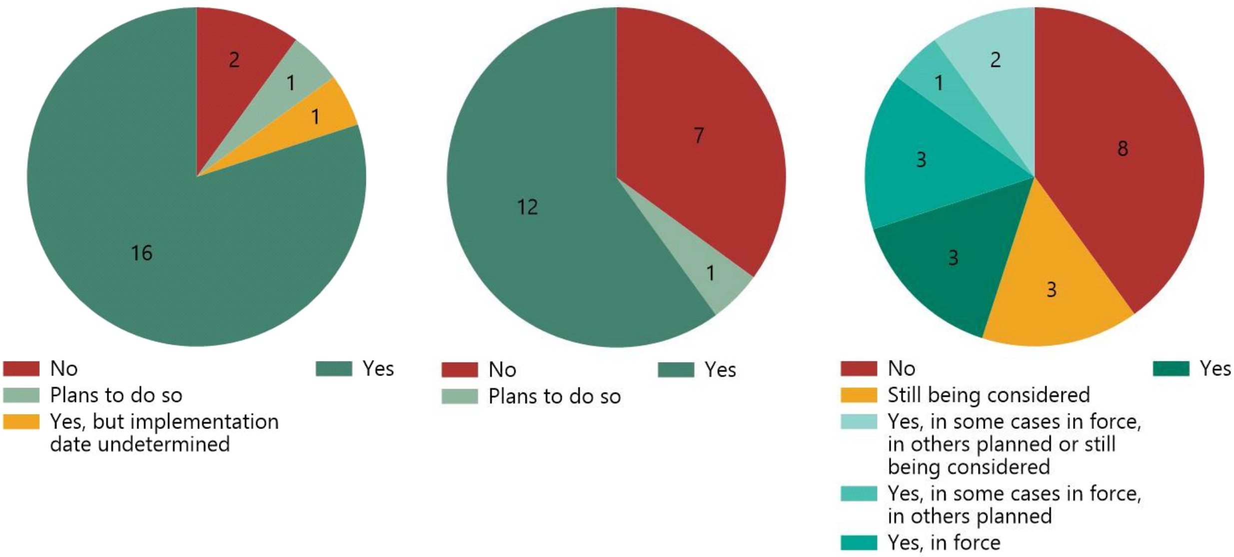
38 Implementing recommendation 1 from the 2019 Report.

markets.[39] The scope of the coverage and its voluntary or mandatory nature varies across jurisdictions (Annex C). In the EU, the European Systemic Risk Board (ESRB) has recommended consideration of going a step further and expanding the scope of entities that are required to be identified with the LEI beyond financial institutions,[40] but the European Commission concluded that at this stage there is no need for such legislation. One jurisdiction explained that given that the group structure of local financial institutions is relatively simple, the need to identify relationships with the direct and ultimate parent entities using the LEI is not considered to be critical (Japan).

Requirements to use the LEI

Count of respondents **Graph 2**

LEI in data reported to trade repositories for OTC derivatives | LEI to identify all/a wider set of financial market participants and infrastructures | LEI for better risk management in other reporting requirements



As of September 2024.

Sources: FSB and ROC member jurisdictions

[39] Australia, Canada, India, Korea, Norway, Singapore, South Africa, Türkiye, and the US.

[40] The first recommendation requested that the European Commission assesses the possibility of proposing a new legislation making the LEI mandatory for a broader set of legal entities beyond the financial entities and larger non-financial entities. The second recommendation requested that regional financial authorities require supervised entities to have an LEI when drafting, imposing or amending financial reporting obligations, and that they identify any legal entity about which they publicly disclose information by including its LEI. The level of compliance with the recommendations is high. However, the assessment on expanding the scope of entities identified with the LEI beyond financial institutions, concluded that at this stage there is no need for such legislation. The EU Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) asked the European Commission in 2023 to take into account the statistical usefulness of broader LEI coverage when reporting on whether or not to make the LEI mandatory for a wider range of legal entities across the EU. See CMFB (2023), *CMFB opinion on the Legal Entity Identifier (LEI) as unique identifier of financial and non-financial companies for statistical purposes*, May.

Table 1: LEI in regulatory activities other than payments

	LEI in data reported to trade repositories for OTC derivatives	LEI to identify all/a wider set of financial market participants and infrastructures	LEI for better risk management in other reporting requirements
Argentina	No	No	No
Australia	Yes	Yes	Still being considered
Brazil	No	No	No
Canada	Yes	Yes	No
China	Yes	No	Yes, in force
European Union[41]	Yes	Yes	Yes, in some cases in force, in others planned or still being considered
Hong Kong	Yes	No	No
India	Yes	Yes	Yes, in force
Indonesia	Plans to do so	No	Still being considered
Japan	Yes	No	No
Korea	Yes	Yes	No
Mexico	Yes	No	Still being considered
Norway	Same as EU[42]	Yes	Yes
Saudi Arabia	Yes	Yes	No
Singapore	Yes	Yes	No
South Africa	Yes, but implementation date undetermined	Yes	Yes, in force
Switzerland	Yes	Plans to do so	Yes, in some cases in force, in others planned
Türkiye	Yes	Yes	Yes
United Kingdom	Yes	Yes	Yes
United States	Yes	Yes	Yes, in some cases in force, in others still being considered

41 The EU response reflects the feedback received from the following EU member states: Austria, Germany, Finland, France, Italy, and Spain.

42 For reporting to the trade repositories, Norway follows the requirements stemming from the EU regulation.

The benefits of the LEI for better risk management have been reaped in reporting requirements beyond the OTC derivatives market by several jurisdictions,[43,44] an approach that is under consideration in three other jurisdictions (Australia, Indonesia and Mexico). The most recurring use cases (Annex D) are reporting requirements of securities financing transactions (the EU, South Africa, Switzerland, Türkiye, the UK), of short sales (South Africa), by foreign investors (China), and by credit rating agencies (China and the EU). In particular, the EU has adopted a strategy of requiring (or requesting where available) the LEI requirements across a variety of its reporting regimes (financial transactions, securities issuers to central securities depositories, funds and fund managers, client fees applied by credit rating agencies, and information related to capital requirements).

No jurisdiction has fostered a nationwide implementation strategy to maximise the cross-sectoral benefits of the LEI.[45] However, a few jurisdictions have implemented a nationwide sectoral strategy. For instance, the EU is considering including the LEI as an option for the reporting of crypto-asset issuers and for the reporting of critical third-party providers of information and communication technology for the financial sector, and including the LEI as an identifier in the European Single Access Point providing centralised access to publicly available information of relevance to financial services. Moreover, one EU member state (Germany) considers it good suggestions to use the LEI for identification of parent companies in the notes of financial statements or in lists of subsidiaries referring to the scope of consolidation, and in the lists of public interest entities in transparency reports of audit companies.

In addition, at the end of 2020, China's financial authorities released a roadmap to implement the LEI for the years 2020-22 for the whole financial sector – all the action items in it have been completed.[46] Indonesia's financial authorities have coordinated a staged approach to transition from "optional" to "requested if available" and finally to "required" use of the LEI in the financial sector, albeit with no predetermined timeline. Implementation of the US Financial Data Transparency Act of 2022 (FTDA), that requires Financial Stability Oversight Council (FSOC) agencies to propose rules including a standard to identify legal entities, could turn into a sectoral nationwide LEI implementation strategy if the LEI is chosen as the identification standard. In August 2024 some of the FSOC agencies[47] published a rule for public consultation that proposes the adoption of the LEI as the legal entity identifier joint standard under the FTDA.[48] The FTDA calls for final rules by end-2024. Some jurisdictions have pursued more narrow LEI implementation strategies for certain areas of the financial system, such as the strategy coordinated by Canadian securities administrators to require the LEI in derivatives and securities markets across different national authorities, and India's Payment Vision 2025 which foresees a role for the LEI in the area of payments (see section 3.2).

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43 China, the European Union and its member states, India, Norway, South Africa, Switzerland, Türkiye, the UK and the US.

44 Implementing recommendation 1 from the 2019 Report.

45 Implementing recommendation 1 from the 2022 Report and recommendation 1 from the 2019 Report.

46 People's Bank of China et al. (2020), *Roadmap to Implement Legal Entity Identifier in China (2020–2022)*, November.

47 The Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, Federal Housing Finance Agency, Commodity Futures Trading Commission, Securities and Exchange Commission, and Department of the Treasury.

48 US Federal Register (2024), *Financial Data Transparency Act Joint Data Standards*, August.

It is not only jurisdictions that have promoted the broad adoption of the LEI. SSBs and IOs have considered ways to embed or enhance references to the LEI in their work.[49]

The FSB has explored the potential role of the LEI in its work, particularly in resolution where the coordinated use of LEI information across jurisdictions may support the execution of resolution strategies and implementation of resolution tools of cross-border financial groups in a timely manner.[50] For example, the FSB included the LEI in its streamlined information collection questionnaire on continuity of access to financial market infrastructures (FMIs) for firms in resolution;[51] in its framework for information from FMI intermediaries to support resolution planning;[52] and in the description of write-down or bail-in practices where certain central securities depositories require the relevant LEI and International Securities Identification Number (ISIN) of securities issuers.[53] A number of FSB jurisdictions have put requirements in place for the use of the LEI in resolution and resolution planning, mainly for banks and, in some jurisdictions, also for insurers and central counterparties.[54]

Moreover, in addition to work related to cross-border payments (section 3.2), since the 2019 and the 2022 Reports several other SSBs and IOs have considered ways to embed or enhance references to the LEI in their work.[55] For example:[56]

- The BCBS 2023 report on Progress in adopting the Principles for effective risk data aggregation and risk reporting stresses its 2020 recommendation to use industry taxonomy such as the LEI to enhance banks' management of information across legal entities, to facilitate a comprehensive assessment of risk exposures at the global consolidated level and support effective customer information management.[57] Further, since January 2023 the BCBS requires the LEI for its annual G-SIB exercises.[58]

- The FATF Guidance on beneficial ownership of legal persons,[59] published in March 2023, clarifies that a tax identification number is a common unique identifier which may be used to identify legal persons but also that countries may choose to use other identifiers including the LEI.

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49 See Recommendation 2 of the 2019 Report.

50 Implementing recommendation 2 from the 2019 Report.

51 See FSB (2021a), *Continuity of access to FMIs for firms in resolution: Streamlined information collection to support resolution planning*, revised version 2021, August.

52 See FSB (2021b), *Framework for information from FMI intermediaries to support resolution planning*, August.

53 See FSB (2021c), *Bail-in execution practices paper*, December.

54 They use the information for identifying group structures and relationship information, and understanding financial, operational, and legal interconnectedness. Some jurisdictions also use it to evaluate aggregate risk exposures or support valuations. See section 4.2 of FSB (2022), *2022 Resolution Report: "Completing the agenda and sustaining progress*, December.

55 Implementation of recommendations 2 and 3 from the 2019 Report and recommendation 5 from the 2022 Report.

56 See section 3.2 for examples of ways SSBs other than the FSB and international organisations have considered to embed or enhance references to the LEI in their work related to cross-border payments.

57 BCBS (2023), *Progress in adopting the Principles for effective risk data aggregation and risk reporting,* November.

58 See BCBS (2023), *Instructions for the end-2022 G-SIB assessment exercise*, January. Previously banks could include the LEI as an optional reporting item.

59 FATF (2023), *Beneficial ownership of legal persons*, March.

- The IMF Statistics Department has been considering ways to embed or enhance references to LEI in its various workstreams.[60] The LEI is being considered to support the work on special purpose entities, in particular, because of its information on entities' immediate and ultimate parent companies.[61] The IMF has also been assessing the benefits of the LEI, for example for its relationship data, as part of the ongoing revisions of the International Statistical Standards; Balance of Payments and International Investment Position Manual; and as part of collaborative efforts to update the 2008 Systems of National Accounts.

- The World Bank encouraged banking supervisors to consider requiring banks and their affiliates to obtain an LEI and to direct the legal entities with which they do business to do the same.[62]

- The OECD has accommodated the use of the LEI as part of its global tax reporting framework for digital platforms,[63] adopted in 2020-22, and its 2023 crypto-asset reporting framework to enhance tax transparency in crypto markets.[64]

3.2. Promoting the LEI for cross-border payments

The promotion of the LEI specifically for cross-border payments has occurred through different means linked to payment messages, regulation, and the exploration of use cases.

LEI in payment messages

The migration to ISO 20022 messaging standards offers an opportunity to enable the use of the LEI as part of the new payment messages.[65] The CPMI 2023 report Harmonised ISO 20022 data requirements for enhancing cross-border payments recommends the use of internationally recognised and standardised identifiers with access to global directories, with the LEI as one of the options along with other identifiers such as the Bank Identifier Code (BIC).[66] Eight large value payment systems (in Australia, China, the EU, Hong Kong, India, Singapore, the UK, and the US) and three retail payment systems (the EU, Hong Kong, and India) have enabled or are in the process of enabling the use of LEIs in ISO 20022 payment messages (see Table 2). Other systems and jurisdictions are still considering the use of LEIs in ISO 20022 payment messages (Japan, Saudi Arabia, and South Africa).[67] The LEI is also being considered as one of the options for mandatory information to be included in cross-border payment messages, as part of the

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60 In the statistical domain the EU Committee on Monetary, Financial and Balance of Payments Statistics asked the European Commission in 2023 to take into account the statistical usefulness of broader LEI coverage when reporting on whether or not to make the LEI mandatory for a wider range of legal entities across the European Union.

61 The Guidelines (BOPCOM 20/26), as part of supporting the collection of statistics on special purpose entities, recognise that enhancements of data collected within the LEI framework, including information on the direct and ultimate parents of the legal entities, may support further progress in the construction of appropriate registers.

62 See World Bank (2023), *No more sweet deals: the need to reform banks' related party transactions*, July.

63 OECD (2022), *Model Rules for Reporting by Digital Platform Operators: XML Schema and User Guide for Tax Administrations*, March.

64 OECD (2023), *Crypto-Asset Reporting Framework*, 2023.

65 Implementing recommendation 1 from the 2022 Report.

66 CPMI (2023), *Harmonised ISO 20022 data requirements for enhancing cross-border payments – final report*, October.

67 Six jurisdictions or some of their payment systems still have no plans to implement the LEI in their ISO 20022 payment messages (Argentina, Brazil, Indonesia, Korea, Mexico, and Türkiye).

ongoing revision of FATF Recommendation 16. The EU Instant payments regulation[68] includes the LEI (if available in the internal system of the payee's payment service provider), as a possible data element for payee's verification in credit transfers.

Regulatory efforts to mandate the LEI in payments[69]

The Bank of England will mandate the use of the LEI in certain payments messages of its large value payment system from May 2025, with a vision to widen this requirement to all large value payments in the future.[70] The plan to mandate LEI in payment messages makes the LEI a key component of the UK's payments strategy for reconciliation and validation.

India has made extensive progress in introducing the LEI as a requirement in policies relevant to cross-border payments. In its June 2022 Payment Vision 2025,[71] the Reserve Bank of India expressed its plans to explore use cases for the LEI in areas like sanctions screening, KYC, corporate invoice reconciliation, fraud detection, faster tracking of payments, and greater precision and transparency. In that context, since October 2022 India requires banks to obtain the LEI for all resident legal entities that are undertaking capital or current account transactions of 500 million Indian rupees (INR) and above (approximately USD 6 million). Once an entity has obtained an LEI, it must be used in all transactions by that entity, irrespective of transaction size. Further, in preparation for the wider introduction of LEI across all payment transactions, banks have been mandated to: (i) advise entities that undertake large value transactions (INR 500 million and above) to obtain an LEI in time, if they do not already have one; (ii) include remitter and beneficiary LEI information in the payment messages processed through the payment systems operated by the Reserve Bank of India (India's Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT)); and (iii) store information (including the LEI) of all transactions of INR 50 crore and above processed thorough RTGS and NEFT.

Very few other jurisdictions have taken or are planning steps to consider the LEI as a requirement in policies relevant to cross-border payments. The LEI is requested (in China) or required (in Korea, since December 2023) from certain foreign institutional investors in order to invest in the country and is currently considered for securities issuers (Indonesia). Meanwhile, the EU is considering the use of the LEI to identify the providers of various crypto-asset services. Revisions in the use of identifiers for anti-money laundering and countering the financing of terrorism (AML/CTF) purposes are currently ongoing in Australia and the EU.

Efforts to facilitate automated reconciliation and validation of payments have focused mainly on continuing to map the LEI with local identifiers,[72] in order to facilitate account-to-account verification. Seven jurisdictions reported being active in mapping the LEI to local identifiers like the BIC, the ISIN,[73] fund identifiers, and identifiers used for statistical purposes within the central

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68 Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro (Text with EEA relevance).

69 Implementing recommendation 1 from the 2022 Report.

70 Bank of England (2024), *Mandating ISO 20022 enhanced data in CHAPS – policy statement and consultation*, April.

71 Reserve Bank of India (2022), *Payments Vision 2025*, June

72 Implementing recommendation 1 from the 2022 Report.

73 Overall, 29 National Numbering Agencies (NNAs) contribute to the LEI-ISIN mapping initiative. See Association of the NNAs, Identifiers - ANNA (anna-web.org).

bank.[74] The proposal by the European Central Bank to include the LEI in settlement and reconciliation messages has encountered resistance from custodians and securities post-trade service providers due to current low diffusion of LEI by customers, in absence of compelling standard or regulation (EU).

Exploration of use cases for the LEI in payments[75]

In India, the local LEI issuer (LEIL) launched a pilot project under the guidance of the Reserve Bank of India involving five banks with elaborate payment processes. The project investigated the utility of the LEI for account-to-account validation.[76] The project first addressed challenges in validating domestic transactions and then those in cross-border payments. In the former use case, the validation of an account number is currently done by the beneficiary bank, relying on manual input. In the latter use case, a significant percentage of all incoming cross-border payments appeared to be delayed due to information mismatches that triggered lengthy manual validations. In both use cases, the LEI increased accuracy and saved time compared with manual validation. A dedicated API was released by the LOU allowing banks to automatically check and validate LEIs. Overall, the pilot provided evidence that using LEIs in account validation can increase accuracy in matching information and speed up the validation process.

The GLEIF has been active in other pilot engagements related to cross-border payments: six in the area of KYC and customer onboarding,[77] one more related to accuracy in account-to-account validation (beyond the one just described), and seven regarding increasing efficiency in sanctions screening.[78] The continued growth of (names-based) sanctions lists and expectations from authorities for fast responses highlights the utility in using the LEI in sanctions screening. The GLEIF has also conducted a pilot related to international trade, an area that is closely related to cross-border payments where the LEI could facilitate interoperability across different national standards, bring efficiency gains, and enhance trust (Box 3). Moreover, the GLEIF was closely involved in the pilot of the US Customs and Border Protection Global Business Identifier Pilot for legal entity identification in cross-border transactions where the LEI is an option along with the GS1 Global Location Number.

From the SSBs' and IOs' side, the use of the LEI in cross-border payments has been widely promoted by different efforts of the G20 Roadmap to enhance cross-border payments. The FSB has explored synergies with the work of other building blocks in the roadmap.[79] A July 2024 FSB consultative report recommends that national authorities support the enhanced use of standardised global identifiers, such as the LEI, including by taking steps to emphasise that the

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74 France, Germany, Hong Kong, Italy, Japan, Singapore, and Spain.

75 Implementing recommendation 4 from the 2022 Report.

76 See GLEIF, *Legal Entity Identifier India Limited (LEIL) on the Power of the LEI in Account-to-Account Validation (Confirmation of Payee)*.

77 Others have also explored the usefulness of the LEI for KYC purposes. In order to measure the quality of client data against its peers and identify anomalies, in 2020 the DANIE consortium led by Société Générale and UBS developed a data collaboration solution, using privacy-preserving technology, to securely and anonymously compare data about the counterparties of the consortium's banks using the LEI as the unique key to link the data. The consortium estimated a significant cost reduction on reference data management and significant improvements in data quality for reporting.

78 See GLEIF, *LEI in Cross-Border Payments*. Pilot engagements on sanctions screening were with Bloomberg; Element22; London Stock Exchange Group; Moody's; WM Dataservice; The Transparency Fabric; and LexisNexis Risk Solutions.

79 Implementing recommendation 2 from the 2022 Report.

use of such standardised global identifiers in cross-border payments is best practice.[80] As mentioned, the CPMI 2023 report on Harmonised ISO 20022 data requirements for enhancing cross-border payments recommends the use of internationally recognised and standardised identifiers with access to global directories, with the LEI as one of the options along with other identifiers such as the BIC. Moreover, as part of the ongoing revisions to its recommendation and interpretative note on payment transparency, FATF is considering referring to the LEI, as one of the options, in setting out the information that should accompany all qualifying cross-border payments and value transfers. The IMF presented on the LEI in a May 2024 regional course with Asian countries in China in the context of IMF-World Bank Approach to Cross-Border Payments Technical Assistance,[81] and plans to include it as a standing item in future training and regional workshops/courses.

Box 3: The LEI in international trade and its supply chains

International trade is closely connected with cross-border payments and the LEI can help to reconcile invoices, streamline processes, and create trust in international trade activities.[82]

For example, with respect to invoice reconciliation in cross-border transactions, in 2022 the GLEIF conducted a pilot to explore the use of the LEI in cross-border counterparty verification for e-invoicing.[83, 84] The pilot, undertaken with several Japanese partners, integrated the LEI into the eSeals electronic signature used to verify the authenticity of e-invoices exchanged between Japanese and EU organisations. The authenticity of both the e-invoice document (via the eSeal) and the sending organisation (via their LEI, embedded in the eSeal credential) was confirmed simultaneously, providing trust and speed in the cross-border invoice reconciliation process. Furthermore, the International Chamber of Commerce Digital Standards Initiative has recently advocated for the use of LEI in cross-border trade transactions.[85]

The LEI could also help small and medium-sized enterprises involved in international trade navigate the complexity of supply chains across borders, representing an anchor point for supply chain transaction providers that could be constantly referenced. For example, in 2020 the Business 20 (B20) and the Business at OECD (BIAC) proposed to include the LEI in a “Global Value Chain Passport” concept, aimed at providing an authenticated, authoritative, verifiable financial identification of a given entity, enabling it to operate within a global value chain without the need to reproduce the same documentation on multiple occasions, and allowing it to avoid undergoing duplicative verifications.[86]

80 See FSB (2024), *Recommendations to promote alignment and interoperability across data frameworks related to cross-border payments*, July.

81 IMF (2023), *IMF and World Bank Approach to Cross-Border Payments Technical Assistance*, December.

82 ICC Academy (2022), *How LEIs empower organisations to cut costs, simplify and accelerate operations and gain deeper insight into the global marketplace*, October.

83 GLEIF (2022), *GLEIF Supports Development of Cross-Border Organizational Trust Services Mutually Recognized by Japan and Europe*, December.

84 Implementing recommendation 4 from the 2022 Report.

85 See ICC Data Standards Initiative (2023), *Key Trade Documents and Data Elements*, March.

86 B20 (2023), *Addressing efficiency in payments and working capital to deliver Sustainability and Growth*.

Table 2: LEI for cross-border payments

	Enabling the use of LEIs in ISO 20022 payment messages[87]	Considering the LEI as a requirement in policies relevant to cross-border payments	LEI to facilitate automated reconciliation and validation of payments[88]
Argentina	No	No	No
Australia	Large-value payment system: HVPS: optional use (partial migration Mar 2023, full migration Nov 2024)	AML/CFT reporting obligations: optional use of LEIs on reports of international funds transfer instructions (in line with the Swift CBPR+ message usage guidelines for cross-border payments)	No
Austria	See EU	See EU	No
Brazil	No	No	No
Canada	Outside the scope of responding authorities (securities regulators)	No	No
China	Cross-border Interbank Payment System (CIPS): optional	No	No
EU	Large-value payments: Target2: migration concluded and optional use of LEI enabled (Mar 2023) Retail payments: Retail payment regulation (SEPA, 2012) does not foresee use of LEI; Instant payments regulation (Mar 2024) allows the LEI on an optional basis; Fast payment system TIPS: optional use of LEI enabled (Mar 2024).	LEI (optional, if available) in transfers of funds and of certain crypto-assets. LEI (optional, if available) for the verification of the customer's identity for AML/CFT purposes.	No Proposal to include the LEI in settlement and reconciliation messages, but there is resistance by custodians and securities post-trade service providers.

87 In high-value payment systems (RTGS) and retail payment systems (RPS).

88 Other than the use of LEIs in ISO 20022 payment messages.

	Enabling the use of LEIs in ISO 20022 payment messages[87]	Considering the LEI as a requirement in policies relevant to cross-border payments	LEI to facilitate automated reconciliation and validation of payments[88]
France	See EU	See EU	Yes LEI-SIREN (the French domestic identifier) and LEI-AMF number (the French identifier for funds mapping)
Germany	See EU	See EU	No
Hong Kong	Large value: CHATS migrated in Apr 2024 with optional use of LEI Fast payment system: optional (already in use)		No
India	Large value: ▪ RTGS: LEI for sender and beneficiary customer (mandatory) ▪ NEFT: LEI for sender and beneficiary customer (mandatory)	LEI of resident entities undertaking capital or current account transactions above a certain threshold. Once the entity has obtained an LEI, it must be reported in all transactions of that entity, irrespective of the transaction size	Yes Pilot on how the LEI can help with challenges in cross-border payments account-to-account validation
Indonesia		Ongoing revision of securities issuers' regulation (in the area of conduct and internal controls): LEI for foreign institutional investors.	No
Italy	See EU		Yes ISIN-LEI mapping
Japan	Considerations still ongoing		Yes LEI-local identifiers mapping considered part of the Digital Architecture Design Center

	Enabling the use of LEIs in ISO 20022 payment messages[87]	Considering the LEI as a requirement in policies relevant to cross-border payments	LEI to facilitate automated reconciliation and validation of payments[88]
Korea	Payment systems are currently not considering undertaking the migration and enabling the use of LEI SWIFT's migration is, however, expected to drive the voluntary use of LEI		Yes
Mexico	Fast payment system, large value and retail payment system (SPEI): no plans to migrate and enable optional use of LEI[89]		No
Norway	Yes[90]	Yes[91]	Used by the financial services authority for validation and quality control of data received from supervised entities and to register new cross-border firms
Saudi Arabia	Considerations still ongoing	LEI required to apply for a licence to practise Finance Support Activities	No
Singapore	Payment systems that facilitate cross-border payments: enabled optional use of LEI		Yes, mapping LEI – unique entity number
South Africa	Considerations still ongoing		No
Spain	See EU		Yes Mapping LEI – national identifiers used in Bank of Spain's datasets (e.g. NIF, RIAD code, ISIN and BIC).

89 There are no plans to consider using the LEI as an identifier in the current system. The LEI is still being reviewed for future upgrades to the system.

90 Norway plans to follow EU regulations where ISO 20022 is implemented/required.

91 Norway plans to follow international regulations/recommendations regarding cross-border payments.

	Enabling the use of LEIs in ISO 20022 payment messages[87]	Considering the LEI as a requirement in policies relevant to cross-border payments	LEI to facilitate automated reconciliation and validation of payments[88]
Switzerland	Outside the remit of public authorities		No
Türkiye	Migration not planned		No
UK	Large value: CHAPS: migration concluded, LEI enabled on optional basis, mandatory use planned. Retail payments: schemes are considering migration, optional and mandatory use of LEI		Yes The plan to mandate LEI in payment messages makes the LEI a key component of the payments strategy for reconciliation and validation
US	Fedwire: migration proposal (with optional use of the LEI) currently being finalised		No

4. A way forward

Since the 2019 Report, ROC members and the GLEIF have undertaken efforts to ensure the quality of LEI reference data and implemented actions to address obstacles to broader LEI adoption. FSB and ROC member jurisdictions have executed or planned several activities to increase visibility of the LEI and knowledge about it, including raising awareness of its potential benefits. In addition, several jurisdictions have incorporated the LEI into reporting requirements for the financial sector.

After the 2022 Report, the FSB and the SSBs have recommended use of the LEI in several other deliverables of the G20 Roadmap to enhance cross-border payments. The GLEIF has set up pilot projects to demonstrate the usefulness of the LEI in use cases related to cross-border payments, such as KYC and customer onboarding, account-to-account verification and reconciliation, fraud prevention, and sanctions screening.[92]

The current initiatives to promote adoption of the LEI for payments will show over time if they are effective in increasing the number of LEIs for cross-border payments. These efforts refer to the optional inclusion of the LEI in ISO 20022 messages of those payment systems that have or are migrating, and the mapping exercises of the LEI to domestic identifiers. Two jurisdictions are driving adoption in the cross-border payments space with mandatory requirements (India and the UK). One jurisdiction is contributing indirectly to LEI use in payments via requiring (or requesting where available) the LEI across its financial services reporting regimes (the EU).

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92 See Cross-Border Payments - Featuring the LEI - Solutions – GLEIF.

Another one may contribute indirectly in the future via a mandatory regulatory requirement related to its financial agencies, if the LEI is chosen for that purpose (the US).

At the same time, more work is needed to enhance use of the LEI in cross-border payments. Therefore, the FSB recommends full and timely implementation of the FSB recommendations set out in 2022 that have not yet been implemented. In particular, some jurisdictions have made no tangible progress towards implementing the actions set out in the 2019 and 2022 Reports.

Accordingly, the FSB recommends that:

1. FSB member jurisdictions, in collaboration with the ROC and the GLEIF:

   a) Continue exploring ways to promote LEI adoption, particularly outside the financial sector, including ways to promote awareness and adoption of the vLEI to enhance trust in digital exchanges through verifiable authentication.

   b) Explore, where appropriate, the scope to mandate use of the LEI for certain payment message types for routing message formats migrating to ISO 20022 messages.

   c) Continue exploring, with national regulators and others, the role the LEI might play in assisting entities with due diligence for KYC, as well as other use cases such as sanctions screening.

   d) Consider a staged approach to the introduction of the LEI requirement in payment messages, by assessing which categories of entities or which thresholds of payment value could be considered for the gradual introduction of LEI requirements for payments.

2. Relevant standard-setting bodies and international organisations should consider issuing guidance on the role that the LEI and possibly the vLEI might play in assisting entities with due diligence for KYC, sanctions screening, and fraud prevention.

Annex A: Recommendations from 2022 and 2019

Recommendations from the 2022 Report

1) FSB member jurisdictions should:

   - Explore ways to promote LEI adoption, particularly outside the financial sector, for instance by fostering nationwide implementation strategies to maximise the cross-sectoral benefits of the LEI; increase knowledge on the LEI to raise awareness of potential benefits and increase the visibility of LEI through public outreach initiatives; and consider the use of LEI before exploring the possibility of introducing other identifiers locally.

   - Consider mapping the LEI to domestic identifiers in their digital infrastructures to promote interoperability of LEI and other identifiers to facilitate automated reconciliation and validation.

   - Consider including an optional field for the LEI in routing message formats, including for those migrating to ISO 20022 messages, and where appropriate, explore the scope to mandate use of the LEI for certain payment message types.

   - Consider adding, where appropriate, the LEI as a requirement in newly created or amended regulations, directives and legislation relevant to cross-border payments where entity identification is needed.

   - Consider providing guidance on using the LEI in the payment chain, including how intermediaries should address challenges in obtaining the LEIs for cross-border payment beneficiaries (which are often more difficult to obtain than the LEIs for cross-border payment originators).

2) The FSB should:

   - Explore synergies with the work of other building blocks in the roadmap (e.g. BB6 on reviewing the interaction between data frameworks and cross-border payments, BB8 on fostering KYC and identity information sharing, BB14 on adopting a Harmonized ISO 20022 version for message formats, including rules for conversion/mapping, and BB15 on APIs).

3) The FSB and member jurisdictions should:

   - Support, as appropriate, ROC's and GLEIF's initiatives to address obstacles to broader LEI adoption (e.g. costs, lack of awareness of incentives and data quality), including the validation agent model, bulk registration and vLEI in continuing the work of the G20 roadmap.

4) The ROC members and GLEIF should, according to their respective mandates:

   - Continue their efforts to increase adoption of the LEI (including by non-financial corporates), promote timely update of the LEI reference data and ensure their quality, and explore further, with national regulators and others, the role the LEI might play in assisting entities with due diligence for KYC, as well as other use cases.

- Set up pilot projects among relevant stakeholders regarding standards for including the LEI in payment messages and provide examples to financial institutions on possible uses of the LEI when transmitted in payment messages.

- Increase the visibility of the LEI through public outreach initiatives, particularly outside the financial sector, and increase knowledge on the LEI to help address any perceived lack of benefits in cross-border payments. This should involve developing and publishing use cases in cross-border payments for non-financial corporates, and ways in which they can directly benefit from adopting the LEI.

5) Relevant standard-setting bodies (e.g. BCBS, CPMI, IOSCO, FATF) and international organisations (IMF, OECD, World Bank) should:

- Consider ways to embed or enhance references to the LEI in their work, in line with recommendation 3 of the 2019 FSB Thematic Review on Implementation of the Legal Entity Identifier (LEI peer review). This could facilitate the implementation of relevant LEI uses for authorities and market participants, including for cross-border payments.

- Consider issuing guidance and carrying out further outreach regarding sanctions, customer due diligence and wire transfers on how the LEI may be used as a standardised identifier for sanctions lists or as the primary means of identification of legal entity customers or beneficiaries, (in line with suggestions made in the FATF Survey of October 2021 and consistent with existing FATF Recommendations).

Recommendations from the 2019 Report

1) FSB jurisdictions should:

- Follow-up on CPMI-IOSCO guidance that strongly encourages authorities to require the use of LEIs for the identification of legal entities in the data reported to trade repositories for OTC derivatives.

- Consider requiring the use and timely renewal of the LEI in reporting or disclosure frameworks, for the identification of all entities in major financial groups, a wider set of financial market participants and infrastructures, their counterparties, and related entities (including direct and ultimate parents), especially in a cross-border context.

- Explore ways to promote further LEI adoption, for instance by fostering nationwide implementation strategies to maximise the cross-sectoral benefits of the LEI; communicating on LEI benefits through public outreach initiatives; leading by example in obtaining LEIs for the central bank and other public sector bodies, especially issuers of public debt; and considering the potential for LEI use before introducing new identifiers.

2) The FSB will:

- Explore the potential role of the LEI in its work, for instance in the resolution of financial institutions and on financial innovation issues.

- Work with standard-setting and industry bodies to facilitate adoption of the LEI for all group entities and major counterparties of global systemically important financial institutions, as well as for the clearing members of central counterparties (CCPs) and their ultimate parents, in order to support the timely analysis of risk exposures and interdependencies.

- Facilitate, by working with standard-setting and industry bodies, the effective implementation of the LEI option in payment messages to help address the decline in the number of correspondent banking relationships.

3) The relevant standard-setting bodies (BCBS, CPMI, IAIS, IOSCO) and international organisations (IMF, OECD, World Bank) should review and consider ways to embed or enhance references to the LEI in their work, in order to facilitate the implementation of relevant LEI uses for authorities and market participants. This could involve, for example, guidance on the inclusion of the LEI in disclosures of data on entities as well as promoting LEI use in securities transactions and cross-border payments.

4) The LEI ROC and GLEIF should

- Consider enhancements to the LEI business model to lower the cost and administrative burden for entities acquiring and maintaining an LEI. These could involve, for instance, adjusting funding approaches to align the benefits and costs for users more closely, and exploring ways to foster complementarity between the issuance and maintenance of the LEI and other processes involving similar tasks.

- Consider data quality process enhancements to increase the reliability of the LEI data so as to improve its usability by market participants and regulators, including processes to encourage and monitor updates of LEI reference data.

- Work with industry and the public sector to raise awareness of the benefits of the LEI and encourage voluntary adoption by documenting existing uses, or by supporting pilot programs or research projects on promising new uses.

- Enhance the scope and usability of Level 2 (relationship) data by:

  - considering cost-effective and reliable ways to add relationship data that would increase the value of the LEI (e.g. confidential relationships subject to access rights and appropriate controls, beneficial owners, other definition of parents); and

  - expanding the coverage of such data, for instance by conducting targeted LEI adoption campaigns for large multinational firms and by facilitating relationship reporting by parents of their group entities.

Annex B: LEI in data reported to trade repositories for OTC derivatives (CPMI-IOSCO guidance)[93]

	Counterparty 1 / reporting party	Counterparty 2[94]	Beneficiary 1[94]	Beneficiary 2[94]	CCP[95]	Clearing member[94]	Additional local fields
Argentina	No	No	No	No	No	No	-
Australia	Optional. As of 21/10/2024: mandatory (valid)	Optional. As of 21/10/2024: mandatory (valid or lapsed)	Optional. As of 21/10/2024: mandatory (valid or lapsed)		Optional. As of 21/10/2024: mandatory (valid)	Optional. As of 21/10/2024: mandatory (valid or lapsed)	As of 21/10/2024: mandatory: broker (valid or lapsed), reporting entity: valid
Brazil	No	No	No	No	No	No	-
Canada	Mandatory	Mandatory			Mandatory	Mandatory	Broker, agent, trading: mandatory
China	Cross-border derivatives on the China Securities Internet system: mandatory; futures reported to the China Futures	Cross-border derivatives on the China Securities Internet system: mandatory; futures reported to the China Futures					

93 The CPMI-IOSCO Technical guidance on Harmonisation of critical OTC derivatives data elements (other than UTI and UPI), as in the latest revision published by the ROC, its governance body, mentioned the LEI as allowable values for the data elements "Buyer/Seller", "Other payment payer" and "Other payment receiver" where applicable. No jurisdiction response referred to those data elements, suggesting that they may not have been implemented.

94 Except for natural persons who are acting as individuals and not in a business capacity.

95 Where applicable.

	Counterparty 1 / reporting party	Counterparty 2[94]	Beneficiary 1[94]	Beneficiary 2[94]	CCP[95]	Clearing member[94]	Additional local fields
	Market Monitoring Center: optional	Market Monitoring Center: optional					
EU[96]	Mandatory (valid)	Mandatory (valid)	Mandatory (valid)	Mandatory (valid)	Mandatory (valid)	Mandatory (valid)	Broker, submitting entity: mandatory (valid)
Hong Kong	As of April 2019: mandatory	As of April 2019: optional, encouraged by reporting entities					Submitting entity, members of the trade repository: mandatory as of April 2019
India	Mandatory	Mandatory					
Indonesia	Adoption of LEI planned						
Japan	As of April 2024: mandatory	As of April 2024: mandatory (if LEI cannot be obtained, a tentative LEI is permitted)			As of April 2024: mandatory	As of April 2024: mandatory	
Korea	As of April 2021 mandatory for certain products; as of Jan 2022	As of April 2021 mandatory for certain products if the counterparty is a financial					

96 Reflecting the responses of Austria, Finland, France, Germany, Italy, and Spain.

	Counterparty 1 / reporting party	Counterparty 2[94]	Beneficiary 1[94]	Beneficiary 2[94]	CCP[95]	Clearing member[94]	Additional local fields
	mandatory for all products	investment business entity or a collective investment business entity; as of Jan 2022 mandatory for all products					
Mexico	Mandatory	Mandatory					
Norway	Same as EU[97]	Same as EU	Same as EU	Same as EU	Same as EU	Same as EU	Same as EU
Saudi Arabia	Mandatory	Mandatory					
Singapore	Mandatory	Mandatory					
South Africa	Mandatory for OTC derivatives providers, but not yet in force. Date of entry into force unknown						
Switzerland	Mandatory, if the derivative transaction has to be reported to a trade repository	Optional					
Türkiye	Mandatory (OTC derivatives and derivatives executed on organised markets)	Mandatory (OTC derivatives and derivatives executed on organised markets)			Mandatory (OTC derivatives and derivatives executed on organised markets)		

97 Norway follows the requirements in the financial sector stemming from the EU regulation and ESA (EBA, EIOPA, and ESMA) Guidelines.

	Counterparty 1 / reporting party	Counterparty 2[94]	Beneficiary 1[94]	Beneficiary 2[94]	CCP[95]	Clearing member[94]	Additional local fields
UK	Mandatory	Optional, as of September 2024: mandatory					Mandatory for report submitting entity
US	Mandatory	Mandatory					For security-based derivatives: mandatory for brokers, execution agents, security-based swap execution facilities, registered clearing agencies, and registered broker-dealers

Annex C: LEI to identify financial market participants and infrastructures – in force

(beyond entities involved in OTC derivatives markets)

	Scope	In which context?	Mandatory / optional
Argentina	-	-	-
Australia	Limited	Reporting to APRA of large exposures and exposures to related entities	Optional (LEI to be used where available)
		Identification of client that originated an order in the reporting of exchange-traded transactions to ASIC by market operators	Optional
Brazil	-	-	-
Canada	Intermediate	Reporting requirements from clearing houses and swap execution facilities	Mandatory
	Intermediate	Reporting of debt and equity securities transactions to the Canadian Investment Regulatory Organization	Mandatory
China	-	-	-
EU[98]	Wide	Credit and financial institutions; investment firms that execute transactions in financial instruments and their clients	Mandatory and in some instances optional (requested if available)
		Clients of EU investment firms and any entity that has issued financial instruments traded on European trading venues (daily reports to regulators)	Mandatory
		Funds and fund managers	Mandatory
		Pension funds and insurance companies	Optional
		Issuers of financial instruments (e.g. issuers of securities to provide a valid LEI to central securities depositories; issuers of financial instruments listed	Mandatory

98 Reflecting the responses of Austria, Finland, France, Germany, Italy, and Spain. In addition to that in Spain, LEI is mandatory if available for listed entities in the notification of major holdings to CNMV and is optional in the legal deposit of consolidated accounts.

	Scope	In which context?	Mandatory / optional
		on regulated markets); and entities involved in or reporting suspicious transactions	
		Credit rating agencies (and related entities) in the reporting of fees charged to their clients	Mandatory
		In statistical reporting: reporting banks to Money Market Statistical Reporting regime, providing statistics on their securities holdings and counterparties of credit institutions	Mandatory
		Proposal: all financial entities and all third-party providers	Mandatory
		Proposal: all providers of crypto-asset services	Mandatory
Hong Kong	-	-	-
India	Intermediate	All entities in non-derivatives markets (interest rate, currency or credit markets) regulated by RBI	Mandatory (except for client forex transactions of limited amount)
Indonesia	-	-	-
Japan	-	-	-
Korea	Limited	Since December 2023, all foreign entities intending to invest in South Korea, that have not previously obtained a foreign investment registration number	Mandatory
Mexico	-	-	-
Norway	Same as EU	Same as EU[99]	Same as EU
Saudi Arabia	Wide	All financial institutions and subsidiaries	Mandatory
Singapore	Limited	Regulated financial institutions (if available)	Optional
South Africa	Limited	Issuers of securities assigned with an ISIN code	Optional

[99] Also in this context Norway follows the requirements in the financial sector stemming from the EU regulation and ESA (EBA, EIOPA, and ESMA) Guidelines.

	Scope	In which context?	Mandatory / optional
Switzerland	-	-	-
Türkiye	Limited	Issuers of financial instruments	Mandatory
		Reporting parties and counterparties in securities financing transactions	Optional
UK	Wide	Legal entities in financial groups that undertake financial transactions and are required to engage with regulatory reporting regimes	Mandatory
US	Intermediate	Certain institutional investment managers reporting certain short postions	Optional (required if the LEI is available)
		Registered investment advisers, in their annual reporting to the SEC (Form ADV); private funds managed by some investment advisers (Form PF)	Optional
		Certain registered funds	Optional
		Counterparty, reporting entity, clearing member, and broker of centrally cleared repos	Mandatory
		Entities that own or control large futures and options positions	Requested (as proposed)
		Proposed amendments regarding the definition of exchange and alternative trading systems	

Annex D: LEI for better risk management in other reporting requirements

Beyond reporting of OTC derivatives transactions

	Status	LEI in other reporting requirements	Mandatory/Optional
Argentina	-	-	-
Australia	Considered	AML/CFT reporting of identifiers uses a generic format and allows the reporting of LEIs. LEIs can be reported in reports of threshold transactions, international funds transfer instructions and suspicious matters	Optional
Brazil	-	-	-
Canada	-	-	-
China	In force	Credit rating agencies, in order to register certain foreign institutional investors, and for securities and futures investments	Mandatory
	In force	Legal entity customers in the process of opening free trade accounts in pilot free trade zones	Mandatory
EU[100]	In force	Reporting by investment firms of all their transactions in financial instruments (LEI for clients and participants)	Mandatory
	In force	Reporting of securities financing transactions (LEI for counterparties)	Mandatory
	In force	Reporting of securities issuers to central securities depositories	Mandatory
	In force	Reporting of fees to client by credit rating agencies	Mandatory
	In force	Reporting related to capital requirements	Mandatory
	In force	Reporting of funds and fund managers	Mandatory
	Considered	Reporting by pension funds and insurance companies	Mandatory

100 Reflecting the responses of Austria, Finland, France, Germany, Italy, and Spain.

	Status	LEI in other reporting requirements	Mandatory/Optional
	Considered	European Single Access Point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability: possible use of the LEI in the implementation phase	Optional (required only if eligible)
	Considered	Reporting of crypto-asset issuers and service providers	Mandatory
	Considered	Reporting of critical third-party providers of information and communication technology for the EU financial sector – LEI used for verification of the customer's identity for anti-money laundering purposes	Optional (required only if available)
Hong Kong	-	-	-
India	In force	Reporting of capital or current account transactions above a certain threshold (LEI of resident entities). Once the entity has obtained an LEI, it must be reported in all transactions involving that entity, irrespective of the transaction size	Mandatory
	In force	Mandatory for banks/financial institutions to require their large borrowers, with an exposure above a specified threshold, to obtain LEI	Mandatory
Indonesia	Considered	LEI in banks reporting of financial transactions	Uncertain at this stage -
Japan	-	-	-
Korea	-	-	-
Mexico	Considered	LEI in reporting of markets other than the OTC derivatives market (e.g. LEI for debt issuers)	Uncertain at this stage
Norway		-	
Saudi Arabia	-	-	-
Singapore	-	-	-
South Africa	In force	Reporting of short sale transactions	Mandatory
	In force	Reporting of securities financing transactions	Mandatory
Switzerland	In force	Reporting of securities transactions (LEI for beneficial owner if a legal entity or a collective investment scheme)	Optional (required if available)

	Status	LEI in other reporting requirements	Mandatory/Optional
Türkiye	In force	Reporting of securities financing transactions	Optional
UK	In force	Reporting of securities financing transactions	Mandatory
United States	Considered	FSOC agencies to adopt rules including applicable standards, such as “a common non-proprietary legal entity identifier that is available under an open license for all entities required to report to covered agencies.” The proposed and final rules will need to indicate the actual legal entity identifier to be used and it will need to fulfil the criteria specified in the FDTA. The LEI is one option for a legal entity identifier standard.	Uncertain at this stage
	Considered	Proposed SWAPs reporting	Requested (as proposed)
	Considered	Proposed ESG reporting for certain investment advisors and firms	Requested (as proposed)
	In force	Money Market Fund reporting	Required
	Considered	US Customs and Border Protection Global Business Identifier Pilot for legal entity identification with cross-border transactions. The LEI is an option along with the GS1 Global Location Number.	Uncertain at this stage