

COMMENT LETTER

December 15, 2017

Joint Trades Submit Comment Letter to the Legal Entity Identifier ("LEI") Regulatory Oversight Committee ("ROC") (pdf)

December 1, 2017 Via Email (leiroc@bis.org) Legal Entity Identifier Regulatory Oversight Committee Re: Consultation Document on Funds Relationships in the Global Legal Entity Identifier ("LEI") System Dear Sirs and Madams: The undersigned associations (the "Associations")¹ appreciate the opportunity to provide feedback to the LEI Regulatory Oversight Committee ("ROC") regarding the Consultation Document on Funds Relationships in the Global LEI System (the "GLEIS").² The Consultation proposes to "update the way relationships funds have with other entities are recorded in the GLEIS, to both capture worldwide a fund's relationship with its management entity regardless of different legal and accounting framework[s] under which they are organized, and improve the way funds relationships are recorded."³ We believe that the use of LEIs in financial markets has brought efficiency and greater data integrity to trade reporting and risk management. As such, the Associations are committed to helping support the evolution of the LEI to achieve these aims. While the Associations disagree with a significant portion of the proposal set forth in the Consultation, the Associations offer to assist the

¹ See end of letter for descriptions of the Securities Industry and Financial Markets Association's Asset Management Group ("SIFMA AMG" or "AMG"), the Investment Adviser Association ("IAA"), the Investment Company Institute ("ICI"), and the Managed Funds Association ("MFA").

² Referred to herein as the "Consultation," available at: https://www.leiroc.org/publications/gls/roc_20170926-1.copy-1.pdf.

³ Consultation at 3. LEI Regulatory Oversight Committee December 1, 2017 Page 2 ROC in an evaluation of the regulatory use cases and how the ROC's objectives can be achieved without the burden that would be imposed by the proposed approach. The Associations recognize the importance of data; however, we have significant concerns with the proposal. The Associations believe that the LEI system should not mandate the proposed fund relationship information. We are not convinced that the benefits of the cited regulatory objectives outweigh the significant operational and cost burden this collection would impose upon funds and their managers. The burden of determining, reporting, verifying and updating fund relationship information when considered across all types of fund and fund management relationships globally is extraordinary. As discussed below, we believe the regulators already have tools that serve many of the ROC's stated objectives. Additionally, because of the diversity of funds and fund management relationships globally, we are concerned that the data collected would not be sufficiently standardized to be relied upon,

thus leading to data quality concerns and potential misinformation. For these reasons, the Associations believe that ease of obtaining an LEI and its current broad use will be undermined by adding requirements that go beyond requiring entities consolidated on financial statements to report their accounting parent information. Instead of proceeding with the proposed fund relationship requirements, the Associations recommend further study of this topic including possible additions to the current LEI Level 1 requirements for fund entities and managers. For fund relationships, we believe starting with the collection of more specific definitions for use in the optional Level 1 fund family field would help the ROC observe whether collecting additional information would be useful (see response to Question 6 below). In addition, as discussed further in response to Question 12, we believe that providing an option for investment strategies that cannot currently obtain an LEI—for example, segregated mandates of assets managed below that of a legal entity—may be an area where further study and additional options within the LEI system would be helpful. The Associations’ General Comments

The Associations do not believe that the collection of fund relationship information should be mandated at this time as the regulatory use cases are not compelling enough to warrant the significant operational and cost burdens of capturing and validating the fund relationships, and the proposed changes raise concerns on the ability of the system to produce and maintain high quality relationship data. The Associations’ members have observed that the ease in obtaining an LEI—an important characteristic given the need to obtain LEIs for a growing population of financial transactions⁴—is being undermined by the imposition of more and more complex requirements that must be met before an entity can obtain an LEI. The addition of Level 2 data in 2017, capturing 4 According to the Global LEI Foundation (“GLEIF”), “[o]btaining an LEI is easy.” See GLEIF, “Introducing the Legal Entity Identifier (LEI)” <https://www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei>. LEIs are now necessary in a number of key jurisdictions in order to trade. See also details on the regulatory use of LEIs on the GLEIF website: <https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei>. LEI Regulatory Oversight Committee December 1, 2017 Page 3 certain accounting parent relationships,⁵ was and continues to be a significant hurdle for entities obtaining or renewing LEIs, particularly with the expanded mandate for LEIs in November 2017 under the European Market Infrastructure Regulation (“EMIR”) and in January 2018 under the Markets in Financial Instruments Directive (“MiFID II”). Level 2 requirements are especially challenging for institutional clients, with whom asset managers have had to engage in outreach and education for populating accounting parent information, and for whom the validation processes remain challenging. While the Associations acknowledge the regulatory need for accounting parent data so that authorities can better understand insolvency scenarios for entities with large exposures in some financial markets, we do not understand the ROC’s regulatory purpose in mapping relationships beyond the consolidated relationship.⁶ We have provided some suggestions in responses to individual questions for improving the Level 1 fund family field and for providing an option for certain investment mandates (e.g., separately managed accounts or segregated mandates) not currently eligible for an LEI to obtain one. Because fund family and fund management relationships are complicated and non-standard, they would be burdensome to map and report on an annual basis (and even more burdensome to maintain on a real-time basis). As such, the Associations view the Consultation’s additional fund relationship requirements as significantly increasing compliance costs as LEIs need to be obtained and renewed. Fund family structures vary from jurisdiction to jurisdiction across retail and private fund organizations. Cataloguing and accurately reporting fund family relationships beyond the accounting parent, where applicable, would require significant work to capture across jurisdictions and to update for organizational changes. Likewise, fund management relationships are complex, change and

cannot consistently be categorized into “(Main) Fund Management Entity” and “Other Fund Management Entity.” Registered funds, private funds, and pension funds, among others, utilize multiple managers (for example, an on-shore manager and off-shore manager), have sub-advised assets and/or use overlay strategy managers.⁷ This kind of reporting regime would be more burdensome for funds that diversify through sub-advisory relationships. For these and other cases, we are greatly concerned that the reporting of the information is not able to be standardized or made comparable, prompting misinterpretation of the information reported. The Associations do not believe that the regulatory objectives set forth by the ROC will be fulfilled by the proposed fund relationship information collection. The ROC’s stated goals of monitoring market conduct and avoiding largely static fund management information in transaction reporting will not be achieved through collecting information at the LEI level. Trade reporting fields in the U.S. and Europe that require identifying the LEI of the asset manager executing a trade on 5 See Level 2 Data: Who Owns Whom, available at: <https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom>. 6 Level 2 requirements allow funds to “opt out” of providing accounting parent information because the GLEIF and the ROC recognized that most funds do not consolidate for accounting purposes (if they do, to the extent relevant, the information is already captured by current LEI requirements). 7 For a description of overlay strategies, see PIMCO, In Depth: Understanding Derivative Overlays, in All their Forms (Feb. 2013), available at: <https://www.pimco.com/en-us/insights/viewpoints/in-depth/understanding-derivative-overlays-in-all-their-forms/>. LEI Regulatory Oversight Committee December 1, 2017 Page 4

behalf of a client provide more useful data than would the less specific information within the LEI system that identifies all (or some) of the fund’s asset managers and does not indicate which of the asset managers executed which trades. The Associations believe that more specific market conduct information is already available to regulators through transaction reporting data and could be leveraged for market conduct reviews by regulators. Through trade reporting data, regulators can look across fund and trade types to evaluate an asset manager’s market activity using the LEI alone. The Associations do not believe that these and other jurisdictional requirements will be replaced by fund relationship information at the LEI level, and thus do not see the benefit to support adding this burden. Likewise, while the Consultation refers to the need for global aggregation of OTC derivative positions, we do not believe that adding fund management information or legally separate fund relationships to the LEI system would serve this purpose. Regulators already have more specific tools for achieving this result, such as the U.S. Commodity Futures Trading Commission’s (“CFTC”) longstanding requirements for large trader reports that the CFTC is unlikely to replace by the ROC adding information at the LEI level. We encourage regulators to work with the data they currently collect, as well as the larger sets of information that will be collected during 2018 to determine whether there are gaps prior to adding data fields to LEIs. In addition, many of the Consultation’s stated objectives are premised upon the erroneous assumption that funds and fund managers are interconnected and therefore may pose a systemic risk.⁸ An individual fund stands alone. It cannot be aggregated with another legally distinct fund or its manager for reporting or regulatory purposes. Separate investment funds are owned by different shareholders, are managed to adhere to different investment mandates and are frequently subjected to different regulatory and contractual terms. A fund and its manager are also legally and economically separate. Regulatory and accounting rules as well as contractual requirements ensure separation – fund assets are generally not consolidated on a manager’s balance sheet or with other funds. Further, regulators have repeatedly failed to present any data or empirical evidence that variable-net-asset value investment funds or their asset managers present systemic risk. Indeed, 8 Consultation at 4-5: “Understanding potential systemic risks, for instance to the extent that the management of different funds

by the same manager could be a potential source of contagion;" "The identification of fund managers is for instance considered relevant for the meaningful global aggregation of OTC derivatives data to allow for effective monitoring of potential systemic risks and market conduct issues posed by the manager of different funds. Notably, it may be relevant to identify unusual or particularly large transactions stemming from funds managed by the same fund manager, to potentially identify market abuse situations or concentration of risks stemming from the behaviour of one or several fund managers." "This is an important step in understanding the interconnectedness of funds, which is essential when doing data analytics, risk assessment, risk aggregation, and economic analyses in support of a regulator's mission. Risk aggregation is one of the objectives of the GLEIS. The aspect of risk concentration is for instance relevant for identifying the various feeder funds invested into the same master fund." LEI Regulatory Oversight Committee December 1, 2017 Page 5

extensive debate by global bodies, regulators and asset managers across key jurisdictions has helped to highlight the stabilizing effect of funds and fund managers as borne out by their resilience during recent periods of financial stress.⁹ Most recently, the U.S. Department of the Treasury's Report on Asset Management and Insurance ("Asset Management Report")¹⁰ recognized that the "performance of the asset management industry during periods of financial stress demonstrates that the types of industry-wide 'runs' that occur in the banking industry during a systemic crisis have not materialized in the asset management industry outside of money market mutual funds."¹¹ As the U.S. Department of the

⁹ See, e.g., Nellie Liang, Dir., Program Direction Sec. of the Off. of Fin. Stability Pol'y & Res., Bd. Of Governors of the Fed. Res. Sys., Remarks at the Brookings Institution Asset Management, Financial Stability and Economic Growth Conference (Jan. 9, 2015), available at: https://www.brookings.edu/wpcontent/uploads/2014/12/20150109_asset_management_transcript.pdf ("[M]utual funds in their current form have been around for a long time -- 75 years now. And they've weathered all kinds of adverse market conditions without noticeably contributing to systemic risk. Indeed, they may provide a diversity of sources of funds for borrowers and may have had stabilizing influences on aggregate credit."); see also Financial Stability Board ("FSB"), Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities (January 12, 2017) at 9, available at: <http://www.fsb.org/wp-content/uploads/FSB-Policy-Recommendations-on-Asset-Management-Structural-Vulnerabilities.pdf> ("Given that an asset manager's balance sheet is generally very small relative to the size of assets managed, distress at the level of the asset manager should generally pose less of a risk to the financial system than distress across its funds."); FSB, Consultative Document, Assessment Methodologies for Identifying Non-Bank Non-Insurer Globally Systemically Important Financial Institutions, at 30 (January 8, 2014), available at: http://www.fsb.org/wp-content/uploads/r_140108.pdf ("[F]unds close (and are launched) on a regular basis with negligible or no market impact."); FSOC, Notice Seeking Comment on Asset Management Products and Activities [Docket No. FSOC-2014-0001], 79 Fed. Reg. 77,488-77,495, at 77,493 (December 24, 2014), available at: <https://www.gpo.gov/fdsys/pkg/FR-2014-12-24/pdf/2014-30255.pdf> ("The Council recognizes that asset management firms and investment vehicles have closed without presenting a threat to financial stability. The Council notes that an investment vehicle has a separate legal structure from the asset manager, any parent company, or any affiliated investment vehicles under the same manager. In addition, the assets of the investment vehicle are not legally available to the asset manager, its parent company, or affiliates for the purpose of satisfying their financial obligations or those of affiliated investment vehicles."); Yuliya Baranova et al., Bank of England, Financial Stability Paper No. 42: Simulating stress across the financial system: the resilience of corporate bond markets and the role of investment funds 5 (July 2017), available at:

http://www.bankofengland.co.uk/financialstability/Documents/fpc/fspapers/fs_paper42.pdf - page=4 (“Asking asset managers and funds the same question asked of banks – ‘do they, as corporate institutions, have the strength to withstand severe stress?’ – tends to have a simple answer. They do. Moreover, in contrast to systemically important banks, the investment fund industry is diverse, comprising a variety of investment strategies and investments. Funds play an important role in channeling savings across diverse investors and institutions into an equally diverse range of investments. The behavior of individual funds or their investors is unlikely to shape the way the system as a whole responds to stress.”). 10 Available at:

https://www.treasury.gov/press-center/press-releases/Documents/A-Financial-System-That-Creates-Economic-Opportunities-Asset_Management-Insurance.pdf. 11 Asset Management Report at 21. LEI Regulatory Oversight Committee December 1, 2017 Page 6 Treasury and other regulators have recognized, this is due primarily to the “fundamental differences between asset managers and prudentially regulated institutions such as banks.”¹² Unlike banks, asset managers operate in an agency capacity on behalf of funds and other clients, are not in the business of proprietary trading, and typically operate with little or no leverage. Further, the impact of financial distress at an adviser does not affect its clients, clients’ trading counterparties, or the global financial system in the same way a bank’s financial distress does.¹³ In fact, advisers and funds routinely exit the business in an orderly manner, without noticeable effects on the broader financial system. Also, unlike banks, advisers and their clients do not benefit from U.S. federal deposit guarantees and they do not have access to central bank liquidity or other safety nets. The U.S. Department of the Treasury in its Asset Management Report concluded that “entity- based systemic risk evaluations of asset managers or their funds are generally not the best approach for mitigating risks arising from asset management.”¹⁴ This view was further confirmed in the U.S. Department of the Treasury’s Report to the President of the United States which recommended the Financial Stability Oversight Council focus on potential risks of activities and products in assessing whether to designate nonbank financial institutions as “systemically important.”¹⁵ The Associations strongly believe, as we have stated in myriad previous submissions, that fund managers and funds do not pose systemic risks.¹⁶ As such, the Associations view the objectives based on this premise as demonstrably flawed, leading to the logical conclusion that data fields aimed at 12 Asset Management Report at 31. 13 As the Asset Management Report explains, while an asset manager’s assets and liabilities are distinct from those of its funds, “[t]he bank business model directly subjects the bank to the risks and obligations of its assets and liabilities.” Further, “[a]ny decline in the value of a fund’s assets results in a corresponding reduction in the investor’s investment, whereas a bank’s obligation to its depositors and creditors remains the same even if the bank suffers losses on its asset exposures.” Asset Management Report at 29. 14 Asset Management Report at 29. 15 Financial Stability Oversight Council Designations Report (Nov. 17, 2017), available at:

<https://www.treasury.gov/press-center/press-releases/Documents/PM-FSOC-Designations-Memo-11-17.pdf>. 16 See, e.g., SIFMA AMG Urges FSB and IOSCO to Drop Efforts to Create Systemic Risk Methodology for Asset Managers and Funds (May 28, 2015), available at: <https://www.sifma.org/resources/news/sifma-amg-urges-fsb-and-iosco-to-drop-efforts-to-create-systemic-risk-methodology-for-asset-managers-and-funds/>; Letter from SIFMA AMG re Financial Stability Board, “Proposed Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities” (22 June 2016), (September 21, 2016), available at:

<https://www.sifma.org/wp-content/uploads/2017/05/sifma-amg-submits-comments-to-fsb-on-asset-management-activities.pdf>; SIFMA AMG and IAA Letter to Financial Stability Oversight Council re: Notice Seeking Comment on Asset Management Products and

Activities, Docket No. FSOC-2014-0001 (Mar. 25, 2015), available at <https://higherlogicdownload.s3.amazonaws.com/INVESTMENTADVISER/aa03843e-7981-46b2-aa49-c572f2ddb7e8/UploadedImages/publications/150325cmnt.pdf>; Letter from ICI to Financial Stability Board re Consultative Document; Proposed Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities (September 21, 2016), available at: https://www.ici.org/pdf/16_ici_fsb_ltr.pdf. LEI Regulatory Oversight Committee December 1, 2017 Page 7 aggregating funds and managers lack a valid regulatory purpose. Rather, we continue to believe that only relationships that are consolidated on financial statements should be required to be collected and included in the GLEIS, subject to the established opt outs. The Associations' Specific Answers to the Consultation's Questions Question 1 (Do you have comments on the definition of a "Fund Management Entity" relationship?), Question 2 (In the case of multiple "Fund Management Entities" for a single investment fund, should the reporting be limited to the "main" or "principal" managing entity or should there be a distinction between ""(Main) fund management entity" and "Other fund management entity" e.g. sub-adviser?), Question 9 (What are your views on the costs and benefits of identifying the "Fund Management Entity", the "Umbrella Fund", the "Master Fund" and the "Other fund family" strictly with an LEI (as opposed for instance to using the name). Should using a name (rather than an LEI) be permissible in some cases? If you suggest using a name, or some other means or combination of means (other than the strict use of the LEI), please assess the costs and benefits of this alternative.), and Question 10 (Do you have comments on the proposed standard requiring funds to report to the GLEIS a fund managing entity when they have one? Should a self-managed fund report itself as the Fund Management Entity or should the absence of a relationship with a Fund Management Entity be recorded in another way?) As previously stated, the Associations are not convinced that tracking fund manager relationships through the LEI system will better support the ROCs stated objectives than tools and collections that exist today.¹⁷ Also, the Associations believe that both the definition of "Fund Management Entity" and the assignment of a "Main" and "Other" Fund Management Entity field does not accurately capture fund management relationships. The definition of "Fund Management Entity" as a "legal entity whose regular business is managing one or more investment funds" applies in the United States to certain investment advisers, banks and insurance companies, but does not fit many types of private funds. Non-retail funds are not necessarily managed by legal entities in the regular business of managing funds, for example, if they are operated by a non-adviser or non-bank entity that does not have a "regular business" of managing funds. In some cases, managing a fund will be a small sub-set of what the legal entity was established to do. Also, in some cases, financial firms that play a role in making trade decisions may not be described as a manager of a fund, for regulatory reasons. Further, fund manager relationships cannot be meaningfully simplified to a "(Main) Fund Management Entity" and "Other Fund Management Entity." Relationship structures vary from jurisdiction to jurisdiction. As stated above, investment management is structured in many ways for various funds: single managers; multiple managers; sub-managers; overlay managers; on-shore risk managers for funds with investment decisions being made by an off-shore manager; or general partners/limited liability companies serving as the investment manager. An arbitrary assignment of one of these managers as the "Main," with other managers reported generically as "Other" will result in an inconsistent picture of the relationships potentially leading to poor data quality and misleading information. The "Main" and "Other" categorization structure may work for some straight-forward, domestic (i.e., single country/non-cross border) funds but will result in other fund and management structures having to struggle to fit that same paradigm, compromising the data integrity of the output from this exercise. While we believe the

arbitrary nature of identifying a “Main” manager and an “Other” manager will undermine data integrity, further granularity around these requirements would only increase the burden and would not change the Associations’ view on the absence of a regulatory purpose. Finally, self-managed funds do not fit these definitions. We refer the ROC to our responses to the following questions on suggestions for a way forward. Question 3 (Do you have comments on the definition of an “Umbrella Fund” relationship between the Umbrella funds and its sub-funds and compartments? Should the definition of umbrella funds cover series funds (such as US series funds)? Should it include turnkey funds? Should it include the relationship between an insurance company and its separate accounts or should a specific relationship (such as sponsor) be created?), Question 4 (Do you have comments on the definition of a “Master-Feeder” relationship? Do you have views or additional examples of concrete cases that would be covered by the proposed definition?), Question 5 (Do you have comments on the creation of a category “other fund family relationship”, to ensure a better transition with the current concept of “fund family”, in case the two definitions above would not cover all “family” situations in domestic regulations? Could you provide examples of situations that would be reported under this category (please quote the relevant laws and regulations, as applicable), and Question 9 (What are your views on the costs and benefits of identifying the “Fund Management Entity”, the “Umbrella Fund”, the “Master Fund” and the “Other fund family” strictly with an LEI (as opposed for instance to using the name). Should using a name (rather than an LEI) be permissible in some cases? If you suggest using a name, or some other means or combination of means (other than the strict use of the LEI), please assess the costs and benefits of this alternative.). Because “umbrella funds,” “series funds,” and “master/feeder” relationships, as defined by the Consultation, are typically separate legal entities, the Associations are not aware of any regulatory objectives that would be served by having funds map out these relationships and redo that mapping annually (or on a real-time basis) due to one or a subset of those funds trading an instrument requiring an LEI. 18 Requiring every fund in a fund complex to set forth its relationships to other funds to obtain an LEI because one or some of those funds need an LEI for trading goes beyond the purpose in establishing the LEI system (e.g., risk management). For example, since some funds in complex master feeder structures only own units of other funds and do not conduct securities or derivatives transactions, they essentially act as end investors. In addition, given that some fund complexes span jurisdictions, some funds may not be subject to LEI mandates and will have to obtain one simply because it is in a fund complex where another fund needs an LEI to trade. As such, we believe that the mapping of legally separate funds, including 18 See the Associations’ General Comments supra. LEI Regulatory Oversight Committee December 1, 2017 Page 9 umbrella funds, series funds or master/feeder funds, through the LEI system should not be required. Notwithstanding, if the ROC proceeds with requiring this information, the fund requiring the LEI should be able to report just the name of the related entity, unless an LEI is already required to be obtained by the related fund. As the example above for funds in complex master feeder structures demonstrates, these other funds may not require LEIs absent mandating this relationship information. Finally, the Associations believe that the ROC should make clear that anything that is not organized as a fund with segregated assets and liabilities is out of scope of this Consultation. Question 6 (Do you have comments on the proposal to discontinue the “Fund family” associated entity as currently defined and recorded in Level 1 reference data (although historical files would keep the information). What would be the appropriate way to migrate the information for lapsed records and records of inactive entities? (for instance into the “other fund family relationship”?)) The Associations believe that keeping this field as part of the Level 1 data but defining it more specifically would allow the ROC to further study whether the collection of data on more specific fund and fund manager types is valuable. The ROC could, for example, define

several types of fund values with some detail that could be used to populate this field. Alternatively, the ROC could use the definition of Fund Management Entity as an optional value that could be provided, although our objections and concerns, set forth above, lead the Associations to conclude that just a Fund Management Entity value would not be useful. In summary, we would not object to using the current Level 1 optional fund family field in a more targeted way and believe that better defining the field could lead to greater usage and usability of responses provided. Question 7 (Should the four types of relationships described in this section apply to (a) pension funds? (b) sovereign wealth funds?) The Associations strongly object to the expansion of the Consultation's proposal to pension funds and sovereign wealth funds. Not only would this expansion suffer from the same absence of regulatory purpose set forth above with respect to funds, issues of confidentiality would arise from mapping out fund manager relationships for pension funds and sovereign wealth funds in a public database. In addition, defining these terms, particularly "pension fund," across jurisdictions would be challenging and, if defined broadly, would cover a range of plans within a single field. Question 8 (Are you aware of domestic regimes of funds regulation that would not be compatible with the definitions and proposals in this report?) The Associations are concerned that the definitions may not capture every type of relationship, such as collective investment trusts, and query whether the definitions are flexible enough to sufficiently cover structures used in jurisdictions such as Latin America, Asia, Africa, Middle East and Eastern Europe. For global standards such as LEI Regulatory Oversight Committee December 1, 2017 Page 10 the LEI, global scope and fitness are important to align outcomes with the ROC's jurisdictionally agnostic approach. Further, the Associations believe that the proposed high level definitions would result in misclassification of funds into the various categories due to the diversity of structures that exist globally today, making the information difficult to utilize for regulatory purposes. The Associations are willing to work with the ROC to help to refine these categories and definitions. Question 11 (Should the opt-outs b) and c) from reporting the Fund Management Entity to the GLEIS be restricted to funds that are not registered or be available for registered and non-registered funds? If the former, is the scope of registered funds sufficiently well-defined? Are there any example where a Fund Management Entity's identity would not be public for registered funds?) and Question 13 (Is the list of opt-outs appropriate?) The Associations believe opt outs b) and c) are essential to avoiding harm that could be caused to confidential relationships and/or to prevent entities from being excluded from obtaining an LEI due to legal obstacles. Given the variety and complexity of fund relationships, it is difficult to assess whether the list of opt outs addresses all issues that may arise should the fund relationship fields become mandatory. Question 12 (Do you have comments on the proposed standard requiring sub-funds or compartments to report to the GLEIS their umbrella fund?) For asset management activities occurring for assets assigned below the legal entity level—for example, a segregated mandate or separate account assignments of a set amount for assets for management by an institutional client or a share class/compartment below the fund's legal entity level—an LEI cannot be obtained; rather the sub-legal entity must use the LEI of the legal entity. The Associations believe it would be helpful to provide the option for the sub-legal entity strategy to be identified and linked to the legal entity. Put differently, we would expect that the legal entity would be required to have an LEI if its activities subject it to obtaining an LEI with the sub- mandate/strategy linked to the legal entity's LEI in some fashion. Given the variety of fund structures and advisory relationships, we would recommend the ROC to study the use of LEIs in this manner and potentially make it optionally available. Question 14 (Do you have comments on the proposed level of verification of funds relationships? Are there appropriate sources for verifications in your jurisdiction? Should the LOU verify the statement by an entity that the entity is a fund? If so, how?) and Question 15 (Are there any

specific consideration that could impact data elements such as, the level of verification; the sources of information; the dates of the relationships?) Due to the variety of fund types globally, verification requirements are difficult to generalize. The proposed level may work well for regulated funds but not others. Verification only adds to the increased burdens caused by adding fund relationship LEI Regulatory Oversight Committee December 1, 2017 Page 11 requirements. For example, providing the dates of relationships could be difficult to maintain. As another example, many private fund documents are very complex and the effort required for verification by the funds and LOUs will outweigh the benefits, if any, of collecting the data. Also, verification through private fund documents raises confidentiality concerns. Question 16 (Do you support excluding at this time the relationships where a fund is simply invested in another one (as this would be covered by other types of relationships, such as Master-Feeder above, and would require further work on investment relationships, beyond funds?) The Associations believe that Master-Feeder relationships in general and, specifically, where a fund is simply invested in another one, should be excluded and not required. For master-feeder relationships, the exercise would largely track which fund is an investor in other funds. We do not believe that the LEI system should be extended to track the passive investors in funds whose interests do not rise to a level requiring accounting consolidation. Question 17 (Respondents to the public consultation are invited to give their views as to the criteria that should be taken into account when determining whether a relationship should be included in the Global LEI System.) The Associations believe that only relationships that are consolidated on financial statements, when necessary for regulatory purposes, should be required to be collected and included in the Global LEI system, subject to the established opt outs. * * * LEI Regulatory Oversight Committee December 1, 2017 Page 12 Should you have any questions or wish to discuss these matters further, please do not hesitate to contact SIFMA AMG (Laura Martin, lmartin@sifma.org / +1 212-313-1176, or Elisa Nuottajarvi, enuottajarvi@sifma.org / +1 212-313-1166); IAA (Gail Bernstein, gail.bernstein@investmentadviser.org / +1 202 293 4222, or Monique Botkin, monique.botkin@investmentadviser.org / +1 202 293 4222); ICI (Susan Olson, solson@ici.org / +1 202 326 5813, or Martin Burns, mburns@ici.org / +1 202 326 5980; or MFA (Stuart Kaswell, skaswell@managedfunds.org / +1 202 730-2600, or Laura Harper Powell, lharpertpowell@managedfunds.org / +1 202 730 2947). Respectfully submitted, /s/ Laura Martin Laura Martin Managing Director and Associate General Counsel SIFMA Asset Management Group lmartin@sifma.org +1 212-313-1176 /s/ Elisa Nuottajarvi Elisa Nuottajarvi Assistant Vice President SIFMA Asset Management Group enuottajarvi@sifma.org +1 212-313-1166 /s/ Gail C. Bernstein Gail C. Bernstein Investment Adviser Association General Counsel gail.bernstein@investmentadviser.org +1 202 293 4222 /s/ Monique S. Botkin Monique S. Botkin Investment Adviser Association Associate General Counsel monique.botkin@investmentadviser.org +1 202 293 4222 /s/ Susan M. Olson Susan M. Olson General Counsel Investment Company Institute solson@ici.org +1 202 326 5813 /s/ Martin A. Burns Martin A. Burns Chief Industry Operations Officer mburns@ici.org +1 202 326 5980 /s/ Stuart J. Kaswell Stuart J. Kaswell Executive Vice President & Managing Director, General Counsel Managed Funds Association skaswell@managedfunds.org +1 202 730-2600 * * * The Securities Industry and Financial Markets Association's Asset Management Group ("SIFMA AMG" or "AMG") brings the asset management community together to provide views on policy matters and to create industry best practices. SIFMA AMG's members represent U.S. and LEI Regulatory Oversight Committee December 1, 2017 Page 13 multinational asset management firms whose combined global assets under management exceed \$39 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. The Investment Adviser Association

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