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 ISO1 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.
- 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 Commission4, Securities and Exchange Commission5, Reserve Bank of India6, and certain Canadian provincial regulators7 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-IOSCO8.

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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