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For Immediate Attention:

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

A wide universe of market participants will shortly be required to have an LEI under forthcoming European regulation; this will apply to non-EU entities in many cases. Other regulators, including those in the US and Asia-Pacific, 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[1] **identifier for a legal entity** that participates in a financial transaction. Once a legal entity obtains an LEI code, the code stays with the legal entity for its existence. Special rules apply for LEIs regarding natural persons. For more information, visit: www.gleif.org.

Why do I need to obtain an LEI now?

New European **rules will mandate both EU and non-EU market participants to obtain an LEI** in a variety of circumstances in order to trade or clear:

- From ***November 1, 2017***: Under the European Market Infrastructure Regulation (EMIR), EU trade repositories will be obligated to reject trade reports that do not contain an LEI[2].
- From ***January 3, 2018***: The revised Markets in Financial Instruments Directive and Regulation (MIFID II/MIFIR)[3] require investment firms to obtain an LEI from their clients prior to providing a service that would result in a transaction reporting obligation. Market participants will not be able to trade with in-scope investment firms if they do not have an LEI.

How do I obtain an LEI?

- Contact any LEI issuer (http://isda.link/gleifissuelei), or the sales or relationship contact at your counterparty firms.
- An LEI is issued within 24 to 48 hours of application. Registration costs about US$220; renewals cost US$120.

Will I be affected by forthcoming regulation?

Under upcoming EU regulations, clients of investment firms, including sub-funds, intermediaries and wealth clients, will be required to have an LEI, even if:

- They are not an EU entity;
- They are not operating or domiciled in the EEA;
- They are not directly subject to EU regulations;
- They are the non-reporting counterparty;
- They had no previous obligation to get one.

Each legal entity requires an LEI:

- Funds and sub-funds cannot share an LEI;
- Each sub-fund must get its own LEI;
- A subsidiary cannot rely on a parent LEI.

Example scenarios

Counterparties that will be required to have an LEI under MIFID II/MIFIR:

✓ A non-EU entity trades with an EU entity;

✓ A non-EU entity trades a derivative with an EU bond underlying with an EEA branch of a non-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), 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;

✓ All EU entities.

Does this only affect Europe?

- **No. Regulators around the globe**, including the Commodity Futures Trading Commission[4], Securities and Exchange Commission[5], Reserve Bank of India[6], and certain Canadian provincial regulators[7] **already require or will require entities to obtain an LEI**.
- MIFID II/MIFIR and EMIR will also affect non-EU market participants in numerous cases.
- Global standard-setting initiatives have also called for use of the LEI, including CPMI-IOSCO[8].
- A full list of regulations that mandate the use of LEIs, and global initiatives that recommend their use, is provided by the Global LEI Foundation: http://isda.link/gleifregs.

Do LEIs need to be maintained?

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

Questions?

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