

26 June 2020

Unit B5—Digital finance  
Directorate-General for Financial Stability, Financial Services and Capital Markets  
Union  
European Commission  
1049 Bruxelles/Brussel  
Belgium



Dear Sir or Madam

### **Consultation on a new digital finance strategy for Europe / FinTech action plan**

The role of the Financial Markets Law Committee (the "FMLC" or the "Committee") is to identify issues of legal uncertainty, or misunderstanding, present and future, in the framework of the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.

Over the past two years, the European Commission has carried out work on Financial Technology in the context of the FinTech Action Plan, published in March 2018. In Q3 2020 the European Commission is scheduled to propose a new Digital Finance Strategy/FinTech Action Plan that sets out a number of areas that public policy should focus on in the coming five years. A Consultation designed to gather stakeholders' views on policies to support digital finance, which will inform that strategy, was published in April 2020.<sup>1</sup>

The Consultation seeks views on, *inter alia*, ways to remove fragmentation of the Single Market for digital financial services and how best to promote a well-regulated data-driven financial sector. In particular, question 19 asks whether increased mandatory use of identifiers such as Legal Entity Identifier ("LEI"), Unique Transaction Identifier ("UTI") and Unique Product Identifier ("UPI") would facilitate digital and/or automated processes in financial services.

Following the 2008 financial crisis, authorities and the private sector cooperated to develop the framework of a Global LEI System that will, through the issuance of unique LEIs, unambiguously identify legal entities engaged in financial transactions. The FMLC has commented in the past on the importance of LEIs in the context of preventing money laundering and the broadening of the E.U.'s—and, consequently, the U.K.'s—anti-money laundering regime to bring into scope firms offering exchange and wallet services for virtual currencies.<sup>2</sup>

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<sup>1</sup> This Consultation builds upon two other consultations, launched in December 2019, focusing specifically on cryptoassets and digital operational resilience FMLC responded to the Consultation on cryptoassets: FMLC, *Response to European Commission Consultation: Framework for Markets in Cryptoassets* (17 March 2020), available at: <http://fmlc.org/response-to-european-commission-consultation-framework-for-markets-in-cryptoassets-17-march-2020/>

<sup>2</sup> FMLC, *Response to European Commission Roadmap: Preventing and Combating Money Laundering and Terrorism Financing* (3 March 2020), available at: <http://fmlc.org/response-to-european-commission-roadmap-preventing-and-combating-money-laundering-and-terrorism-financing-3-march-2020/>.

FMLC, *Response to Consultation: Changes to the Trust Registration Service under the Fifth Money Laundering Directive*, (21 February 2020), available at: <http://fmlc.org/response-to-consultation-changes-to-the-trust-registration-service-under-the-fifth-money-laundering-directive-21-february-2020/>.

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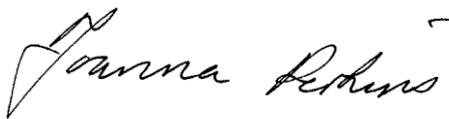
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The FMLC understands that organisations more involved in the creation and promulgation of LEIs will be responding to this Consultation to set out the role of LEIs and other global standards in helping the financial sector adopt a common language in a wide range of areas, such as payments, securities, lending, capital raising, investment management, trading and post-trade, and trade finance and reporting.<sup>3</sup> The FMLC wishes to add its voice to the support for the adoption of LEIs in any future digital finance strategy.

I and Members of the Committee would be delighted to meet you to discuss the issues raised in this letter. Please do not hesitate to contact me should you wish to arrange a meeting or if you have any questions.

Yours sincerely,

A handwritten signature in black ink that reads "Joanna Perkins". The signature is written in a cursive style with a large, stylized initial 'J'.

Joanna Perkins  
FMLC Chief Executive

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<sup>3</sup> See, for example, the response of the Global Legal Entity Identifier Foundation.