

2 December 2016

CMFB opinion on business identifiers and business registers: Recommendations for statistical production

I. Introduction

The plenary of CMFB, at its meeting in July 2016, decided to consolidate the recommendations provided by the CMFB Technical Group on Business Unit Identifiers relevant for statistical production (TG BUI) and the CMFB High Level Group on business registers (HLG), as a key point needed for drafting a CMFB opinion under the item 2 of its working programme, *Monitoring and promotion of initiatives: utilisation of the Legal Entity Identifier (LEI) in statistical production*.

This document addresses the request from the CMFB and drafts six consolidated recommendations as adopted by the CMFB via a written procedure on 23 November 2016.

II. Consolidated recommendations of the TG BUI and HLG

The recommendations could be grouped into six priorities:

- Recommendation R1: Extension of the LEI
- Recommendation R2: Mutual access to Statistical Business Registers
- Recommendation R3: Use of LEI in Administrative Business Registers
- Recommendation R4: Use of the LEI in Statistical Business Registers
- Recommendation R5: Feedback to GLEIF (improvement of quality)
- Recommendation R6: Other developments: Monitoring of identifier initiatives

II.1 Recommendation R1: Extension of the LEI

The CMFB strongly supports the LEI initiative, as it allows for a global common identifier which is crucial for the development and management of granular statistics.

However, the LEI is for the time being not extensively used for Non-Financial Corporations (NFCs). Hence, the CMFB encourages the bodies supporting the LEI to reflect about further developments of the business model underlying the LEI initiative with a view to enlarging the LEI use to NFCs, in particular Small and Medium Enterprises (SMEs).

The CMFB, as a stakeholder of the LEI, is willing to share views with the ROC (Regulatory Oversight Committee), about the spreading of the LEI (to both financial and non-financial sectors) as the global legal entity identifier and on the entity's characteristics to be included in the LEI database. The CMFB is also interested as pursuing its dialogue with the GLEIF (Global Legal Entity Identifier Foundation).

The CMFB (and its members as part of the ROC) is ready to support or contribute to experiments in this domain, with the view that the issuing and maintenance costs are affordable for the entities that request an LEI. Representation and membership of statistical offices and national central banks in the ROC is important in this perspective, without prejudice of other motivations such as the strengthening of financial stability on a global basis.

The CMFB also suggest that ESS and ESCB institutions which are in charge of national business registers should cooperate and improve the collaboration with existing LOUs, if they are not an LOU already to avoid additional cost and possible data quality issues such as duplication in the registration processes in the LOUs and national administration sources. Even if the CMFB member is not responsible for the national administrative register or is not an LOU, all members should collaborate at national level to strengthen the cooperation between responsible entities.

The CMFB members could provide help in achieving better coverage of the LEI, by promoting its statistical use and by requiring or supporting the inclusion of the LEI in EU/national legal framework.

Finally, the CMFB intends to develop the cooperation with the GLEIF via the Stakeholders group. This will ensure the methodology remains consistent with the one used by the ESS and the ESCB and will improve the communication of the ESS-ESCB needs such as: historical, geographical and industry sector coverage as well as improvement on the data gaps.

II.2 Recommendation R2: Mutual access to the Statistical Business Registers

The CMFB calls for removing legal and administrative obstacles preventing or limiting the mutual use of SBRs by ESS and ESCB.

1. To ensure consistency among the SBR and other existing business registers used for statistical purposes in compiling European statistics, and
2. To enable sharing of information for non-statistical purposes on a limited set of business register characteristics such as the names of legal/institutional units, unit identifiers, the ESA institutional sector and the economic activity (in accordance to NACE).

Formal agreements, when needed, between the NSIs and the NCBs, at national level, are strongly encouraged by the CMFB.

II.3 Recommendation R3: Use of the LEI in Administrative Business Registers

The CMFB recommends that, to fully gain the benefits of the LEI, CMFB members shall consider the opportunity of having the LEI and its reference data (such as name, entity status, registration status, necessary to fully deploy the LEI correctly) in their reference source databases for statistical production.

This will help to promote the use of LEI within the ESS-ESCB, not only as a data collector or producer but also to provide better services to users. The inclusion of the LEI with respect to data input (files, portals, etc.) as well as the output products (files, reports etc.) will create a direct synchronization of the data and improve the wider visibility of the LEI. It will also facilitate the consistency of information between different internal and external systems.

II.4 Recommendation R4: Use of the LEI in Statistical Business Registers (SBRs)

The CMFB is promoting the universal use of LEI for global entity identification purposes. In this sense, the CMFB suggest that countries and European institutions should consider including and using the LEI as unit identifier, in a period of transition in conjunction with other identifiers

–also ensuring an appropriate mapping with the GLEIF support–, in the SBRs as well as in the Eurostat EuroGroups Register (EGR), ECB Register of Institutions and Affiliates Database (RIAD) and the ECB Centralised Securities Database (CSDB).

The LEI and the upcoming information to be provided by the GLEIF on relationships may help for enhancing the quality of the EGR and for profiling groups and therefore may help the NSIs and the NCBs in improving the information on links between legal units, enterprises and groups in the SBRs, at national and international levels.

II.5 Recommendation R5: Feedback to GLEIF (improvement of quality)

The CMFB intends to have a proactive approach towards the GLEIS developments to ensure that ESCB and ESS needs are satisfied in the future, not only with the use of the LEI but also with testing, reporting and encouraging improvements in its quality.

Therefore, CMFB members should challenge the LEI data system helping detecting inconsistencies, for instance, regarding identification entities and relationships (direct and ultimate parents). Respecting the legal constraints, any problem identified with LEIs data should be reported to the GLEIF contributing to increase the quality of the information.

II.6 Recommendation R6: Other developments: Monitoring of identifier initiatives

In addition, the CMFB should also monitors the developments of other international identifiers that might be of relevance for ESS and ESCB purposes like ISIN for securities, UPI (unique product identifier) or UTI (Unique transactions identifier).