



PMPG
Payments Market Practice Group

LEI in the Payments Market

Discussion Paper – Industry Update

This purpose of this paper is to continue the dialogue that the PMPG started with the community on the introduction of LEI in payments

November 2017



Note: Relevant regulations and any applicable legislation take precedence over the guidance notes issued by this body. These Guidelines represent an industry's best effort to assist peers in the interpretation and implementation of the relevant topic(s). The PMPG - or any of its Members - cannot be held responsible for any error in these Guidelines or any consequence thereof.

The Payments Market Practice Group (PMPG) is an independent body of payments subject matter experts from Asia Pacific, EMEA and North America. The mission of the PMPG is to:

- Take stock of payments market practices across regions;
- Discuss, explain, and document market practice issues, including possible commercial impact;
- Recommend market practices covering end-to-end transactions;
- Propose best practice, business responsibilities and rules, message flows, consistent implementation of ISO messaging standards and exception definitions;
- Ensure publication of recommended best practices;
- Recommend payments market practices in response to changing compliance requirements.

The PMPG provides a truly global forum to drive better market practices which, together with correct use of standards, will help in achieving full STP, help risk mitigation, meet regulatory requirements and improved customer service.

This purpose of this paper is to continue the dialogue that the PMPG started with the community on the introduction of LEI in payments. This initiative started in connection with the recommendations of the [Committee on Payments and Market Infrastructure](#) published in their technical report on Correspondent Banking.

The PMPG objectives are:

- 1) Respond to the CPMI mandate to include the LEI in (legacy) payment messages
- 2) Create a framework for ongoing industry dialogue and liaison with the CPMI
- 3) Promote industry consultation and offer proposals on the best way forward for effective implementation of LEI
- 4) Report back to industry significant events that impact the adoption of LEI in payments

The first paper on this initiative and the paper summarizing the feedback from the community are available from the [PMPG web page](#).

This document has three main sections:

1. Background and Education. Introducing and providing context on the LEI development
2. Proposed Guidance. Describing the guidelines that the PMPG proposes to the global payments community and addressing specific questions that have been raised to the PMPG for the introduction of LEI in payment messages and further supporting dialogue in the community.
3. Industry engagement. Based on input received from the community on the first PMPG paper on the subject, the PMPG has engaged with other relevant stakeholders, their views and opinions are included in this section.

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1 Background and Education

1.1 What is LEI?

The ISO 17442 standard defines the Legal Entity Identifier (LEI). It is a unique 20-character alphanumeric code assigned to all entities that are counterparties to financial transactions. The code itself is neutral, with no embedded intelligence or country codes that could create unnecessary complexity for users.

The data record includes the following mandatory attributes:

- **LEI:** the identifier itself.
- **Official name:** the official name of the legal entity as recorded in the business registry, or with the fund manager for collective investment vehicles or otherwise in the constituting documents of the entity.
- **Address of legal formation:** the registered address of the legal entity, including the country of legal formation as represented within ISO 3166-1, codes for the representation of names of countries and their subdivisions.
- **Headquarters address:** if different from address of legal formation.
- **Dates:** the date of the first LEI assignment, the date of last update of the LEI set of information, the date of expiry and reason for expiry, if applicable.
- **Business registry:** where applicable, the name of the business registry in which the entity was formed and the identifier of the entity in the business registry should be recorded.



Example of LEI

The global LEI file is published in a common data file format that prescribes in detail the different elements and attributes for each data fields.

Since 2017, a significant addition to the LEI data set is the inclusion of data on parent relationships to LEI as an essential component of entity management and risk aggregation. This augments the usefulness and attraction of the system to the users. Registering for LEI or maintaining existing LEI, now also requires the applicant to declare its immediate and ultimate parent relationships. In an initial phase, the accounting and consolidation definition is used to identify the relationship.

1.2 Global LEI System

The Global LEI System (GLEIS) is a three-tiered structure implemented on a not-for-profit model and consisting of:

- [The Regulatory Oversight Committee \(ROC\)](#) has the ultimate responsibility for the governance of the Global LEI System (GLEIS) in the public interest. The ROC has a plenary of members and observers from more than 70 authorities, as well as a regionally balanced Executive Committee, which takes its work forward.
- [The Global LEI Foundation \(GLEIF\)](#) has responsibility for ensuring the application of uniform global operational standards and protocols that deliver the global uniqueness of the LEI as well as seamless and open access to the global LEI files and to high quality reference data for users.
- The LEI Operating Units (LOUs) handle the registration, validation and maintenance of the LEI records while coordinating the operations through the GLEIF.

The LOUs are the implementers of the global system. They offer registration, validation and maintenance of reference data as well as publication of LEI files. LOUs are accredited by GLEIF. Accreditation is a rigorous evaluation process carried out by GLEIF; it evaluates the suitability of organisations seeking to operate as issuers of LEIs and verifies that LEI Issuers meet the requirements set out in the contractual framework governing the relationship between GLEIF and LEI issuing organisations.

The LOUs charge a registration fee and an annual maintenance fee to the registrant on a cost recovery basis. Registration and maintenance fees should not act as a barrier to adoption of LEI.

At the time of producing this report, the GLEIS consists of 30 LEI Operating Units of which 13 have already been accredited by the GLEIF and above 700,000 LEIs have been issued to entities domiciled in more than 200 countries and territories.

The [GMEI utility](#), the partnership between DTCC and SWIFT is one of these accredited LOUs. It issued the first LEIs (then called CICIs) in August 2012 and remains the most important LOU with nearly 50 % of all LEIs issued to date.

1.3 Value and benefits of the LEI

The advantages of the LEI as an **unambiguous identifier** for legal entities have been widely acknowledged outside of the payments domain. A [new research carried out by McKinsey & Company and GLEIF](#) examines potential use cases of the LEI in the process of streamlining legal entity identification and highlights that the financial services industry can benefit from savings, efficiencies and greater reliability in entity verification.

Considering the rise in fraudulent activities, the increased regulatory scrutiny and the rising cost of correspondent banking, especially towards compliance related functions such as “Know Your Customer” (KYC)” and the increased sensitivity of accurate and reliable data for client identification in payments transactions, the LEI could also become a valuable tool supporting the bank’s efforts in this area.

During the dialogue with regulators and authorities it has been clarified that the party fields in scope for LEI in a payment message are the ordering customer and beneficiary customer. There is no need to change the current approach for involved banks in the payments chain (e.g. SWIFT Message fields 52 – 58) identified via BIC. The ability to clearly identify the originating and beneficiary parties with LEI (and therefore having additional transparency on these parties) could bring significant quantitative and qualitative benefits on a strategic basis, mainly for compliance and risk management functions:

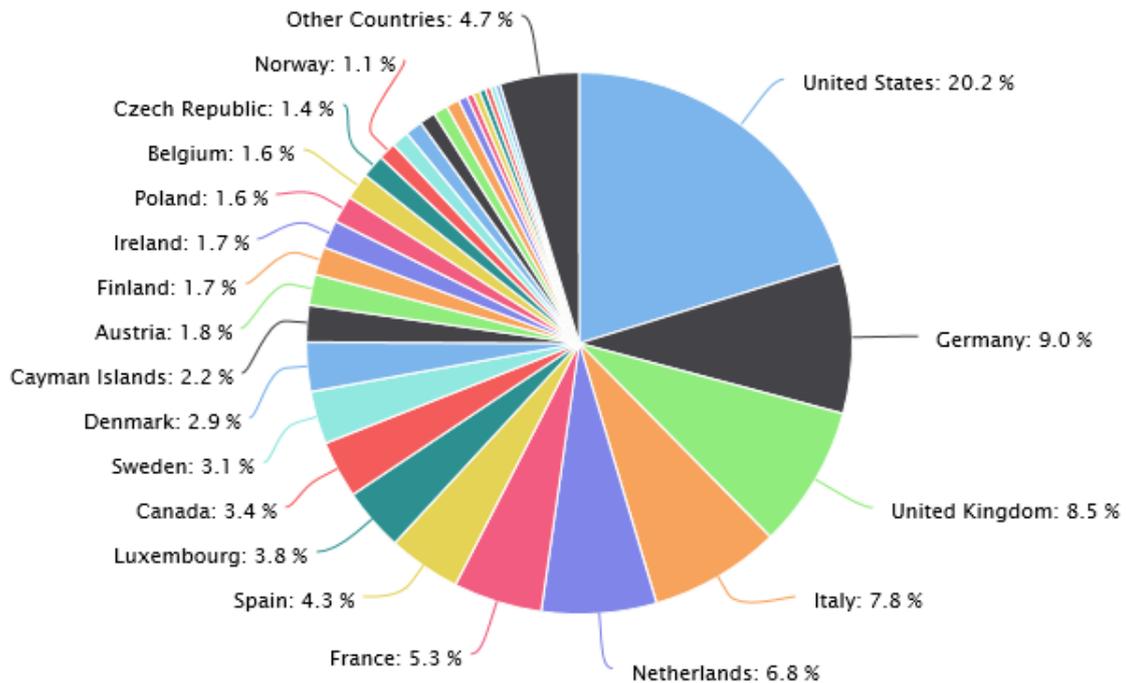
- Increase data validation at payments capture and during processing.
- Potentially higher STP rate due to high quality beneficiary information compared to beneficiary fields with name/address assuming that in the long-term the LEI may be used instead of name/address.
- Mitigate data truncation in name and address data when it exceeds the field size of message party fields when it will be possible to substitute the LEI to the name and address data.
- Simplify screening and control processes resulting in reduced lead time for Compliance related investigations and eliminating potential delays during payment processing from false hits in compliance and sanctions screening.
- Optimized and more accurate AML controls and detection of suspicious activities.
- Ability to identify ordering and beneficiary customer as meaningful information for correspondent banks acting as intermediary in the payments chain.
- A connection between LEI data and external data services bases providing by specific data vendors including line of business and industry codes can permit a more systematic and robust review of payments for inconsistent or suspicious patterns.
- Improve credit and counterparty risk management capabilities.

Note: For KYC or AML/CFT purposes, the challenge of identifying individuals acting as ordering party or beneficiary in payments as well as the identification of natural persons that are beneficial owners of legal entities remains to be addressed.

Industry dialogue including the regulatory community needs to continue on how to use LEI for sanctions list screening and AML/CFT purposes.

1.4 LEI Scope

As illustrated in the chart below, LEI is already widely adopted in the US and across the European Union. This holds true especially for entities engaged in trading of financial instruments as a result of the regulatory reporting requirements of e.g. MiFID II, EMIR, Dodd-Frank and others. For a broad implementation of LEI in payments, LEI adoption should be further enlarged across a wider range of companies active in cross-border payments.



LEI Registration Status – November 2017 – Source [GLEIF Statistics](#)

Furthermore, as one of the underlying reasons for the recommendation on the use of LEI in the CPMI report on Correspondent Banking (July 2016) is to leverage LEI as a technical measure to mitigate further de-risking in correspondent banking; LEI registration and adoption should be enforced especially in countries potentially impacted by these concerns.

1.5 Cost and complexity

Changing the identification rule of the parties to a payment transaction is a complex process that will require time and significant investments in the payment infrastructure systems. Such changes will also compete for budget allocation within the banks with other ongoing industry evolution.

LEI and the reference data attached to LEI is used elsewhere in a bank's reference data systems for regulatory reporting in the securities domain but until now, in most institutions, the payment infrastructure systems do not include LEI according to the feedback received from the PMPG consultation.

1.5.1 Costs

Overview of cost drivers and required investments to support the implementation of the LEI into the core Payments processes of a bank:

- Static data: enhance payment relevant client static data systems including data feeds and database restructuring, processes and interfaces to make LEI and related reference data attributes available to payments applications.
- Payments capturing: extend client channels, upstream systems and related interfaces to allow usage and validation of LEI in payments messages.

- Payments processing: extend processing rules to look-up customer and account information based on LEI data; ensure that the LEI is passed on to the next system / party in the processing chain without alteration.
- Enhance AML and FATF related payments related controls and sanctions screening services to include LEI.
- Integrate BIC to LEI mapping into payments infrastructure and entity identification databases for counterparty risk screening and liquidity management.

High level assessment of required investments to **market infrastructures** (MI's) systems to incorporate LEI:

- Define and implement standards and usage rules to include LEI in payments messages.
- Add field and definition of LEI in existing or future systems that are adopting ISO 20022 standard messages.
- Enhance data systems including data feeds and database restructuring, processes and interfaces to make LEI and related reference data attributes available to payments applications.
- Define and publish mapping rules between ISO 20022 formats, local High Value Payments System / ACH systems and MT message formats.
- Define rules for using LEI in reporting, reconciliation and exceptions/inquiries messages.

Impacts on corporate clients and software providers to implement LEI in payments messages:

- Legal entities / corporates to register and maintain their own LEI.
- Corporates to store LEI of their business relations (suppliers, customers and banks) in their ERP systems.
- ERP systems provider to update the internal data model to include LEI.

1.5.2 Complexity

- Slow adoption of LEI could negatively impact introduction of LEI in payments.
- Overlap with legacy and domestic identification systems, if LEI does not replace other identifiers it may reduce the value of introducing LEI in payment systems.
- Cost for the customers of managing their own LEI as well as the LEIs of their counterparties within their ERP systems is a barrier to a wider use of LEI in payments.

2 Proposed Market Guidance

2.1 SWIFTNet FIN messages

CPMI has requested the PMPG to review the optional usage of LEI in payment messages without changing the structure of these messages and to define a common market practice for its inclusion. This requires analysing the relevant payment fields and their usage in the related messages such as the SWIFTNet FIN MT 103. The analysis can be extrapolated to other payment messages such as the MT 101.

Feedback received on the PMPG market consultation and dialogue with the different stakeholders in the payment industry insists that the bank parties in payment messages are effectively identified with BIC (ISO 9362 – Business Identifier Code). In the payment messages, the preferred method is to use ‘Option A’ which mandates usage of a registered BIC as this is validated by the SWIFT network and supports straight-through processing.

Furthermore, including LEI in bank fields by using other option types (option B, C or D) is not recommended as it would require format changes and these options are used for specific purposes where changes would prevent automated processing of the messages.

The use-cases listed hereafter are describing how to include LEI for ordering party and beneficiary in the payment messages.

2.1.1 Ordering Party

The PMPG has analysed the different options in the tag 50. The results of this analysis are presented below for completeness with a proposal for the preferred solution:

- **50 Option A:** This option can only be used for parties which can be identified by a registered BIC. An additional account number is optional. The content of the data is validated by the network, where no additional data is allowed. Additional data elements such as the LEI are not considered feasible without changing the field specification.
- **50 Option K:** This option is considered unstructured, although a certain amount of structure is commonly used for the account number, the name and the address. Limited format validation exists, therefore the LEI could theoretically be added, if space is available, although this is often already used by the minimum amount of customer data (account/name/address). Furthermore, banks most likely will not be able to identify the LEI without an LEI identification code. Also this option (K) is considered to be retired in the year 2020, which make any recommendation obsolete.
- **50 Option F:** This is the structured option for the ordering party. Already in today’s format specification the usage of Customer Identification Numbers is possible, as outlined in the below example. Including the LEI in the subfield /6 could allow an automated identification of the identifier. As, for the time being, the LEI is considered an additional data element to the account number, name and address, this usage would require the availability of a free line.

When the ordering bank populates the LEI in field 50, it should assure that name and address data match the entry in the LEI database to avoid conflicting data in the payment

transaction and to ensure optimal usage and matching of the data fields.
Any data truncation in the payment message can easily be restored from the LEI database.
The structure of the Customer Identification Number subfield is as follows:

- 6/
- ISO country code of the issuer of the number.
- /
- Issuer of the number (codeword **LEIC**)
- /
- LEI

The ISO country code of the issuer is not meaningful in this particular context and instead, it is proposed to repeat the country of the domicile of the legal entity This is aligned with FATF 16 recommendation implementation and allows to maintain a standard interpretation of the field and an automated processing / validation of the payment message.

Example

```
:50F:/123456789 (originator account number)
1/Society for Worldwide Interbank F (truncated to 33 characters)
2/Avenue Adele 1
3/BE/1310 La Hulpe
6/BE/LEIC/HB7FFAZI00MZ8PP8OE26
```

2.1.2 Beneficiary Party:

Similar to the analysis for the Ordering Party field, the according tag 59 allows three different options. The results of this analysis are presented below for completeness and although they are not exactly identical to the tag 50, it includes a proposal for the preferred solution:

- **59 Option A:** In line with 50 Option A, this option can only be used for valid BICs. Adding the LEI as an additional data element would require a change request to the existing format and is not recommended.
- **59 No Letter Option:** This option can be compared to F50 Option K with the same structure commonly used for account number, name and address. As limited validations apply, the LEI could be added to it. Although banks would not be able to identify it on an automated basis, and likely the available space would not support the data, in addition to the minimum data of the customer (account/name/address). In line with F50 Option K, the No Letter Option is scheduled for retirement in the year 2020.
- **59 Option F:** Unfortunately the structured Option F is different from field 50. In Field 59 option F, a format structure is only available for the account, the name, the address and the Country/Town. The subfield 6 for the additional customer identification number does not exist in the current specifications. A standard change would be required to enable a

dedicated subfield for a Customer Identification Number.

Rather than using a second line of subfield 1 to populate the LEI that could create confusion for interpreting the subfield by the receiver of the message, the continuation of subfield 3 country and town, as additional detail could be used include the LEI as an additional optional detail to address. This would require the availability of a free line in the field.

Example

```
:59F:/123456789 (originator account number)
1/Society for Worldwide Interbank F (truncated to 33 characters)
2/Avenue Adele 1
3/BE/1310 La Hulpe
3/BE/LEIC/HB7FFAZI00MZ8PP8OE26
```

2.1.3 BIC to LEI mapping

BIC is widely and effectively used to identify the bank parties in payments messages and LEI is a common identifier for entities that are counterparties to financial transactions. Including BIC to LEI mapping in the payment processing itself will not bring significant benefits while it remains a valuable tool for the underlying reference data systems.

2.1.4 Other fields in the MT103:

In general, information on the parties should not be spread across fields. As a principle, all information should be included in the relevant party field and should not be split in the payment details fields as it would result in manual handling of each transaction to interpret the LEI.

2.1.5 Data truncation in the MT103

Including LEI in field 50 or field 59 with option F as proposed above in a structured manner requires the availability of a 'free' line. Currently, in many occurrences, all available lines are already used for the name and address of the ordering / beneficiary party. Therefore, adding LEI in these fields would require freeing up one line and/or truncating the name or address. Evidently, if the sender and receiving bank are able to derive the accurate legal name and registered address of the party from the LEI reference data, the LEI would valuably replace the explicit name and address data in these fields. This would however also require further guidance and direction on usage and prevalence of LEI from the supervisory authorities prior to implementing this scenario.

2.2 ISO 20022 Payments Clearing and Settlement messages – pacs

The PMPG has further reviewed the optional usage of the LEI in the ISO 20022 pacs messages in view of enabling interoperability between the SWIFTNet FIN and ISO 20022 messages, whilst defining a

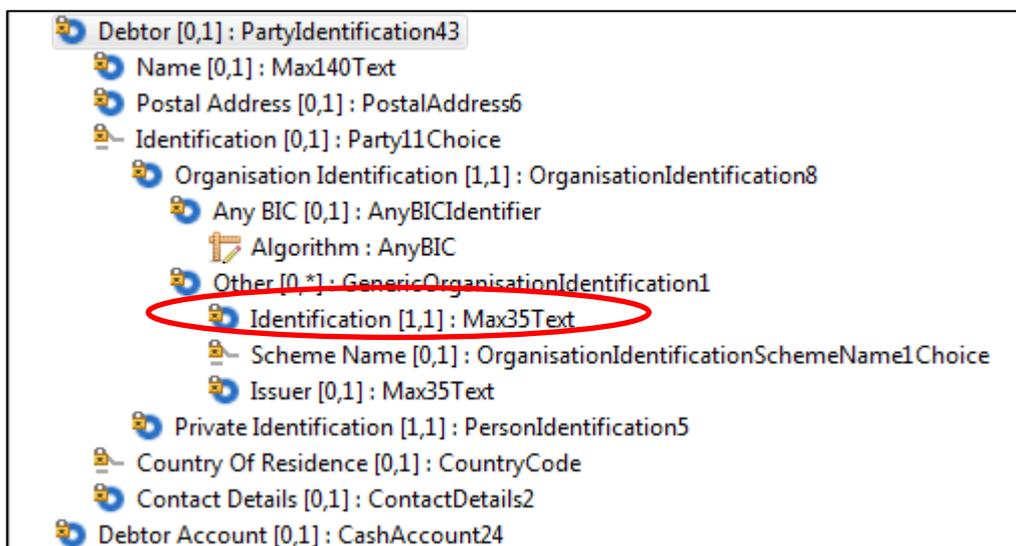
common market practice for how to include the LEI in the current relevant ISO 20022 payment messages without changing the current message structure.

Similar to the SWIFTNet FIN messages, the use-cases listed hereafter are describing how to include LEI on debtor (ordering party) and creditor (beneficiary) in the payment messages.

2.2.1 Debtor

The current pacs.008 FI to FI Customer Credit Transfer contains the following Debtor elements allowing to populate any type of identification scheme including LEI.

A proposed temporary tactical solution would be to populate the LEI of the debtor in the <Identification> field and populate LEIC in the <SchemeName><Code> as it will allow describing the LEI format in the external scheme name.



The following example is an extract of the 'Debtor' component illustrating the LEI. A full example of the debtor component is shown in Appendix.

```
Example
<Dbtr>
  <Id>
    <OrgId>
      <Othr>
        <Id> HB7FFAZI00MZ8PP8OE26</Id>
        <SchmeNm><Code>LEIC</Code></SchmeNm>
      </Othr>
    </OrgId>
  </Id>
</Dbtr>
```

2.2.2 Creditor

The creditor element in the pacs.008 message is typed with the same elements as the debtor element and therefore, banks could apply the same tactical solution as proposed for the debtor.

The following example is an extract of the 'Creditor' component illustrating the LEI. A full example of the creditor component is shown in Appendix.

Example

```
<Cdtr>
  <Id>
    <OrgId>
      <Othr>
        <Id> HB7FFAZI00MZ8PP8OE26</Id>
        <SchmeNm><Code>LEIC</Code></SchmeNm>
      </Othr>
    </OrgId>
  </Id>
</Cdtr>
```

2.3 Proposal – Potential way forward

As outlined in the sections above, both Field 50 and Field 59, Option F allow a potential way forward for including the LEI for the ordering party and beneficiary customer, supporting an automated processing, once the infrastructure is available to leverage its benefits. As the introduction of LEI will begin as an optional element and is not considered yet a replacement of other elements (Name and/or Address), this solution may only be practical on a limited basis, i.e. when a full line is available to cater for the LEI element.

It is also essential to analyse the perspective of the receiving bank and to consider the expectations. As in a first phase, the LEI will be optional and a secondary identifier supplementing name and address, the PMPG encourages the community to investigate impacts on the payment infrastructure from using the LEI in the messages.

For all banks (sending and receiving) it will require material changes in the banks' customer master data to incorporate the data from the LEI database and banks should educate their customers on how to use the LEI data in the beneficiary field of the payments. An easy way could be a hyperlink from the bank's Electronic banking System to the LEI database. Of course, this will also require the adjustment of corporate ERP systems and use of the LEI in corporate ERP system will make it easier to control and monitor supply chain processes and the underlying payments.

Going forward, the LEI can become a substitute for the address field as the address details can be retrieved from the global LEI database and the LEI can constitute a unique reference as defined by FATF Recommendation 16. This could happen in the same way as BIC has replaced name and address of the banks in the payment messages.

Banks could maintain a similar market practice as in place for BICs registered and published in the directories of BIC that contain full name and address information on the BIC owners. These directories are accessible by banks and regulatory authorities globally. Furthermore, it is common practice that the information on the registered BICs is uploaded into bank's payment transaction systems. Therefore, while technically the information (name and address) might not be transmitted with the actual transfer when a registered BIC is used in the message, this information is nonetheless for practical purposes instantly and reliably available. A similar widely accepted infrastructure and common practice would have to be in place for the LEI.

This development would eliminate the issue of limited space in the address fields and risks of truncation of data in payment messages but this would also require the acknowledgement of the LEI prevalence in payments by the regulators.

2.4 Longer term approach

2.4.1 SWIFTNet FIN messages

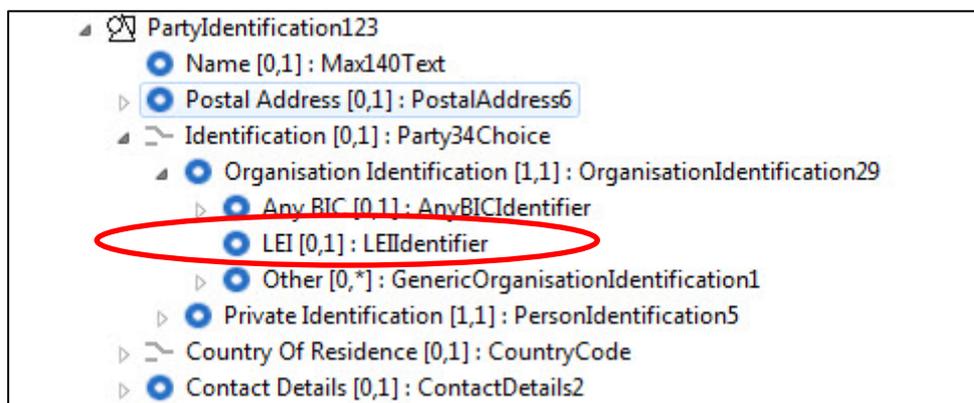
A Change Request could be considered to either:

- Create a new 'Ordering Customer' LEI and 'Beneficiary Customer' LEI field, or
- Create a new F tag subfield for 'LEI' for the Ordering Customer and Beneficiary Customer fields, to host the LEI.

But this could imply a significant cost on the legacy payment infrastructure and instead, it is proposed to extend the proposed tactical solution described above in 2.2.1 and 2.2.2 that is in line with the CPMI recommendations and the industry could rather focus time and budget on implementing the changes in the ISO 20022 messages.

2.4.2 ISO 20022 pacs messages

The business component <OrganisationIdentification> that is used to define the debtor and creditor in the <OrganisationIdentification8> message component already contains the business element LEI. It would require submitting a Change Request to modify <OrganisationIdentification8> to include the LEI in the element as pictured below:



This would formalise the tactical solution described in section 2.2.1 and 2.2.2 above with using a defined business element instead of a 'proprietary scheme,' but it would require maintenance with impact on all the payments and cash messages.

3 Industry Engagement

In July 2016, the Bank for International Settlement (BIS) – Committee on Payments and Market Infrastructures (CPMI) published a Correspondent Banking Technical Report. This report established a new framework for how the payments industry should assess the use of the Legal Entity Identifier (LEI) in payment messages. While acknowledging the benefit of “inclusion of the LEI in payment messages to ensure unambiguous identification of parties to payment transactions,” the CPMI also recognizes the potential high cost of investment and the fact that in the long term, the payments industry will migrate from legacy FIN message types to ISO 20022 message standards. The CPMI report suggests that the LEI may be used as an alternate identifier in payment messages on an optional basis in the immediate future. The report calls on the PMPG to “work to define a common market practice for how to include the LEI in the current relevant payment messages without changing the current message structure,” and to do this “as soon as possible.” The CPMI acknowledges that, in the long term, based on broader adoption of the ISO 20022 standard, the LEI might be migrated into the message with dedicated codes or data items.

The FSB continues to monitor initiatives in the payments industry which promote the use of the LEI. Their December 2016 progress report included several notable developments. The progress report cited the work the PMPG is doing in leading the dialogue on how the industry might define common market practices to include the LEI in current relevant payment messages on an optional basis without changing the current message structure. One observation is that adding the LEI may reduce the number of requests for additional information by correspondent to their respondents.

The FSB reviewed general promotion and implementation measures for the LEI. This includes the focus of the FSB on promoting expanded use of the LEI and their intent to continue reviewing progress on development of potential use cases by relevant workstreams. The LEI Regulatory Oversight Committee (LEI ROC) has also established a workstream on LEI expansion to support this same objective.

Lastly, the GLEIF and LEI ROC have discussed ways in which banks could facilitate the issuance of LEIs to their customers. This solution is expected to reduce costs, minimize the administrative burden for entities, and support large-scale LEI issuance.

Based on input from the industry, the PMPG engaged with stakeholders that play an important role in the development of LEI and/or in the payment industry. In addition to the statements below, PMPG also engaged with the European Association of Corporate Treasurers (EACT) that supports the initiative but in function of the timeline to produce this document did not have the opportunity to provide a written statement.

3.1 CPMI

Statement by Jochen Metzger, Chair of the CPMI Working Group on Correspondent Banking and Chair of Workstream 4 “Strengthening tools for due diligence by correspondent banks” of the FSB Correspondent Banking Coordination Group (CBCG):

Correspondent banking requires a robust mechanism for identifying the parties involved in payment processing for a variety of reasons: risk management, regulatory requirements and in particular the

smooth processing. Whereas the BIC is the de facto standard for the latter, one of the elements that can be considered for the first two reasons, especially to facilitate AML/CFT screening, may be the use of the LEI as a means of identifying the parties to a transaction.

The CPMI, in its 2016 report on correspondent banking therefore recommends relevant stakeholders to consider promoting the use of the LEI for all banks involved in correspondent banking as a means of identification that should be provided in KYC utilities and information-sharing arrangements. This includes promoting BIC-to-LEI mapping facilities, which allow for routing information available in the payment message to be easily mapped into the relevant LEI.

3.2 GLEIF

Statement by Stephan Wolf, Chief Executive Officer of the Global Legal Entity Identifier Foundation

[Extract]

The CPMI Working Group on Correspondent Banking is encouraging SWIFT to implement the LEI in SWIFT messages for payments as a contribution to streamlining due diligence efforts in correspondent banking. Specifically, the CPMI has recognized that BIC is a standard for identifying parties in payment processing (clear routing information to ensure straight through processing) whereas the LEI is a means of identifying the legal entities involved in market transactions.

Linking the BIC and the LEI in legacy as well as in ISO 20022 messages would allow for expanded information-sharing across KYC utilities, increase the effectiveness of automatic screening packages for identifying sanctioned entities, and support specific FATF recommendations related to the provision of originator and beneficiary information in payment messages. The GLEIF has produced a paper that focuses on LEI registration initiatives and the potential relationship between the BIC and the LEI. It discusses today's drivers for market adoption, where it is happening and what benefits the LEI program brings to the payment industry. The main objective is to trigger private sector awareness of the benefits of adopting the LEI.

....

In June 2017, Financial IT pointed out that there is widespread recognition that a commitment to regulatory compliance, such as that mandated by MiFID II / MiFIR, can deliver “operational benefits associated with better data management [...]. The focus on data modelling and data scope, combined with the prescribed adoption of standards – such as LEI for counterparties [...] – provide long term benefits. Once the initial compliance requirement has been met, the ability to leverage this standards-based approach to data [...] will provide organizations with an opportunity to address the data management cost by eradicating much of the expensive data duplication currently in place, whilst also looking for internal efficiencies.”

The Global Legal Entity Identifier Foundation (GLEIF) fully supports this assessment and therefore, encourages the banking industry to view the legislation deadline as an opportunity to utilize LEIs beyond compliance by reviewing entity management processes and leveraging the LEI reference data as a tool to improve data quality and management - all while reducing banks' day-to-day maintenance costs.

3.3 Wolfsberg Group

[extract]

The Wolfsberg Group recognises and endorses the work of the SWIFT Payments Market Practice Group (PMPG) in relation to the practical compliance with these Standards as below:

- Market practice guidelines to comply with FATF Recommendation 16.
- MT202COV guidance.

Further, in September 2016, the Payments Market Practice Group (PMPG) initiated an industry dialogue on the use of the LEI in payment messages. The Wolfsberg Group supports further discussion on the benefits of LEI within payment messages including how practically the LEI might be included. Wide adoption of LEIs might support more rapid elimination of false positive sanctions and money laundering alerts generated by commonly deployed screening and monitoring systems, and more efficient payment processing through the provision of certainty of identity. Whilst the existing adoption of LEI by large corporates may solve for a growing percentage of cross-border payments by value, to comprehensively address transparency, the LEI initiative would need wider adoption by Small and Medium Enterprises and other legal entities. Further, a comparable solution for Individuals would be required.

4 Appendix

Full example of the debtor component in ISO 20022 pacs.008 message

```
<Dbtr>
  <Nm>SWIFT</Nm>
  <PstlAdr>
    <StrtNm>Avenue Adele</StrtNm>
    <BldgNb>1</BldgNb>
    <PstCd>1310</PstCd>
    <TwnNm>La Hulpe</TwnNm>
    <Ctry>BE</Ctry>
  </PstlAdr>
  <Id>
    <OrgId>
      <Othr>
        <Id>HB7FFAZI0OMZ8PP8OE26</Id>
        <SchmeNm><Code>LEIC</Code></SchmeNm>
      </Othr>
    </OrgId>
  </Id>
</Dbtr>
```

Full example of the creditor component in ISO 20022 pacs.008 message

```
Cdtr>
  <Nm> SWIFT </Nm>
  <PstlAdr>
    <StrtNm> Avenue Adele </StrtNm>
    <BldgNb> 1 </BldgNb>
    <PstCd> 1310 </PstCd>
    <TwnNm> La Hulpe </TwnNm>
    <Ctry> BE </Ctry>
  </PstlAdr>
  <Id>
    <OrgId>
      <Othr>
        <Id> HB7FFAZI00MZ8PP8OE26 </Id>
        <SchmeNm><Code> LEIC </Code></SchmeNm>
      </Othr>
    </OrgId>
  </Id>
</Cdtr>
```

--O--