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Global Legal Entity Identification Foundation (GLEIF)

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Abstract

Global Initiative on Unique Identifiers

Background

One of the main issues in the establishment and improvement of Statistical Business Registers (SBR) in countries is the lack of a unique identifier. The existence of a unique legal identifier is essential for a better use of administrative data in the SBRs and the linking of data from various sources. The UN Guidelines on Statistical Business Registers recommend the adoption and promotion of the use of a unique identifier to link information among different data sources and facilitate the subsequent use of the data in the units in the SBR.

The use of a unique identifier in a country is not only recommended in the statistical guidelines for the establishment of Statistical Business Registers in countries. The United Nations Commission on International Trade Law (UNCITRAL) in its Legislative Guide on Key Principles of a Business Registry also recommends, among other things, the establishment of business registers and the assignment of a unique identifier to businesses.

A global initiative on unique identifiers for businesses is put forward recognizing the similarities of system of business statistics and statistical business registers with vital statistics and civil registration systems where a global initiative was established, namely the United Nations Legal Identity Agenda (see unstats.un.org/legal-identity-agenda), to coordinate activities “to support countries to develop a legal identity system that ensures universal civil registration of all vital events, translated into regular, reliable and comprehensive vital statistics, resulting in legal identity for all.” In a similar way, the strengthening of business registration and the availability of a unique identifier for businesses will benefit the statistical business registers and ultimately business statistics.

The UNCEBTS and the Global Legal Entity Identifier Foundation (GLEIF) have

been working together to formulate the initiative below to improve the use of unique identifiers for businesses on a global scale.

The proposal for a Global Initiative on Unique Identifiers for Businesses was presented forward to the United Nations Statistical Commission in 2022 and 2023. The United Nations Statistical Commission “supported the development of a global initiative aimed at improving the availability of unique business identifiers in administrative data sources, considered essential to help countries in strengthening statistical business registers and better understanding globalization.”

The value of the Legal Entity Identifier (LEI) has already been acknowledged by statistical communities. For example, the Committee on Monetary, Financial and Balance of Payments (CMFB) states “Fostering the LEI as a public good for non-financial companies stays among the objectives of the CMFB, given the strategic importance for our statistics.” The LEI as a unique global code for legal entities enables data aggregation across data sources, reduces manual efforts to reconcile different local identifiers, provides information into company ownership and can ease the process of integrating information on cross-border transactions (e.g. the flow of goods and taxes).

More recently, in May 2023, the CMFB published an Opinion on the LEI with the following statements:

- the CMFB encourages all initiatives which help broaden the coverage and use cases of the LEI, minimizing or even eliminating the cost of issuance and renewals for European companies;
- the CMFB asks the Commission to take into account the statistical usefulness of a broader LEI coverage when reporting on whether or not to make the LEI mandatory for a wider range of legal entities across the EU;
- the CMFB encourages a global use of LEI through various international fora, in the attempt to extend the benefits of the LEI implementation for statistical purposes beyond the EU boundaries.

This was further discussed at the CMFB plenary in June 2023.

Objectives

The main objectives of a Global Initiative on Unique Identifiers for businesses are:

- to strengthen the transparency on businesses in countries by improving their registration;
- to improve the availability of unique business identifiers in administrative data sources in countries;
- to promote access to and sharing of administrative data for statistical business registers.

In addition, to better understand globalization and the profiling of the multinationals in their cross border legal ownership structures, it is important to link national unique identifiers with global identifiers so that legal entities can be easily and uniquely identified also on a cross-border scale. This will in turn facilitate the establishment and maintenance of global registers containing the legal structure of multinationals. In this regard, it will be important to explore how to leverage the existing initiative the Global Legal Entity Identifier (LEI) System which provides global unique identifiers of legal entities and their ownership structure, based on ISO standard 17442.

Next steps

The Global Initiative on Unique Identifiers for Businesses is envisaged to gather interested international/regional organizations active in the domain of SBRs and business registration and statistical legislation, supported by countries through the UNCEBTS.

In the initial phase of this initiative, it is proposed that the focus will be on the following:

- Outreach to relevant international/regional organizations;
- Coordination of technical cooperation activities aimed at strengthening the administrative registration of businesses in countries and the relevant legislation;
- Development of guidelines and case studies on the importance of a well-functioning registration system in countries for SBRs;
- Demonstrate the importance and benefit of linking national identifiers with global identifiers, such as the LEI.

The forthcoming global assessment on the status of implementation of SBRs based on the Maturity Model for SBRs can provide the basis for the identification of countries where the legislation and registration system need to be strengthened.

Based on the outcome of the discussions at the UN Statistical Commission meeting in March 2023, UNSD and GLEIF are planning to host a series of 'sprints' (webinars) in the period September-November 2023 to present and discuss this global initiative with all relevant global stakeholders from the world of statistics, (administrative) business registers and legal entity identifiers.