

January 18, 2019

Via Email ([leiroc@bis.org](mailto:leiroc@bis.org))  
Legal Entity Identifier Regulatory Oversight Committee

Re: Second Consultation Document on Fund Relationships in the Global LEI System

Dear Sirs and Madams:

The Securities Industry and Financial Markets Association’s Asset Management Group (“SIFMA AMG” or “AMG”), Managed Funds Association (“MFA”) and International Swaps and Derivatives Association, Inc. (“ISDA”)<sup>1</sup> (together the “Associations”) appreciate the opportunity to provide feedback to the Legal Entity Identifier Regulatory Oversight Committee (“LEI ROC”) regarding its Second Consultation Document on Fund Relationships in the Global LEI System (the “Consultation”). The Consultation proposes a limited update to the way relationships affecting funds are recorded in the Global LEI System (the “GLEIS”) and to replace the current optional single “fund family” relationship as part of Level 1 (reference data of the entity) with the following relationships as part of Level 2 data (relationship data): “Fund Management Entity”, “Umbrella Structures”, and “Master-Feeder” relationship.

We commend the LEI ROC’s outreach to the industry and the effort to ensure that the design of the fund relationship data is clear and meaningful. We generally believe that the second consultation will improve the ability of the GLEIS to produce and maintain high quality fund relationship data. We are particularly pleased that the generic category of “Other Fund Family” has been eliminated.

We recognize that use of the LEI improves the overall operational efficiencies of securities and derivatives processing, and that LEI offers some specific tangible operational benefits, such as reducing the amount of reconciliation, collapsing multiple static data points to one LEI number, providing interoperability between systems and parties, improving communication transparency and certainty, increasing opportunity to automate and utilize new technologies, and others.

While we recognize these benefits and would like to build on them and preserve the integrity and quality of the LEI data collection, we remain unconvinced of the need for the Global LEI System to collect fund relationships that do not roll up to the same balance sheet or financial statement. As stated

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<sup>1</sup> See Annex A for descriptions of SIFMA AMG, MFA and ISDA.

in our prior letter, we support the identification of a fund as such within the Level 1 data collection, including with more granular descriptions of fund. We also can support the proposed improvements in the Level 1 reference data, specifically, the name and address fields. We think this would be a better approach to improving data about funds in the LEI system than trying to collect the relationships.

With our views in mind, we are pleased with the LEI ROC's decision that the fund relationship structure be captured optionally. The GLEIS will allow for optional reporting, unless the relationship is mandated to be reported and publicly available in the relevant jurisdiction, and if the LEI is mandatory for the related entity in the relevant jurisdiction, and unless it is the relationship between an umbrella structure and a sub-fund or compartment. The reporting optionality will ease the burden of asset managers to acquire LEIs where not a regulatory requirement, and will allow time to help the industry, global regulators and the LEI ROC to determine whether the fund relationship information is useful.

One point of some discussion within our membership and a point that we would like to expressly clarify is that our reading of the consultation confirms that for the Umbrella Structures the expectation to report the fund relationship sits with the sub-fund. In our view it would be a burden to expect the Umbrella Structure to report its compartments and that situation might also lead to having to register a holding company for an LEI even though it may never have a trading relationship. The original purpose of the LEI was to bring transparency to the legal entities and their trading activity and trading relationships. We caution that it would not be beneficial to have to register entities that do not have trading relationships.

The second consultation offers the clarity that many of the Associations' members were looking for to confirm that the asset manager, or the party that performs the investment management tasks, is not necessarily the "Fund Management Entity".

The definitions of "Umbrella Structure" and "Master-Feeder" relationships are more clearly defined which the Associations believe will help the LEI ROC and the GLEIS to achieve a more consistent implementation effort, ensuring better quality data in the GLEIS.

We also support the proposed use of an 'opt out' within the Global LEI System to provide clarity to LEI record viewers whether the data is not available because a fund has taken advantage of optional reporting or otherwise.

We separately call your attention to the attached responses to the LEI ROC's Questionnaire to the public for our additional feedback.

SIFMA AMG, MFA, and ISDA sincerely appreciate your consideration of these views and concerns. We stand ready to provide any additional information or assistance that the LEI ROC might find useful. Please do not hesitate to contact either Elisa Nuottajarvi at 212-313-1166 or

enuottajarvi@sifma.org, Laura Harper Powell at 202-730-2947 or lharperpowell@managedfunds.org, or Eleanor Hsu at 212-901-6051 or ehsu@isda.org with any questions.

Sincerely,

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/s/Eleanor Hsu  
Eleanor Hsu  
Director  
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International Swaps and Derivatives Association,  
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## Annex A

### **Descriptions of SIFMA AMG, MFA and ISDA**

SIFMA AMG brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG's members represent U.S. and global asset management firms whose combined assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds.

MFA represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, the Americas, Australia and many other regions where MFA members are market participants.

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 900 member institutions from 69 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org).