

TIME	PROGRAM
4:00 - 4:05PM (5 mins)	<b>Opening Remarks</b> <ul style="list-style-type: none"> <li>Mr. Satoru Yamadera, Advisor (ERCD), Asian Development Bank</li> </ul>
4:05 – 4:25PM (20 mins)	<b>Session 1: ESRB Recommendation on identifying legal entities</b> <ul style="list-style-type: none"> <li>Mr. François Laurent, Senior Manager (Statistics Department), European Central Bank</li> </ul>
4:25 – 4:45PM (20 mins)	<b>Session 2: SITA-GLEIF - Use Case: Provider's Bank Data Securitization protected with LEI codes</b> <ul style="list-style-type: none"> <li>Mr. Guillermo de la Fuente, SITA - Treasury Department, Treasury Risk Compliance &amp; Bank Guarantees</li> <li>Mr. Ivan Marin, GLEIF Business Development, Global Legal Entity Identifier Foundation (GLEIF)</li> </ul>
4:45 – 4:55PM (10 mins)	<b>Question &amp; Answer Session</b>
4:55 – 5:00PM (5 mins)	<b>Closing Remarks</b> <ul style="list-style-type: none"> <li>Mr. Satoru Yamadera, Advisor (ERCD), Asian Development Bank</li> </ul>

# AGENDA



GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

Joint Asia Webinar Series on

## Legal Entity Identifier (LEI) Part 3 - Introduction of the LEI in EU

Virtual Event via Zoom

1 July 2021, Thursday

4:00PM Manila Time / 10:00 CET



The third webinar in the series will focus on Europe.

The European Systemic Risk Board (ESRB) recommends that all legal entities established in the European Union that are involved in financial transactions obtain and maintain an LEI. The ESRB sets a deadline of June 2023 for the introduction of a Union legal framework to uniquely identify legal entities engaged in financial transactions by LEIs and to make the use of the LEI more systematic in respect of supervisory reporting and public disclosure.

This expansion of the LEI via regulatory initiatives will provide an opportunity for increasing the efficiency and security of the necessary processes in Know-Your-Customer (KYC) processes, in payments, and in invoicing. The LEI system incorporates regularly updated source data that is frequently requested by bank counterparties as part of KYC and customer due diligence (CDD) processes. Therefore, encouraging the use of the LEI for these processes would enable counterparties to directly access a golden source of information and ease ongoing compliance pressures felt by corporates of various sizes. This, in turn, would significantly reduce the potential for fraud or unauthorized use of bank accounts



# SPEAKER'S PROFILE



## **FRANÇOIS LAURENT**

Senior Manager, Statistics Department  
European Central Bank

François Laurent works at the European Central Bank (ECB) a senior manager in the Statistics Department, where one of his activities is to deal with data management and standardisation. He held previously manager positions in different departments on the bank, notably in IT and Market Infrastructures.

Prior to working at the ECB, François worked as an IT manager in different central bank institutions (Banque de France, BIS, European Monetary Institute).

François represents the ECB in various standardisation organisations, notably the International Organization for Standardization (ISO), where he also chairs the Standard Advisory Group.

He chairs the Regulatory Oversight Committee (ROC), the international governance body for a number of identifiers, including the LEI, the UTI, the UPI and other critical data elements for OTC derivatives markets. Furthermore, he co-chairs the "Frankfurt Group", an informal think tank collecting representatives of European supervisory authorities, the EC and selected representatives of the banking industry and of standard-setting bodies, and aiming at exploring and promoting the use of data standards in financial reporting and in the financial industry.



## **GUILLERMO DE LA FUENTE**

Senior Treasury and Risk Manager, SITA

Guillermo is a seasoned finance expert who brings 30 years of experience in different treasury roles for multiple industries like banking, commodity trading, chemicals, telecommunications and international organizations.

Currently he is a Senior Treasury and Risk Manager at SITA, the World leader in IT and Telecommunications services to the Airline Industry. Prior to that Guillermo was Treasurer at RAIZEN the Commodity trading arm of SHELL for both Sugar and Ethanol as well as Treasurer for JP MORGAN in Geneva where he moved in 1999 to join CERN, the Laboratory for Physical Particles, as head of Treasury and Payments. In Spain, Guillermo worked for large US MNCs like GE, FLUOR and DUPONT.

Guillermo got an MBA from University of Houston and a Masters in Finance & Economics at Oviedo University, specialized with honors in Taxation.

He seats at the boards of the ACTSR, EACT, IGTA and also a good citizen participating actively in the Council of his town hall.

In his spare time, he loves skiing in the Alps with his wife and son.



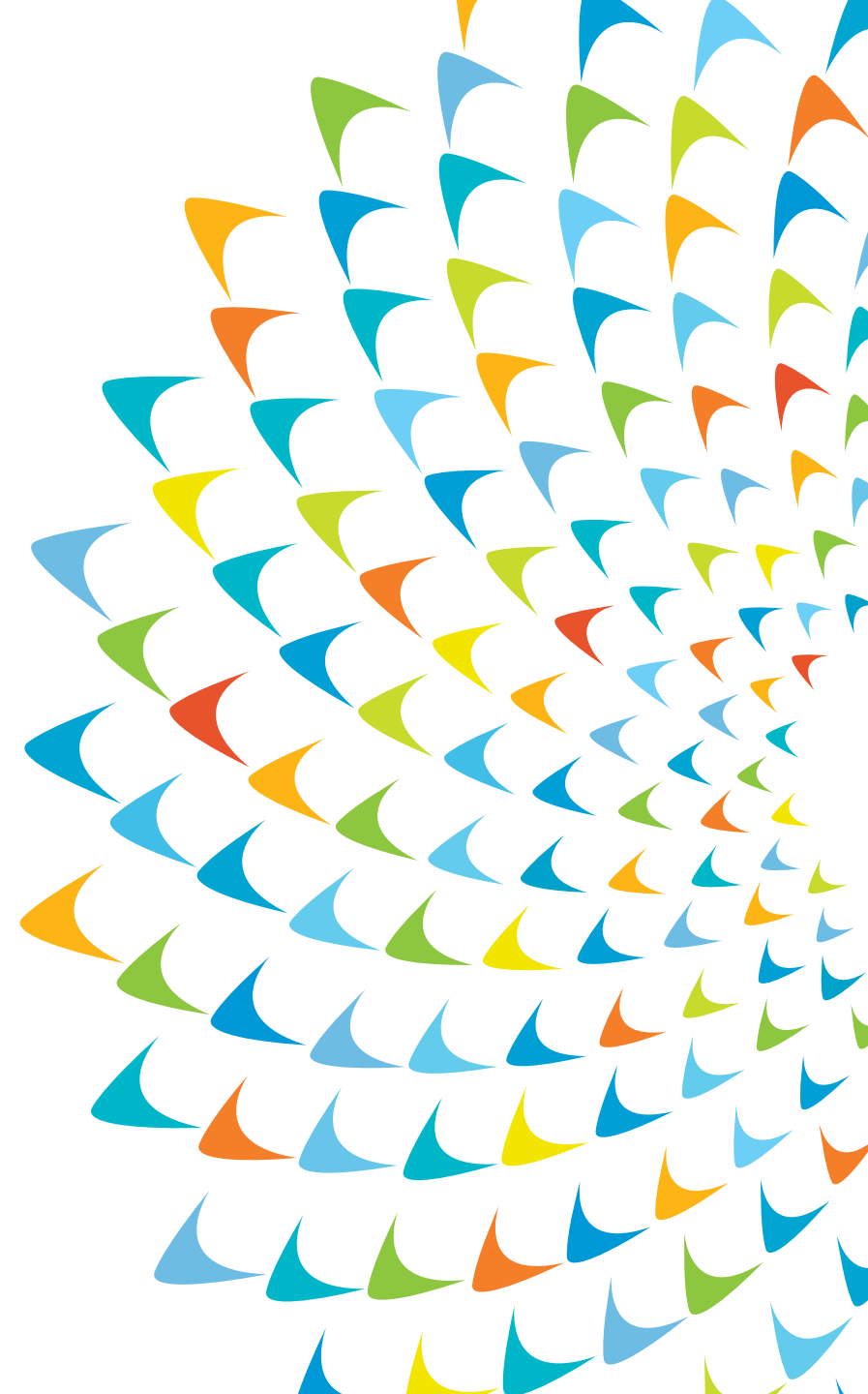
LEI

GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

# SESSION 1

**MR. FRANÇOIS LAURENT**

Senior Manager, Statistics Department  
European Central Bank (ECB)







**ESRB**

European Systemic Risk Board

European System of Financial Supervision

# ESRB Recommendation on identifying legal entities

---

ADB-GLEIF Joint Asia  
Webinar Series

1 July 2021



**François Laurent**  
Chair of the ESRB TF on LEI

# Agenda

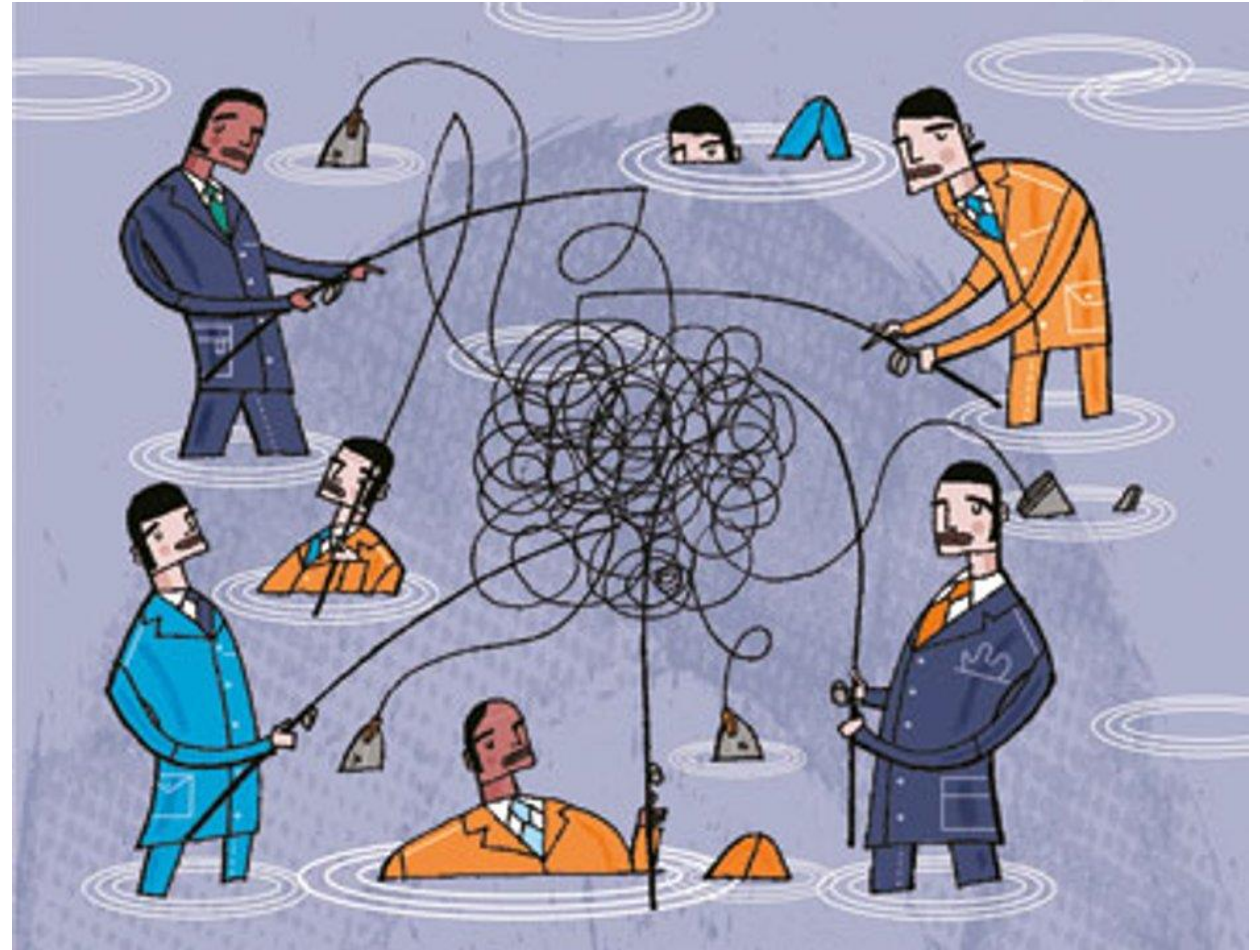
- Motivation of the ESRB Recommendation
- Task Force on LEI
- Overview of the ESRB Recommendation
- Recommendation supported by an ESRB Occasional Paper



# Background

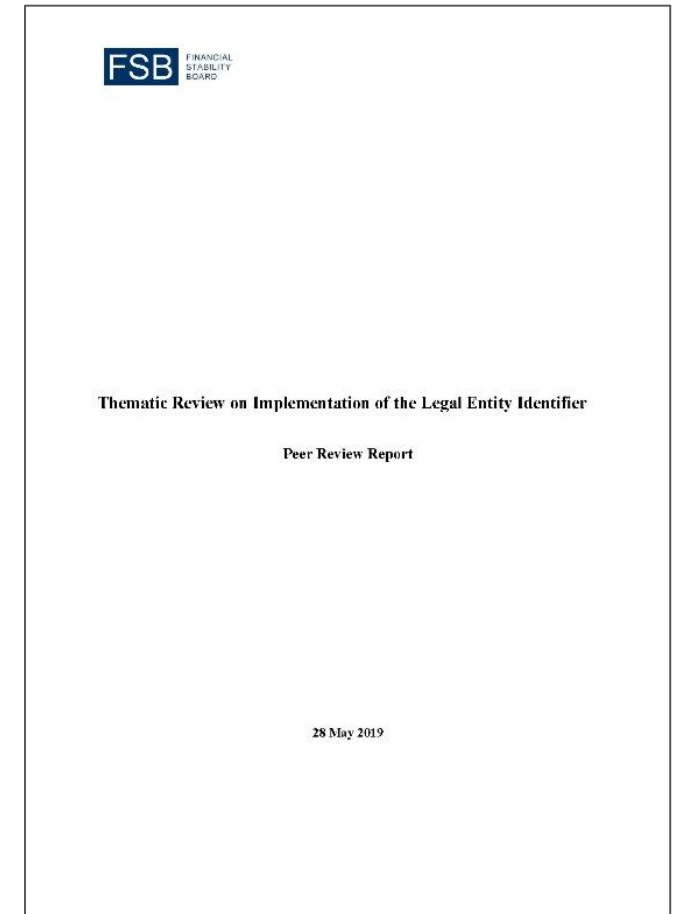
The global economy is based on a **web of contracts** that covers the entire planet, and is tightly knit in extremely complex patterns.

The global financial crisis showed the difficulty of **identifying counterparties** to financial transactions.



# The Legal Entity Identifier (LEI)

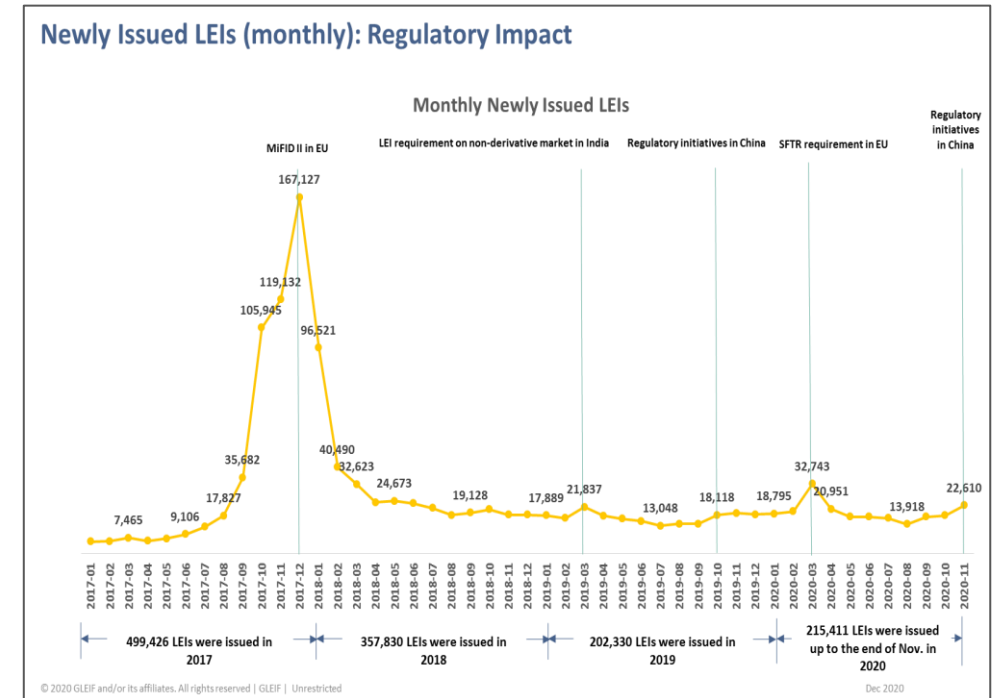
- In 2012, the G20 endorsed the FSB framework for developing **a global LEI system** to support authorities and market participants in **identifying and managing financial risks**.
- Since its endorsement, the LEI uniquely identifies **1.9 million entities** in 200 countries.
- In May 2019, the FSB published a thematic peer review listing a set of **challenges** still faced by the system of LEI.



<https://www.fsb.org/2019/05/thematic-review-on-implementation-of-the-legal-entity-identifier/>

# Challenges for the LEI

- **Low adoption** outside of securities and OTC derivatives
- **Burst of issuance** following implementation of Regulations, but not sustained over time
- Insufficiencies of **voluntary adoption**
- Limited adoption for **non-financial entities**



⇒ **ESRB Task Force on LEI**



# The Task Force on LEI



<https://www.freepik.com>

- **Mandate:** Drafting of an ESRB Recommendation to promote the LEI adoption in the EU
- **Members:** EBA, EIOPA, ESMA, ECB, European Commission, Banca d'Italia, Banque de France, Deutsche Bundesbank, ESRB Secretariat
- **Chair:** by F. Laurent (ECB)

# ESRB Recommendation – Overview 1/2

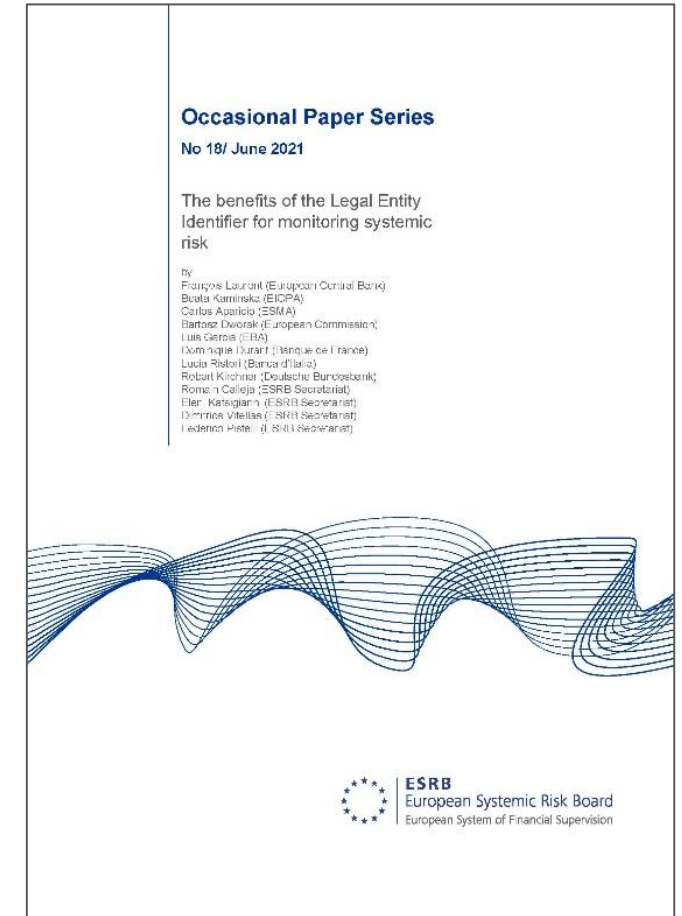
- The European Commission is recommended to propose Union legislation imposing:
  - **Identification** via an LEI of legal entities established in the EU and involved in financial transactions
  - **Reporting** obligation of financial information via an LEI
  - **Public disclosure** of information on legal entities by authorities via an LEI
- Principle of **proportionality** to apply

# ESRB Recommendation – Overview 2/2

- **Pending the action of the European Commission**, authorities are recommended to:
  - **Require all entities** under their supervisory remit to **have an LEI** (to the extent permitted by law)
  - Include, and continue to include, the use of **LEI in reporting obligations**
  - Include, and continue to include, the **LEI in public disclosure** of information on legal entities

# Supported by an ESRB Occasional Paper

- How **unique and worldwide identification** of legal entities supports **financial stability**
- The **case** for the LEI
- **Benefits** and **challenges** of the LEI
- Addressing the challenges to achieve **greater uptake** of the LEI
- Use cases: **Empirical evidence on the usefulness of the LEI** – country experience by Germany and France





# Many thanks for your attention

Contact: [francois.laurent@ecb.europa.eu](mailto:francois.laurent@ecb.europa.eu)



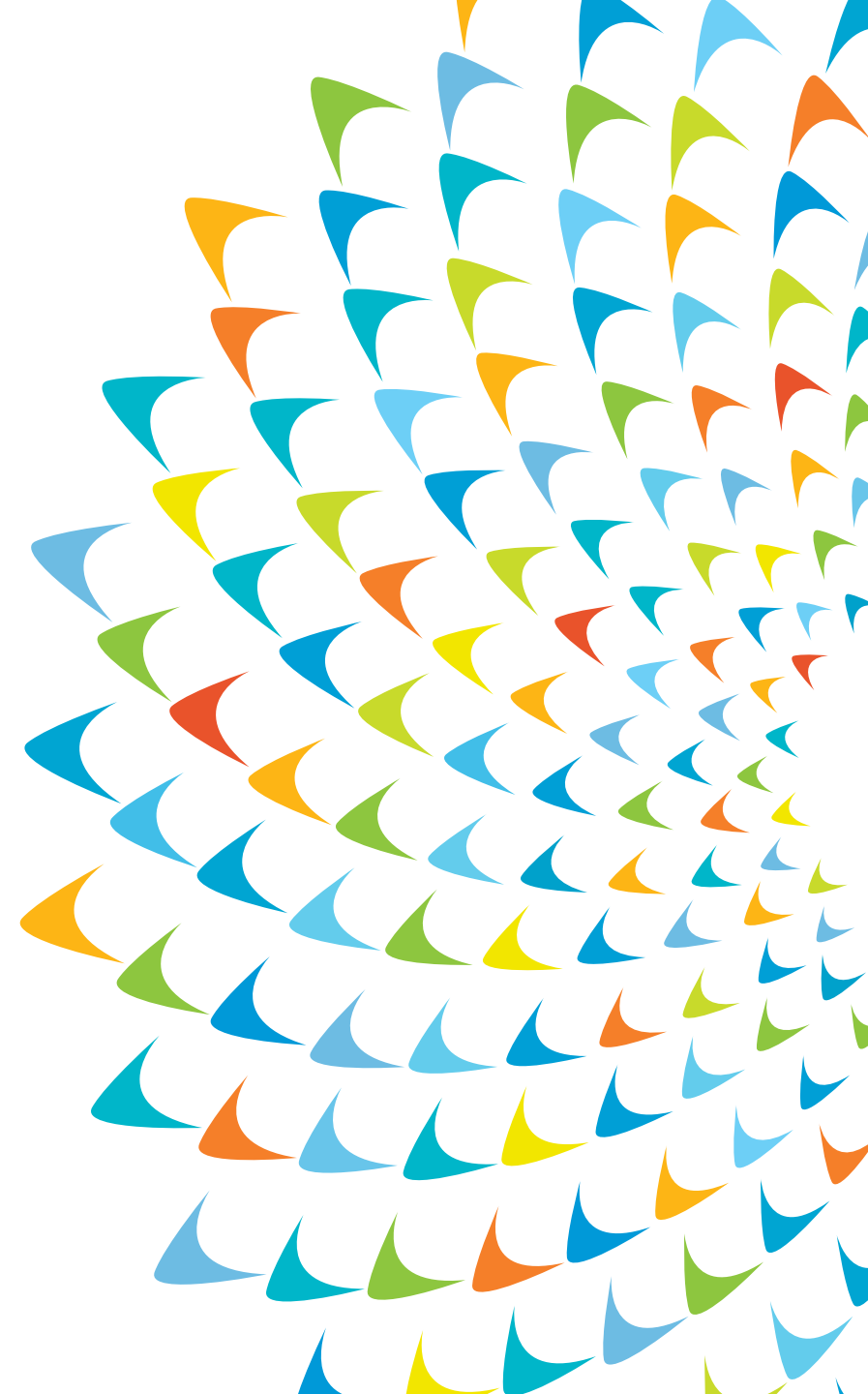
## SESSION 2

**MR. GUILLERMO DELA FUENTE**

SITA - Treasury Department, Treasury Risk  
Compliance & Bank Guarantees

**MR. IVAN MARIN**

GLEIF Business Development  
Global Legal Entity Identifier Foundation (GLEIF)



## SITA-GLEIF

### Use Case:

### Provider's Bank Data Securitization protected with LEI codes

---

#digitalidentity

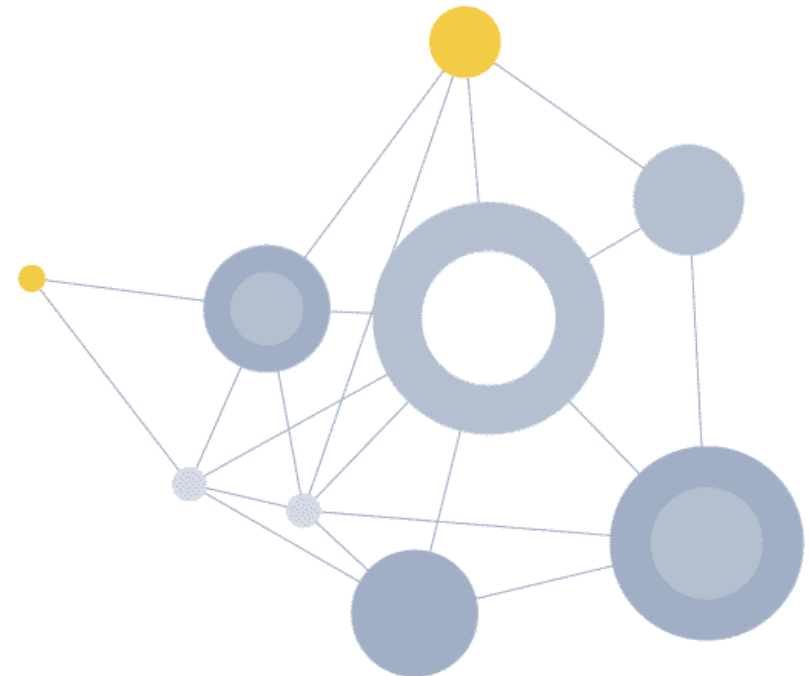
Sample Use Case

1 July 2021

**Guillermo de la Fuente**

SITA - Treasury Department

Treasury Risk Compliance & Bank Guarantees



## FRAUD example I

**Sent:** Monday, February 06, 2017 9:58 AM

**To:** FinanceHelpdesk <[FinanceHelpdesk@sita.aero](mailto:FinanceHelpdesk@sita.aero)>; Htoon Oo Htoon <[Htoon\\_Oo.Htoon@sita.aero](mailto:Htoon_Oo.Htoon@sita.aero)>; Mergen Shurgchiev (Contractor) <[Mergen.Shurgchiev@sita.aero](mailto:Mergen.Shurgchiev@sita.aero)>

**Cc:** Amita Dasare (Contractor) ">; Ohn Thi "; Aye Thida "; Ummyama "; Hana Melicharova01 "; Aye ">; Tin Ohn ",

**Subject:** RE: Please Let us Have Your Payment Plan for the Following Remaining OSD FY 2016

Dear Timur, Dear Mergen,

The information reaching us now, please note that our IBAN has been upgraded to receive large funds in our overseas account, kindly update the IBAN number below for the rest 4 invoices for payment asap.

ACCOUNT/IBAN NO. : **NL65 INGB 0007 0719 93**

Thanks

Myintzu



**Myint zu**

Airport Finance Manager

M : +95 450014142 | Tel : +95 19770550-9(Ext:146)

Yangon Aerodrome Company Limited



## FRAUD example II



Heads up!!!! **Alert!!!**

---

**From:** Guillermo De\_La\_Fuente  
**Sent:** Thursday, February 9, 2017 9:42 AM  
**To:** Andrea Sottoriva <[Andrea.Sottoriva@sit.aero](mailto:Andrea.Sottoriva@sit.aero)>  
**Subject:** FW: Please Let us Have Your Payment Plan for the Following Remaining OSD FY 2016

Here is the reason:

[myintzu@yangon.aero](mailto:myintzu@yangon.aero)  
[myintzu@yangon-aero.ml](mailto:myintzu@yangon-aero.ml)

2 different myintzu !!!

Remember: sopoofing is the most commont ype of cyber fraud !!

# Fraud prevention Use Case



## Sample Use Case: Provider's Bank Data Securitization protected with LEI codes

### Description

- This application Use Case development is a SITA and GLEIF collaboration.
- The demo will be implemented in the ERP, ORACLE module, used by SITA for its finance control.
- This order is sent in digital format
- In order to secure legal entities digital identities, the order is signed with qualified eSeals embedding LEI
- E-Seals are digital entity seal encrypted and are issued by Certificate Authorities.
  - E.g. <https://webgate.ec.europa.eu/tl-browser/#/>

### Benefits

- Advanced and Qualified signatures offer the following main advantages:
- **Authentication:** legally enforceable proof of who actually signed the document
- **Non-repudiation:** assurance that a signer can't falsely deny having signed
- **Integrity:** proof that a document has not been changed since signing
- **By embedding the LEI codes, using GLEIFs API it can be checked in real time the corroborated digital identity of the Legal Entities involved in the transaction, providing an extra layer of security.**

## SITA & GLEIF Use Case – Provider’s Bank Data Securitization

- **GOAL:**
  - to secure the information regarding the bank account number provided by SITA providers to SITA in order to avoid fake information. This action moves legal accountability on data accuracy to supplier’s side. ..
- Providers will be asked to:
  - Own a **LEI code**
  - Own a **eIDAS** legal representative digital certificate or company **eSeal** with LEI embedded
- **Use Case:** every time, the first time or the following times, that the providers wants to communicate its bank account number for payments it will be done using a secure mechanism based on LEI.



## Flow Sequence:

### Action 1:

Supplier generates a document (according to the format expected by SITA’s ERP) containing the bank account number for payments.

### Action 2:

Provider signs the previous document using a certificate with its LEI embedded

### Action 3:

Supplier sends the document to SITA

### Action 4:

SITA’s ERP parses the document, extracting the certificate information including the LEI code and IBAN number

### Action 5:

SITA’s ERP using extracted LEI code checks (using GLEIF’s API) that this LEI matches the provider’s.

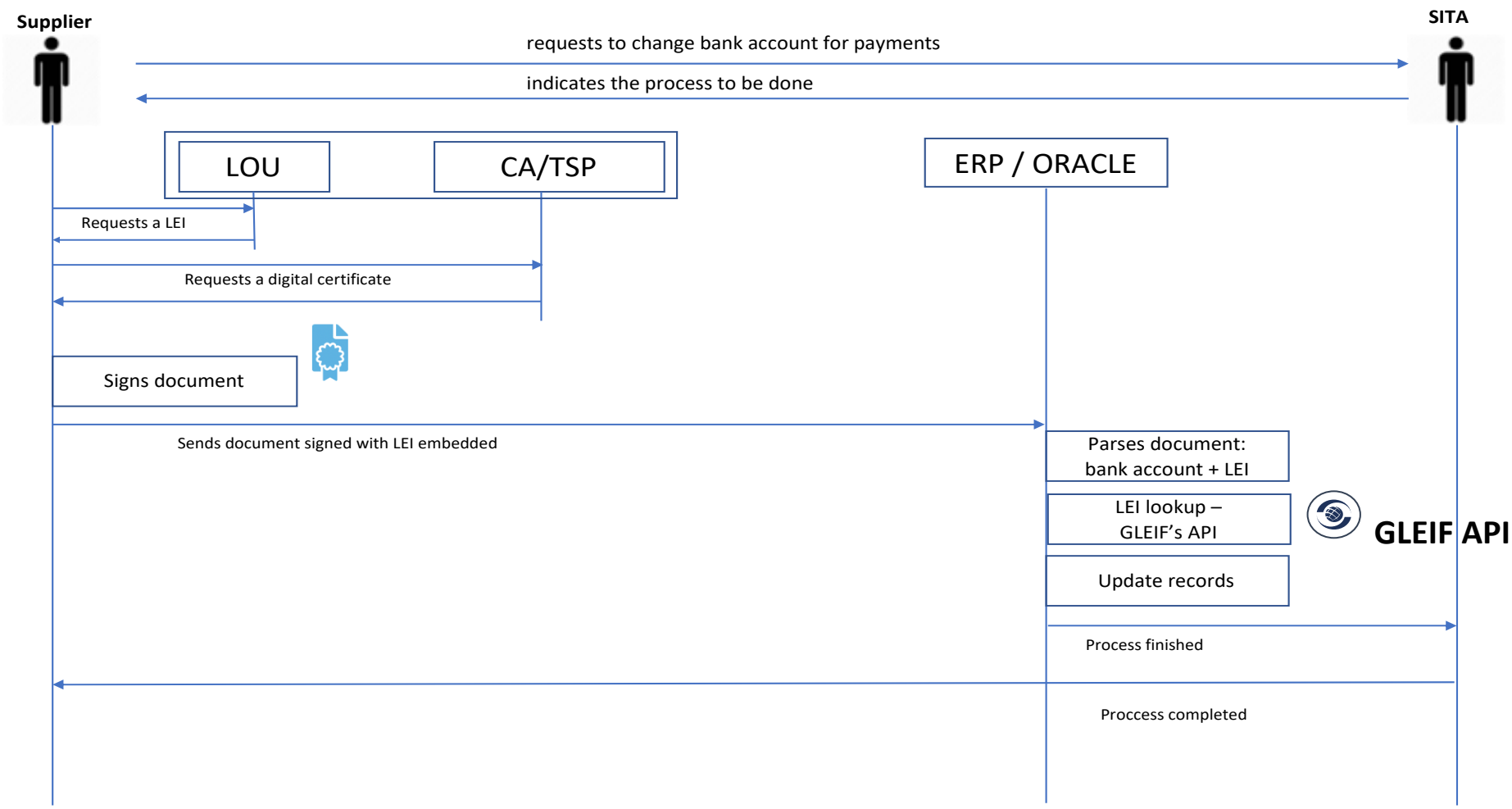
### Actions 6:

If the LEI code matches the provider’s data, the following is considered:

the bank account number is considered correct as it is contained in a digitally signed document (keeps it integrity) and it is added to the ERP’s valid records for further payments.

Optionally, using the LEI code, it could be checked against the bank that the IBAN account matches the supplier’s. Disclaimer: The bank must support this extra validation.

# SITA & GLEIF Use Case – Provider Bank Data Securitization



## SITA & GLEIF Use Case – Provider Bank Data Securitization - ENHANCED



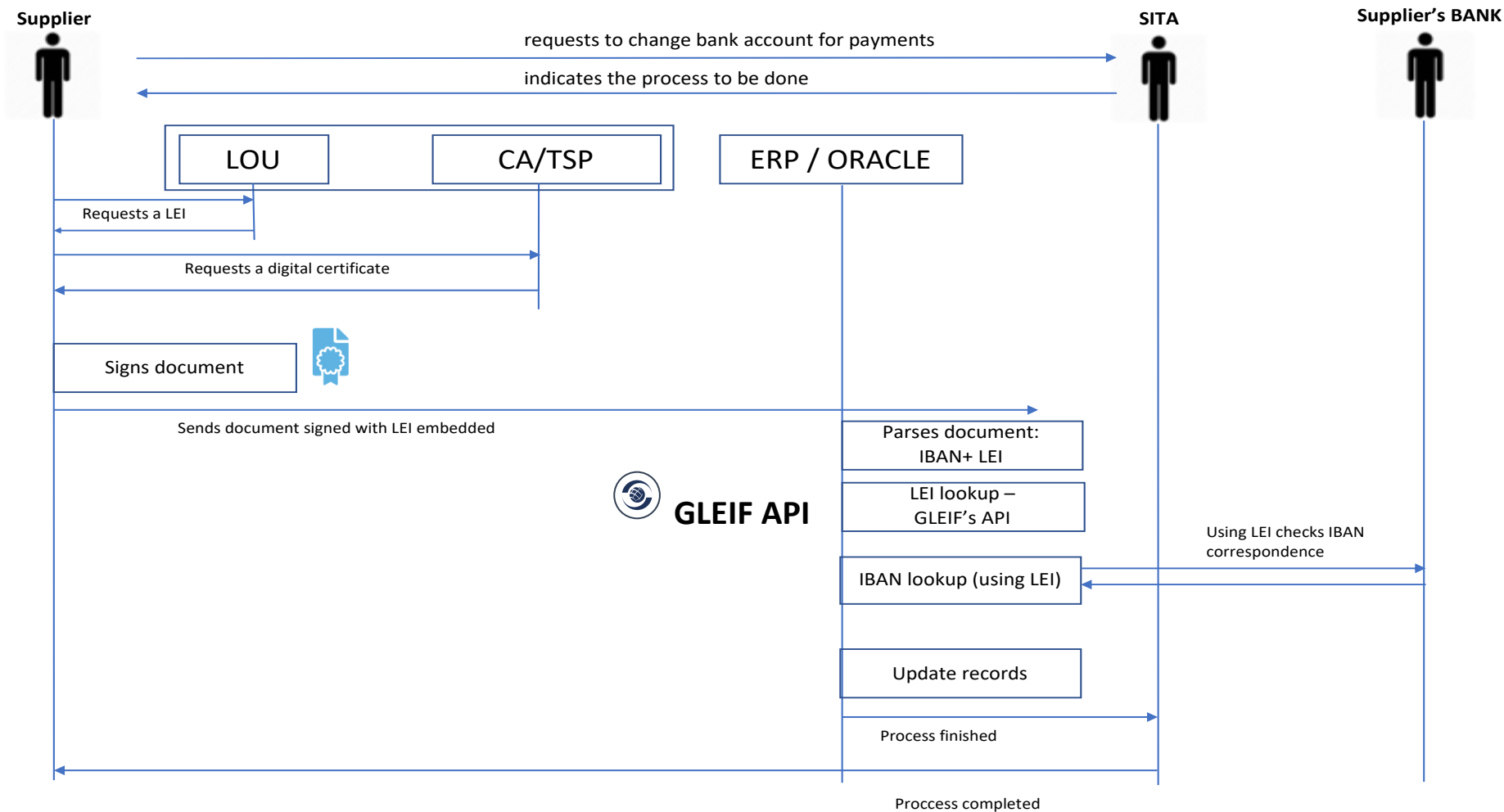
### **NOTE:** Ideal Scenario

For completing the full security loop in the step 6, optionally, using the LEI code, it could be checked against the bank that the account IBAN matches the supplier's account number.

**Disclaimer:** the bank must support this extra validation.

In this case the flow would look as it shown in the next slide.

# SITA & GLEIF Use Case – Provider Bank Data Securitization - ENHANCED



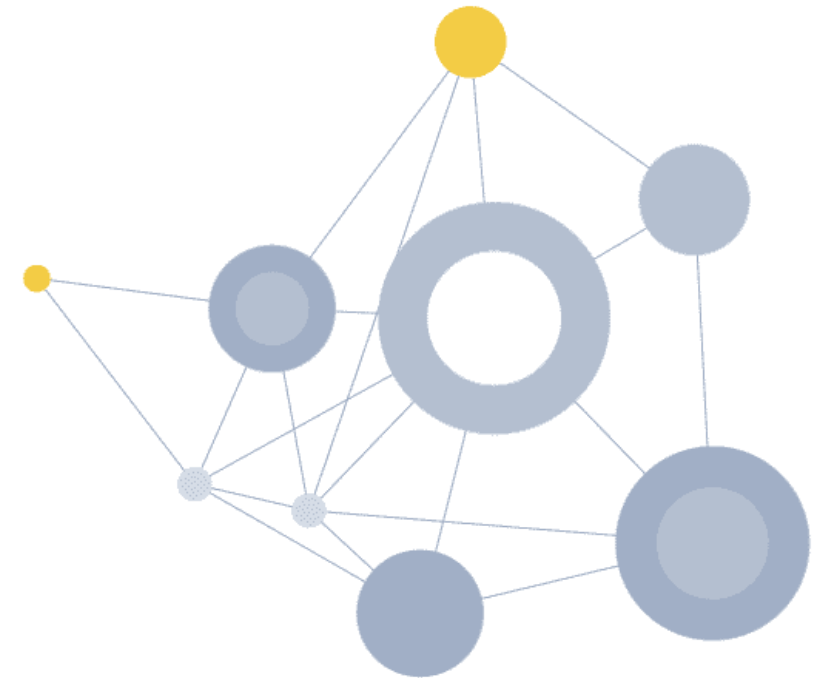


## Next incoming projects

- **KYC** process securitization using LEI codes
- **Payments** using LEI codes.
- **Bank data** confirming using LEI codes.
- **E-Invoicing** cycle securitization using LEI codes.

# Limitations

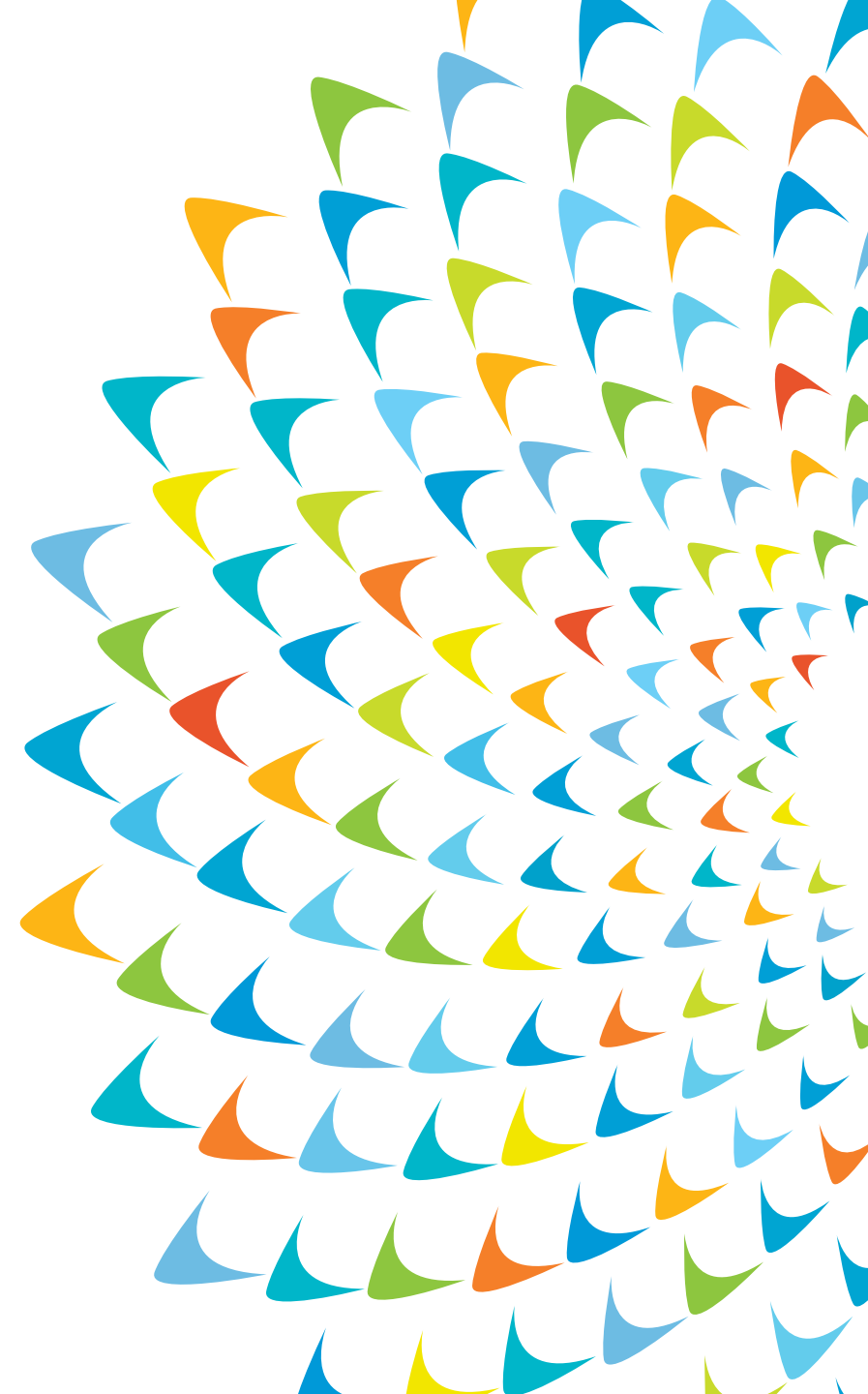
- This presentation contains confidential and proprietary information and/or trade secrets of the Global Legal Entity Identifier Foundation (GLEIF) and/or its affiliates, and is not to be published, reproduced, copied, or disclosed without the express written consent of Global Legal Entity Identifier Foundation.
- Global Legal Entity Identifier Foundation, the Global Legal Entity Identifier Foundation logo are service marks of Global Legal Entity Identifier Foundation.





GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

# Thank you for your participation



# Our Speakers



**P. VASUDEVAN**  
Chief General Manager  
Reserve Bank of India (RBI)

## JOIN US AGAIN TOMORROW



Joint Asia Webinar Series on

### **Legal Entity Identifier (LEI) Part 4 - Introduction of LEI in India**

Virtual Event via Zoom  
2 July 2021, Friday  
4:00PM Manila Time / 1:30PM India Time



**ARUN K. PANDEY**  
Senior Vice President  
The Clearing Corporation of India Limited