

European Banking Authority
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Copy to
Mr. Adam Farkas, Executive Director
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and
Mr. Matthew Reed, chairperson of the LEI ROC
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Centralbahnplatz 2
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Ref. 13-1109

29 November 2013

Dear Mr. Enria,



Re: "Use of Legal Entity Identifier (LEI)" from the European asset management's industry perspective

We write to you in your capacity as Chairman of the EBA, and in reference to the current EBA consultation paper on the "use of Legal Entity Identifier (LEI)".

EFAMA is the representative association for the European investment management industry. EFAMA represents through its 27 member associations and 60 corporate members about EUR 15 trillion in assets under management of which EUR 9.5 trillion managed by 55,000 investment funds at end September 2013. Just over 35,500 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds. For more information about EFAMA, please visit www.efama.org.

In the regard of the work done at EBA on LEI and as expressed in the letter addressed to Mr. Reed on June the 11th, we believe that the definition and development of an efficient Global LEI System is critical for the future of the globalized economy.

The first step has been achieved when the ROC announced the endorsement of three pre-LOUs (WM Datenservice, CICI Utility, and INSEE) so that the codes they issue or have issued (subject to the clarification that the ROC does not mandate the use of these codes, nor does it determine whether the use of these codes by a local authority should be mandated) may be used for reporting the mutual acceptance for pre-LEI identifiers, as well as the development of standards for pre-Local Operating Units (LOUs) and to the European funds and asset management’s industry, as the regulation on OTC derivatives, central counterparties and trade repositories (EMIR) is enforced, the first reporting day is certain and as not all UCITS or AIF domiciles will develop pre-LOUs.

We welcome every initiative, especially of EBA, helping development of LEI and we urge the EBA to recommend that the competent authorities request all institutions under their supervisory remit to use an LEI code to identify entities where every counterparty, issuer, or other relationship information, is required to be submitted for regulatory reporting.

By requiring the use of the LEI for all counterparties identified in the ITS or other regulatory reporting, legal entities who have not already done so will need to obtain an LEI. Requirements like this will greatly expand the collective benefit from widespread adoption of the LEI for all legal entities. Similarly to what was asked to the ROC, we ask the EBA to set forth criteria for issuance of the pre-LEI identifiers that would provide the interim framework for the establishment of the Global LEI System consistent with FSB LEI principles.

However, we would also like to highlight some areas of concerns:

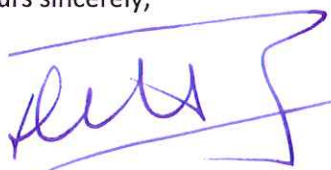
First, mutual acceptance of pre-LEIs appears to be the unique way to a successful Global LEI System. To achieve global adoption of pre-LEIs, each regulator that requires use of LEIs should provide assurance to other recognized regulators that mutual acceptance of pre-LEIs will be provided. This will ensure that the universe of regulators accepting all pre-LEIs from all pre-LOUs will grow, as each new pre-LOU system gets approved, and moves into production.

Second, the “level” of attribution at which LEI can be attributed should be clarified in the shortest possible time. We are aware that there is some debate around umbrella funds and funds that do not constitute legal entities as such, either “contractual” funds or pooling arrangements utilized by funds. We believe that it is important not to force un-necessary change on existing structures as an indirect consequence of a too narrow interpretation of what is a legal entity and that would cause infinite problem in reporting duties of any transaction still open at August 16th, 2012. We are aware that the ISO 17442 standard was prepared by ISO in discussion with the FSB’s LEI Expert Group and that the definition of legal entity in the standard was constructed deliberately to extend beyond entities with legal personality. We believe that transparency and control is best achieved by accurately identifying existing market counterparts and would strongly advocate the attribution of LEI’s should be made by the relevant LOU taking into account the contracting parties and structures that are currently recognized and used in the international market, including “contractual” funds, compartments of umbrella structures and investment pools associated with investment funds. We see no detriment in such an approach to the overall objectives or stability and transparency and we see significant advantages in achieving full and accurate reporting.

EFAMA is strongly supportive of a federated Global LEI System, and the benefits to financial stability that it would provide. For this goal to be met, EFAMA urges the ROC and the EBA to make important decisions to both ease mutual acceptance of pre-LEIs, as well as develop robust standards for pre-LOUs.

We would welcome the opportunity to discuss these issues further to develop the LEI solution as a new tool to help promote industry and supervisory efforts to enhance financial stability

Yours sincerely,



Peter De Proft
Director General

Very kind regards,

