To: HM Treasury

Re: Consultation on the “Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Statutory Instrument 2022”

Dear Sir/ Madam,

I write to you in my capacity as co-chair of the Standards Advisory Group (SAG) of Technical Committee 68 (TC 68) of the International Organization for Standardization (ISO)\(^1\).

The SAG as a subgroup of TC 68 (TC68/AG2) acts as an advisory sounding board to support and engage with regulators on financial services standards requirements, for the effective and efficient use and development of financial services standards, delivered using a cooperative relationship approach. The SAG enables a proactive dialogue with regulators on financial services standards matters.

The SAG’s objectives are:

- Provide a forum for mutual assistance between the global regulatory community and ISO in carrying out their respective authorities and responsibilities with respect to financial services standards;
- Aid the adoption and promotion of consistent standards, where possible;
- Effectively deal with common issues collectively and consistently; and
- Encourage strong and open communication within the regulatory community and with the industry concerning financial services standards.

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\(^1\) More information on the work of TC 68 can be found at: [https://committee.iso.org/home/tc68](https://committee.iso.org/home/tc68).
The present SAG’s initiative represents a collective view of its membership and draws upon its knowledge as an expert standards setting body with practitioner-led experience in the development and use of standards.

We note with great interest Consultation on the “Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Statutory Instrument 2022”. In this context, we would like to emphasise the role international standards can play to help exchange and sharing of information, and therefore contributing to the goals of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Thanks to its international coverage and its strong governance model, ISO provides a set of global standards for market participants and public authorities that are matching existing requirements and can bring benefits throughout the financial sector, including in terms of improving operational efficiency, providing greater clarity and transparency for companies’ management and stakeholders, and supporting innovation. (e.g. blockchain applications). Those standards are also evolving over time to adapt to the changing circumstances, notably in the field of digital assets.

In this context, we would like to inform you that TC 68 works alongside the TC 307 committee, the Technical Committee within ISO whose mandate is the standardisation of blockchain and distributed ledger technologies, to bring alignment with the needs of financial services. Furthermore, with the growing global reflexions on digital currencies, the ISO/TC68 has established an advisory group on Digital Currency, which shall help in identifying and assessing the need for further standardisation in this field.

The TC 68 has already taken a step in reviewing its ISO 6166 (ISIN) standard, to make it also reflect a broader base of financial instruments and digital assets. The revised ISIN standard was published in February this year. We believe that this standard could bring many benefits for the identification of financial products in the exchange of information foreseen in the revised guidelines.

In addition, with a view to cater for broader crypto-asset identification, the TC 68 has also published a new standard for a Digital Token Identifier (DTI). The DTI is intended to cover representation of cryptocurrency, virtual currency, digital currency, utility token, security token, payment token, stablecoin, etc, regardless whether the token constitutes a financial instrument per se. Such identification will be clearly distinguished from the existing ISO 4217 standard for the representation of fiat currencies. ISO 24165 is formed of two parts: Part 1 addresses the method for registration and assignment, while Part 2 will determine the data elements required for registration. It should also be noted that a Registration Authority is responsible for the issuance and management of DTI codes.

We would also like to draw your attention on standards that could be used for the identification of counterparts in financial transactions, as the consistent use of such identifiers could greatly enhance information sharing across different government entities. Notably, in this context, the Legal Entity Identifier (LEI) is the only global standard for legal entity identification. The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. LEIs contain information about an entity’s ownership structure and thus answers the questions of ‘who is who’ and ‘who owns whom’. Further benefit can be derived from data that accompanies a LEI record. For example, company name and address (legal and headquarters), both of which are collected within Forms today can be automatically retrieved or verified from an LEI record. All LEI data is validated and verified by LEI issuers against authoritative sources which results in a trusted source of entity data. LEI issuers are rigorously accredited by GLEIF and renewed annually.

To complement this identification of legal entities, we would also want to inform you that TC 68 is currently putting in place a standard for an identifier of natural persons involved in financial
transactions. This identifier, known as the Natural Person Identifier (NPI), is foreseen to be published as an international standard in the fall of this year.

We would be happy to engage with and support HM Treasury on matters related to standards that such an endeavour inevitably addresses and we believe that the adoption of international standards in this field is key. We stay at your disposal to further discuss and support you in your works. Do not hesitate to engage us in your discussions and questions related to standards in financial services.

Thank you and regards,

[signed]

François Laurent
Co-Chair of the ISO/TC68/AG2