



Organizational Identity for Cross-border Digital Trade: Achieving Technical and Legal Interoperability Within the Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services (MLIT) Using the vLEI

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United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific

Working Paper

No. 15 | 2025

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Please cite this paper as:

Ivan Marin and Luca Castellani (2025). “Organizational Identity for Cross-border Digital Trade: Achieving Technical and Legal Interoperability Within the Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services (MLIT) Using the vLEI”, **UNNExT Working Paper Series** No. 15, June 2025, Bangkok, ESCAP.

Available at <https://unnex.t.unescap.org/>

Acknowledgement:

This white paper was jointly authored on behalf of the Global Legal Entity Identifier Foundation (GLEIF) and the United Nations Commission on International Trade law (UNCITRAL), by Ivan Marin, Business Manager, GLEIF and Luca Castellani, Legal Officer in the Secretariat of UNCITRAL. The views expressed herein are those of the authors and do not necessarily reflect the views of the United Nations.

Abstract

Identity management is a cornerstone of digital trade and a core component of trust services, starting with electronic signatures. However, there is limited awareness of its legal and technical implications. The United Nations Commission on International Trade Law (UNCITRAL) has prepared a Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services to provide uniform guidance on how to establish an enabling legal environment for identity management and trust services. The Global Legal Entity Identifier Foundation (GLEIF) has developed the Legal Entity Identifier (LEI) and its digital counterpart the verifiable LEI (vLEI) as universal solutions for a secure and cost-effective persistent business identifier. This paper illustrates how the MLIT and the vLEI may interact to provide legal and operational certainty to identification needs, thus fostering global economic growth.

Keywords: LEI, vLEI verifiable credential, digital cross-border trade, legal entity digital identity, MLTR compliance, GLEIF

JEL Codes: H41, K20, P45

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Acronyms and Abbreviations

AID	Autonomic Identifier
GLEIF	Global Legal Entity Identifier Foundation
eIDAS	Electronic Identification, Authentication and Trust Services
ISO	International Organization for Standardization
LAR	Legal Entity Authorized Representative
LEI	Legal Entity Identifier
vLEI	Verifiable Legal Entity Identifier
LOU	Local Operating Unit
MLETR	UNCITRAL Model Law on Electronic Transferable Records
MLIT	UNCITRAL Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services
QVI	Qualified vLEI Issuers
ROC	Regulatory Oversight Committee
TSP	Trust Service Provider
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific

Definitions

1. What is the United Nations Commission on International Trade Law (UNCITRAL)?

The United Nations Commission on International Trade Law (UNCITRAL) is the core legal body of the United Nations system in the field of international trade law. A legal body with universal membership specializing in commercial law reform worldwide for over 50 years, UNCITRAL's business is the modernization and harmonization of rules on international business.

UNCITRAL was established by the United Nations General Assembly in 1966. It is the vehicle by which the United Nations plays an active role in reducing or removing obstacles to the flow of trade that may arise from national laws.

2. What is the UNCITRAL Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services (MLIT)?

UNCITRAL formulates modern, fair, and harmonized rules on commercial transactions by drafting conventions and model laws. The UNCITRAL Model Law on the Use and Cross-border Recognition of Identity Management and Trust Services (MLIT) provides a set of model legislative provisions that legally enable the use of identity management services for online identification of physical and legal persons as well as the use of trust services to provide assurances as to the quality of data in electronic form. The MLIT also offers legislative mechanisms to facilitate the cross-border recognition of the use of identity management and trust services.

3. What is the Global Legal Entity Identifier Foundation (GLEIF)?

Established by the Financial Stability Board in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) supports the implementation and use of the Legal Entity Identifier (LEI) and its digital counterpart the verifiable LEI (vLEI). It does this by maintaining and providing free access to the Global LEI Index, which is the only global online source of open, standardized and high-quality legal entity reference data. GLEIF continuously increases both the information available within, and the quality of, the LEI data pool and eases public access to all LEI data. The introduction of the vLEI, a secure, digital counterpart to the LEI, now enables LEI data to be used in a wide range of digital verification and authentication use-cases.

Thanks to the services provided by GLEIF, which ensure the operational integrity of the Global LEI System, the LEI remains the industry standard best suited to providing open and reliable data for unique legal entity identification management.

GLEIF is backed and overseen by the Regulatory Oversight Committee (ROC). The ROC represents public authorities from around the globe that have come together to increase transparency in global markets and strengthen the fight against financial crime and corporate fraud. GLEIF is a supra-national, not-for-profit organization

headquartered in Basel, Switzerland. By its statutes, the organization is agnostic to all commercial and political interests, making GLEIF unique in the entity identification market.

4. What is the Legal Entity Identifier (LEI)?

The Legal Entity Identifier (LEI) is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Each LEI contains information about an entity's ownership structure, answering the questions of 'who is who' and 'who owns whom'. It provides a universally recognized identifier paired with essential entity data, rigorous verification processes and high data quality.

5. What is the Verifiable LEI (vLEI)?

The verifiable Legal Entity Identifier (vLEI) is the secure digital counterpart of a conventional LEI. It was pioneered by GLEIF as a form of organizational identity and standardized by ISO. It cryptographically binds proof of a legal entity's identity, the identity of a natural person representing it and their specific organizational role and rights within a machine-readable credential. It is a digitally trustworthy version of the 20-digit LEI code which is automatically verified, without the need for human intervention. It gives government organizations, companies, and other legal entities worldwide the capacity to use non-repudiable identification data pertaining to their legal status, ownership structure and authorized representatives in any kind of digital interaction, transaction, or e-signature scenario.

1. Paper Context and Purpose

This paper explores how the vLEI, as a robust and globally recognized organizational identity credential, can facilitate seamless cross-border transactions and drive economic growth. It demonstrates how the vLEI Ecosystem Governance Framework may comply with the MLIT and how the vLEI facilitates one of the MLIT's key objectives – interoperability – both from the legal and technical perspective.

While this paper explains how the vLEI and MLIT are much needed tools that together enable seamless, trustworthy and secure digital trade between all regions and jurisdictions globally, it is relevant and aligns with UNESCAP's commitment to fostering regional cooperation and sustainable development across the Asia-Pacific region.

2. The Importance of Trust in Trade

Global trade reached a record \$33 trillion in 2024, rising by 3.7% (\$1.2 trillion), according to the latest Global Trade Update by United Nations Trade and Development (UNCTAD). And according to the World Trade Organization, the share of services in global trade increased to 26.4%, its highest share since 2005.

Yet the increasing level of cooperation between businesses across a modern global marketplace, where physical handshakes and paper-based signatures have largely been replaced by remote electronic transactions, has created an urgent need for new tools that can deliver unequivocal trust. Businesses need to be able to prove their own legitimacy, as well as that of its trading partners to ensure secure, efficient and transparent trading relationships. The reward, for businesses that get this right, is the opportunity to create and benefit from limitless economic opportunities through participation in global markets.

While trust is built in many ways within a business, or any other, relationship, it is anchored in the surety of a trading partner's identity. A process that enables the identity of a trading partner to be verified from the outset embeds early trust and delivers confidence that risk will be mitigated in future transactions and data exchanges. For example, the originator of a payment needs to trust that it is sending money to a genuine creditor. The submitter of a customs declaration must be sure that information is being sent to the correct single window facility. Even an automated contract needs to carry assurances that the data it incorporates originates from a reliable source.

3. Identification as a Means of Trust

Common processes and mechanisms for identifying physical or natural persons have existed for centuries and are widely understood. While paper-based credentials such as birth certificates and passports have traditionally been issued for the purposes of validating identity, digital transformation is creating a demand for reliable online identification to underpin trusted ecosystems for commercial and other electronic transactions. This requires a revision of the rules associated with identifying physical persons and binding identity credentials to them.

Legal entity identification is facing a similar digitalization challenge. Traditional identity management mechanisms and systems, such as business registries and their identifiers, must evolve to accommodate online business processes and automations. As such, identification rules need to be updated for the online environment. This is what the MLIT aims to support, by setting a uniform legislative standard for promoting trust in electronic transactions and documents.

Yet the complexity and cost associated with this for organizational identity is compounded by legal entity identifier fragmentation. It's common for legal entities to have multiple identifiers, and corresponding identity systems may contain conflicting information (for example, human error when entering data may lead to inconsistencies in the way the company name is presented, or a company address entered in the data fields associated with one identifier may be updated in another). The result is an urgent need for a standardized identifier that can be universally recognized in both online and offline environment and across borders. Importantly, it needs to connect to high quality and open legal entity reference data, that is freely accessible.

4. Optimizing the Benefits of MLIT Implementation Across Jurisdictions: The Need for Interoperable Cross-border Identity Management Systems and Trust Services

Digital trade calls for trust in the identity of commercial partners and the quality of data that underpins electronic exchanges, such as its origin and integrity. Identity management services provide assurance as to the proper online identification of physical and legal persons, while trust services certify the quality of data. These services are typically provided by specialized third parties.

The MLIT is the first global legislative text to set a uniform legislative text in electronic transactions and documents. As such, it offers a legal building block to digital trade worldwide, complementing the existing suite of UNCITRAL legislative texts on electronic commerce. It also builds on provisions contained in the European Union's eIDAS (Electronic Identification, Authentication and Trust Services) Regulation.

The MLIT provides the general framework for identity management and trust services across different stakeholders and multiple jurisdictions. Being a model law, implementing jurisdictions should enact it so as not to disrupt legal uniformity. However, its implementation may result in different technical standards and implementations in each jurisdiction. As such, the importance of globally interoperable organizational identity is largely overlooked: such identity has a major impact on business because the MLIT and the vLEI provide the legal and technical infrastructure to satisfy identification and electronic signature requirements contained in other laws.

Hence, the joint operation of MLIT and vLEI enables technical interoperability across jurisdictions that have implemented other UNCITRAL texts such as the UNCITRAL Model Law on Electronic Transferable Records (MLETR).

5. Benefits of Integrating the vLEI within MLIT Model Law: Trust in Digital Trade Globally

The vLEI is a form of digital organizational identity, anchored to the LEI, pioneered by GLEIF and standardized by the International Organization of Standardization (ISO). It is a self-sovereign and decentralized digital identifier that cryptographically binds proof of a legal person's identity, the identity of a natural person representing it and their specific organizational role and rights, within a machine-readable credential. It can establish digital trust between all organizations, everywhere, as it leverages the only open, standardized and regulatory-endorsed legal entity identification system globally – the Global LEI System. This makes the vLEI a powerful, interoperable tool that enables businesses to trust and be trusted in the global digital economy.

The vLEI complements the legal requirements of the MLIT by providing trusted and verifiable organizational identity credentials rooted in a strong ecosystem governance framework. The purpose of the vLEI Ecosystem Governance Framework is to deliver a global infrastructure that enables decentralized verifiable digital identity of legal entities in all use cases where it is required.

The vLEI meets the global need for automated authentication and verification of legal entities across a range of industries and can be leveraged by jurisdictions to ensure technical interoperability of organizational identity across borders.

The integration of the vLEI and the MLIT would result in many benefits: enhanced trust and authentication processes; facilitated/streamlined commercial and financial transactions; reduced fraud through improved security. The consistent implementation of both frameworks will not only address the challenge of technical incompatibility, which currently results in a lack of interoperability. It will also overcome legal obstacles to cross-border recognition of digital identity and trust services.

Together, these frameworks provide much-needed tools for businesses, service providers and trade facilitators, government agencies and regulators to embrace seamless and trustworthy digital trade globally.

6. Mapping MLIT Requirements to vLEI Features and Functionality

MLIT Scope

The MLIT Model Law consists of four chapters, dealing respectively with general provisions, identity management, trust services and cross-border recognition. (Chapters I and IV apply both to identity management and to trust services.)

- i. **Chapter I** contains the definition of certain terms used in the Model Law; the delimitation of the scope of application; and general provisions on the voluntary use of identity management and trust services and on the relationship with other laws.
- ii. **Chapter II** establishes the basic elements of the legal regime applicable to identity management, lists certain core obligations of identity management service providers and of subscribers, and sets rules on liability of identity management service providers.
- iii. **Chapter III** establishes the basic elements of the legal regime applicable to the use of trust services, including liability of trust service providers.
- iv. **Chapter IV** deals with enabling cross-border recognition of identity management and trust services, which is one of the main goals of the Model Law, using several mechanisms based on a decentralized approach.

vLEI Relevance

This section of the paper assesses how the vLEI addresses the requirements of the MLIT in relation to identity management (chapter II), trust services, including the designation of a reliable IdM service provider (chapter III) and cross-border recognition (chapter IV). It aims to demonstrate how MLIT and vLEI interact to achieve a fundamental goal of the Model Law: that identity management has legal recognition and effect.

6.1 MLIT Chapter II: Identity Management

In the MLIT Model Law, the scope of the identity management chapter covers both identity proofing and electronic identification.

- **Identity proofing:** ‘the process of collecting, verifying, and validating sufficient attributes to define and confirm the identity of a person within a particular context’ (Article 1, Letter i).

- **Electronic identification:** '[...] a process used to achieve sufficient assurance in the binding between a person and an identity' (Article 1, Letter c).

From an operational perspective, Article 5 is the core provision of the MLIT Model Law, as it gives legal recognition to 'the result of electronic identification' as well as grants concerned parties the possibility of choosing the preferred identity management service.

There are several Articles within Chapter II, Identity Management, where the vLEI Ecosystem Governance Framework can be robustly considered as a solution that delivers against stated requirements. Below is a table that maps MLIT requirements in Chapter II to how they are observed and fulfilled by the vLEI Ecosystem Governance Framework:

Table 1. MLIT Chapter II requirements and vLEI Ecosystem Governance Framework

Article within MLIT Model Law, Chapter II	Requirements outlined	How vLEI Ecosystem Governance Framework fulfills requirements
6. Obligations of identity management service providers	This article contains a list of operational rules, policies and practices that should be fulfilled: enrolling, updating attributes, managing credential, managing electronic identification, operational policies, public access, accessibility, etc.	vLEI Ecosystem Governance Framework offers a controlled and audited methodology of the whole lifecycle of the digital identity credential.
10. Reliability requirements for identity management services	Linked with article 9 (identification of a person) this article requests appropriate identification methods as well as reliable operational processes, e.g: Governance; Published notices and user information; Information security management; Record-keeping; Facilities and staff; Technical controls; Oversight and audit; Supervision or certification provided with regard to the identity management service; Level of assurance of the method used; The purpose for which identification is being used.	The vLEI Ecosystem Governance Framework details reliability requirements in the vLEI Ecosystem Governance Framework Primary Document . In the General Requirements section (page 8), item 2 states: 'All Issuers of vLEIs MUST verify that a Holder's Autonomic Identifier (AID) is controlled by the Holder.' In addition, the extension document Qualified vLEI Issuer Authorization vLEI Credential Framework outlines, in section 3. Purpose, that the purpose of the QVI Auth vLEI

		Credential is to enable simple, safe, secure instruction and authorization by a Legal Entity Authorized Representative (LAR) sent to a QVI (vLEI issuer) for the issuance and revocation of vLEI Role Credentials.
12. Liability of identity management service providers	This article covers the liability of identity management service providers and states they shall be liable for loss caused to the subscriber or to the relying party due to a failure to comply with its obligations under articles 6 and 7. The liability for violation of the obligations set out in article 6 is additional to any other liability, whether contractual or extracontractual, that may apply.	The vLEI issuer (QVI) is fully accountable for the data contained in the issued credential, i.e., the name, role and LEI code related to the legal entity.

6.2 MLIT Chapter III: Trust Services

Trust service: ‘An electronic service that provides assurance of certain qualities of a data message and includes the methods for creating and managing electronic signatures, electronic seals, electronic time stamps, website authentication, electronic archiving and electronic registered delivery services’ (Article 1, Letter l)

Trust service provider (TSP): ‘A person who enters into an arrangement for the provision of one or more trust services with a subscriber’ (Article 1, letter m)

The MLIT definition of trust services (see box out), names certain trust services. The list is open-ended however and additional trust services may be added by law or contractual agreement. Trust services that have an identity component (e.g. electronic signatures – Article 16, electronic seals – Article 17, and electronic delivered registered services - Article 20) may commonly be used for identification purposes.

The MLIT Model Law Chapter III contains similar rules to those contained in Chapter II (Identity Management) related to determining reliability of trust services and the obligations of Trust Service Providers (TSPs). The vLEI Ecosystem Government Framework delivers conformance against these rules.

Table 2. MLIT Chapter III requirements and vLEI Ecosystem Governance Framework

Article within MLIT Model Law, Chapter III	Requirements outlined	How vLEI Ecosystem Governance Framework fulfills requirements
13. Legal recognition of trust services	Legal recognition is given to the result deriving from the use of a trust service and parties are given the option to choose their preferred trust service.	The vLEI Ecosystem Governance Framework specifies the rules, standards, procedures, and roles necessary for the issuance, management, and use of vLEIs. These documents serve as the foundation for ensuring trust, security, and interoperability within the vLEI ecosystem. Due to its nature and similarity to TSP services, the vLEI ecosystem and its governance framework can be used by the TSPs under their regular operation procedures to provide a trusted digital credential to legal entities.
22. Reliability requirements for trust services	To have full legal effect, the trust service must use reliable methods. Article 22 contains a list of reliability requirements for trust services.	

How can a Trust Service Provider use the vLEI?

TSPs that offer vLEI services are referred to as Qualified vLEI Issuers (QVIs). QVIs are qualified by GLEIF to issue entity and role vLEI credentials to any requesters. Qualification is the formal process by which GLEIF evaluates the suitability of organizations seeking to become QVIs. It ensures consistency and reliability across the vLEI ecosystem. Becoming a member of the vLEI ecosystem via GLEIF qualification is a globally recognized designation of commitment to trusted organizational digital identity.

The vLEI can be offered by a TSP as a credential within corporate digital wallets. Chaining of the vLEI credentials in the vLEI Trust Chain allows for the provenance of vLEIs to be traced back to GLEIF as both the Root of Trust for the vLEI Trust Chain as well as to the entity that ensures the operational integrity of the Global LEI System.

How GLEIF applies for designation as reliable IdM service provider under the MLIT

QVIs issue vLEIs to enable the digital identification of legal entities. As explained, the vLEI credential is chained to GLEIF as the Root of Trust via the vLEI Trust Chain. vLEIs contain the corresponding legal entity's Legal Entity Identifier (LEI), which is mapped against open, standardized and high-quality reference data. LEIs that are contained within the vLEI, are a universal, cross-border entity identifier and their

associated reference data can be publicly accessed online within the Global LEI Index, managed by GLEIF.

A vLEI's chain of trust is comparable to that of a digital certificate. The latter is issued by a Certificate Authority (acting as a TSP), and the chain of trust is anchored at the root of trust, usually a root issuer, who is accountable for data validity. In the case of the vLEI, it is issued by a QVI (acting as a TSP) and the chain of trust is anchored at the root of trust, GLEIF. This ensures the reliability and consistency of the vLEI.

6.3 MLIT Chapter IV: Cross-border Recognition

Chapter IV MLIT focuses on enabling cross-border recognition of identity management and trust services, highlights the importance of interoperability and global reach. This chapter offers a number of mechanisms, based both on statute and on contract, to ensure the recognition of the legal effects of identity management and trust services. Of particular relevance to the vLEI is Article 25.

The vLEI has its own contractual and governance framework. However, to be fully assured of its legal effect across borders for all purposes, it may need to rely on a statutory basis such as that offered by a law enacting the MLIT.

Table 3. MLIT Chapter IV requirements and vLEI Ecosystem Governance Framework

Article within MLIT Model Law, Chapter IV	Requirements outlined	How vLEI Ecosystem Governance Framework fulfills requirements
25. Cross-border recognition of the result of electronic identification	In general terms, the requirement is to operate globally and be recognized consistently across borders.	The vLEI Ecosystem Governance Framework has a worldwide scope and operates in a fully reliable way to provide cross-border recognition of the true digital identity of a legal entity. Importantly, LEI codes are an attribute in vLEI credentials. An organization authorized to issue LEIs to legal entities is referred to as a Local Operating Unit (LOU). LOUs supply registration, renewal and other services, and act as the primary interface with legal entities for LEIs. A LOU may issue LEIs to legal entities in any jurisdiction for which it is accredited. Accreditation is the process by which GLEIF evaluates

		the suitability of organizations seeking to operate within the Global LEI System as LEI issuers and custodians of LEI reference data . Becoming a member of the Global LEI System via GLEIF accreditation is a globally recognized designation of commitment to data quality and customer service.
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7. Removing Technical and Legal Barriers: Interoperable Digital Identity Management Across Borders Made Possible Through MLIT Model Law and the vLEI

The next step is to ensure continued local implementation, while making rapid progress towards globally interoperability.

This paper has outlined multiple ways in which the vLEI, anchored to the LEI, can fulfill various requirements of the MLIT in support of cross-border interoperability for identity management and trust services. The benefits of integrating the MLIT and the vLEI are worth restating: enhanced trust and authentication processes; facilitated/streamlined commercial and financial transactions; reduced fraud through improved security.

It may help, however, to consider some use cases where the value of globally interoperable organizational identity is clear and what the benefits would be of using the vLEI to provide verified identification:

- Consider a transaction involving electronic documents, such as bills of lading. In the absence of a robust system of entity verification, there are significant risks associated with fraud or human error. The vLEI can mitigate these risks by ensuring that the entities participating in the electronic transaction can be verified and trusted. It can be used to securely verify the identity of the legal entity responsible for issuing, endorsing, or accepting the document in real time. The vLEI's cryptographic security aligns with the requirements of MLETR, ensuring that electronic transferable records are associated with verified legal entities. This ensures integrity and trustworthiness in the digital exchange of commercial documents.
- The cross-border recognition requirement of the MLIT Model Law is key to streamlining commercial and financial transactions. As a universally recognized and ISO standardized digital identity credential, the vLEI works together with

the MLIT to simplify digital transformation. Integration of these two frameworks enables faster, more efficient processes and reduces administrative burdens, such as the manual validation of paper documents or the need for in-person verifications.

In conclusion, the vLEI presents a compelling and comprehensive solution to overcoming the challenges of technical and legal interoperability in the application of the MLIT. When used together, both frameworks combine to offer cross-border digital identity management that fosters trust, efficiency and legal certainty in electronic commerce and digital financial systems. While the MLIT enables legal recognition of identity management and trust services, the vLEI ecosystem provides the necessary architecture for globally interoperable organizational identity, which enables secure and streamlined transactions in a digital world. The consistent implementation of both frameworks will both address the challenge of technical incompatibility, which results in interoperability, and overcome legal obstacles to cross-border recognition of digital identity and trust services.