

# For Immediate Attention:

## It is Time to Obtain a Legal Entity Identifier (LEI)

*Forthcoming global regulations will shortly require the reporting of LEIs for a wider universe of over-the-counter (OTC) derivatives transactions. This will apply to entities in Asia-Pacific in many cases. Other regulators, including those in the US and Europe, already require market participants to obtain LEIs. Firms large and small need to act now to ensure they comply.*

### What is an LEI?

The LEI is a **unique** 20-character ISO<sup>1</sup> **identifier for a legal entity** that participates in a financial transaction. Once a legal entity obtains an LEI code, it stays with the legal entity for its existence. Special rules apply for 'natural persons'. For more information, visit: [www.gleif.org](http://www.gleif.org).

### Where do LEI requirements exist?

**Based on a Group-of-20 (G-20) declaration<sup>2</sup> that encourages global adoption of the LEI**, G-20 regulators globally already require or are expected to require entities to obtain an LEI. This includes but is not limited to:

#### Europe

- The European Market Infrastructure Regulation (EMIR)<sup>3</sup> and the revised Markets in Financial Instruments Directive and Regulation (MIFID II/MIFIR)<sup>4</sup> affects non-EU market participants in many cases.

#### North America

- The Commodity Futures Trading Commission<sup>5</sup>.
- The Securities and Exchange Commission<sup>6</sup>.
- Certain Canadian provincial regulators<sup>7</sup>.

#### Asia-Pacific

- The Reserve Bank of India (RBI)<sup>8,9</sup>.
- The Australian Securities and Investments Commission (ASIC)<sup>10</sup>.
- The Hong Kong Monetary Authority (HKMA) / Securities and Futures Commission (SFC)<sup>11</sup>.

#### Global

- Certain Financial Stability Board, Committee on Payments and Market Infrastructures and International Organization of Securities Commissions recommendations call for use of the LEI<sup>12</sup>.

The Global LEI Foundation (GLEIF) provides a list of regulations that mandate the use of LEIs, as well as global initiatives that recommend their use: <http://isda.link/gleifregs>.

### Why do I need to obtain an LEI now?

**Upcoming implementation dates and the expiration of time-limited relief mean market participants in Asia-Pacific and elsewhere must obtain an LEI** in a variety of circumstances.

- Expiration of ASIC exemptive relief<sup>13</sup> means all submissions to trade repositories must be made with an LEI as the first priority identifier beginning **April 1, 2019**.
- The HKMA/SFC expects a process to be in place to request LEIs from clients after implementation of the first phase on **April 1, 2019**. Reporting entities must have an LEI by this date<sup>11</sup>.
- Under RBI rules, only entities that obtain an LEI code shall be able to undertake transactions in government securities markets, money markets, and non-derivative FX markets, either as issuer or as a seller or buyer, using a **phased implementation schedule beginning April 30, 2019**<sup>9</sup>.

### How do I obtain an LEI?

#### Contact:

- Any LEI issuer (<http://isda.link/gleifissuelei>); or
- The sales/relationship contact at your counterparty firms.

An LEI is generally issued within 24 to 48 hours of application. Registration costs vary, averaging US\$100; renewals average US\$65.

### Do LEIs need to be maintained?

**Yes.** Each legal entity is required to recertify its LEI annually to ensure the data is accurate.

### Will I be affected?

**Counterparties, small and large, that are or will be required to have an LEI include but are not limited to:**

- 'Sub-funds or compartments', which the LEI Regulatory Oversight Committee specifies as "legal entities in the LEI sense (ie, eligible to obtain an LEI), although they may not be legal person or have legal personality in the traditional legal sense"<sup>14</sup>.
- Non-reporting entities, beneficiaries, clearing members and brokers under ASIC rules.
- Participants in OTC markets for rupee interest rate derivatives, FX derivatives and credit derivatives in India<sup>8</sup>.
- Participants in certain transactions in RBI-regulated non-derivatives markets, including government securities markets, money markets and non-derivative FX markets<sup>9</sup>.
- A non-EU entity that trades with an EU entity.
- An investment manager, delegated entity or trading advisory (decision-makers), acting under a discretionary mandate on behalf of its underlying client (fund/sub-fund), which places a share order with an EU entity. For MIFID II, the decision-maker needs an LEI. For EMIR, the underlying fund/sub-fund needs an LEI.

### Questions?

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