Trends in Digital Identity Verification for Secure Cross-Border Paperless Trade

Enhancing transparency and trust in global transactions through unique identifiers - Global Legal Entity Identifier (LEI) System

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Without a unique and globally harmonized identifier, finding information about a small business in a sea of metadata is difficult, if not impossible.

LEIs can drive more transparency and underpin the promise of financial technology to deliver greater inclusion of small businesses in the global economy.

World Trade Organization and World Economic Forum
The promise of TradeTech: Policy approaches to harness trade digitalization
Corporate digital ID is foundational for operational efficiency, market integrity, financial stability and inclusion ... Corporations are often identified by their business registration or company registry number. However, these systems are not standardised, generally not interoperable and often not digitised. The LEI is identified as a sounder starting point for corporate ID as it is global, unique and widely recognised.

Bank of International Settlements (BIS)
Corporate digital identity: no silver bullet, but a silver lining

https://www.bis.org/publ/bppdf/bispap126.pdf
Identifiers are signposts that enable digital communication
## The LEI (ISO 17442)

**Total E&P Bolivie Sucursal Bolivia**

### Policy Conforming

*as of 2024-06-23T08:00:00Z*

### Current Data

| LEI Code 529900G2BWN1EDOXXA27 |

### (Primary) Legal Name

- **Total E&P Bolivie Sucursal Bolivia**

### Registered At

- Bolivian Commerce Register (Fundempresa - Concesionaria del Registro de Comercio de Bolivia)
- Registro de Comercio de Bolivia, Bolivia RA000031

### Registered As

- 00013942

### Branch Relationships

- **Head Office**
  - TOTALENERGIES EP BOLIVIE
  - ![Published Relationship](https://example.com)
  - ![Lapsed Relationship](https://example.com)
LEI as the interoperable ‘Passport Number’ for legal entities globally

Individual
National ID
National Business Registration
Legal Entity

Passport
LEI
Key Trade Documents and Data Elements (KTDDE)

- Provides a detailed analysis of 36 key trade documents.

- Findings revealed that less than 200 key data elements are utilized across vital trade documents.

- **42 of these key data elements are parties!**

Trust in Trade

- Explores technological mechanisms to establish digital trust.

- The geographically dispersed nature of trade creates difficulties when it comes to trusting a counterparty.

- **Interoperability is key!**
Organizational identity: The vLEI

- **Organization/Legal Entity**
- **Person**
- **Role**

**vLEIs**
- Legal Entity Identifier (LEI Standard)
- Person Identification (String)
- Role (String)

Cryptographically bound to the owner of the keys

Real World

Digital Representation

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The global vLEI trust chain

- vLEIs use self-certifying and self-sovereign **AID** (Autonomic Identifier)

- GLEIF is the **Root of Trust**
  - Root AID to establish the Root of Trust
  - Delegated AIDs to issue **Credentials**

- GLEIF qualifies a trusted network of **Qualified vLEI Issuers (QVIs)**

- **QVIs** are qualified to issue Entity and Role Credentials ...
  - to Legal Entities
  - to Persons who represent Legal Entities either in official or functional roles
Who is Global Legal Entity Identifier Foundation (GLEIF)

- GLEIF is a not-for-profit Swiss foundation, founded by the Financial Stability Board (FSB).
- GLEIF is overseen by the Regulatory Oversight Committee (ROC) with
  — 65 regulators and
  — 19 observers
  — from 50 countries,
- GLEIF Board has 16 independent directors
- 38 accredited Partners for LEI issuing (LOUs) and growing
- > 2,5 million issued LEIs to date available as open data without IP or copyright protection.
Global regulatory framework for the LEI

**European Union**
- MifID II, MMF Regulation, Solvency II, AIFMD, Market Abuse Regulation, CSD Regulation, Prospectus Regulation, Securitization Regulation,
- SFTR

**China**
- China Customs requires LEI for imports from 29 countries
- Roadmap for LEI adoption published by PBOC

**United States**
- Home Mortgage Disclosure reporting
- Repo Market participants
- Swap data reporting
- Funds and investment firms reporting

**Canada**
- Equity and debt securities reporting

**Mexico**
- OTC Derivatives and repo market participants

**Argentina**
- OTC Derivatives market participants

**South Africa**
- OTC Derivatives market participants

**Singapore, Hong Kong**
- OTC Derivatives market participants

**Japan**
- OTC Derivatives market participants

**India**
- OTC Derivatives market participants, corporate borrowers, non-derivative market and large-value payments participants

**Australia**
- ASIC Derivative Transaction Rules (Reporting) (Effective from Oct 2024)

**China**
- OTC Derivatives market participants

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Summary
Organizational identity and its importance to supply chain digitalization

- The Global LEI System enables **discovery** and **inclusion** (focus SMEs and geographies).

- The Global LEI System as a **root of trust** enables automated authentication and verification of legal entities.

- LEI and vLEI are **globally interoperable** reducing operational costs and increasing efficiency.
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