



Invested in America

June 4, 2014

Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552
CFPB_HMDA_SBREFA@cfpb.gov

**Re: Small Business Review Panel For Home Mortgage
Disclosure Act Rulemaking**

Dear Sir/Madam:

In response to the Consumer Financial Protection Bureau's (CFPB) potential changes to mortgage information reported under the Home Mortgage Disclosure Act (HMDA), the Securities Industry and Financial Markets Association (SIFMA) is pleased to provide you with its comments. Our letter will limit its comments specifically to the CFPB's consideration of requiring financial institutions to obtain and report a Legal Entity Identifier (LEI). SIFMA has been in the forefront of helping to establish the Global Legal Entity Identification System (GLEIS), and consequently would like to provide comments on the possible use of LEIs in HMDA reporting.

SIFMA is strongly supportive of the Global LEI System initiative and the benefits to risk management and financial stability that it would provide. The global financial services industry and regulatory community agree that the LEI is a key enabler to significantly improve systemic risk analysis. Regulators globally can play a key role in facilitating the expansion of the LEI system and its related benefits by requiring LEIs to be used broadly in regulatory reporting and other supervisory practices. Consequently, the CFPB's use of the LEI for residential mortgage market reporting would be an important step forward, and would promote the use of the global LEI system and the expansion of its scope. We recently submitted a letter to Secretary Lew, in his capacity as FSOC chair, on this topic, and we attach the letter for your information.

To this end, we strongly agree with the CFPB's proposal to require a universal entity identifier that would more easily allow identification of affiliated companies and parent-subsidary relationships and believe in time the use of the LEI would best achieve the objective of entity identification as compared with other options. Indeed, 70% of the top 30 servicers and originators¹ have LEIs already. The accurate identification of counterparties is widely recognized as a critical element for enhanced systemic risk monitoring and management, as the G20 has stated: "We support the

¹ Top 30 according to *Inside Mortgage Finance*.

creation of a global legal entity identifier (LEI) which uniquely identifies parties to financial transactions.” (Cannes Summit Declaration²).

As the CFPB notes in its proposal, “Support for the LEI is widespread, and, although work is still progressing on the standard, some companies participating in the effort have been issued identifiers.” Indeed, progress to date has been significant. As of May 9, 2014, there were more than 268,000 LEIs issued globally to date and the LEI Regulatory Oversight Committee (ROC) has endorsed thirteen pre-LOUs globally to issue LEIs. The regulatory community now has the opportunity to require companies to obtain a LEI from any of these LOUs for use in regulatory reporting and other regulatory purposes.

In our view, the CFPB has an excellent opportunity to further the goal of creating a robust LEI system given the scope of this project. To date in the US, LEIs have been mandated for use in reporting OTC derivatives transactions by the CFTC. Internationally, regulators are adopting the LEI as well, with European banking and securities regulators mandating the use of LEI for swaps and other banking reporting. By mandating the use of the LEI for information reported about the residential mortgage markets, the CFPB will have taken a step forward in promoting the use of the global LEI system, which will expand the collective benefits from widespread adoption of a globally unique LEI for all legal entities.

An interim LEI system is in place today to support the CFPB's proposed LEI requirement. Likely, by the time reporting is actually implemented, the GLEIS will be fully operational and will no longer be in an interim state. As such, we urge the CFPB to take a leadership role and adopt the global LEI for identification of FIs information as part of its residential mortgage market reporting requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Price". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Thomas Price
Managing Director
Operations, Technology & BCP
SIFMA

Attachment

² <http://www.g20.utoronto.ca/2011/2011-cannes-declaration-111104-en.html>