

## GFMA and ASIFMA Webinars

### April 2017

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Question	Response
1. What are the requirements of the new Level 2 data policy?	<p>As of May 1st, 2017, legal entities that renew or acquire a new LEI will report their ‘direct accounting consolidating parent’ as well as their ‘ultimate accounting consolidating parent’. For further details please see:</p> <p><a href="https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom/lei-roc-policy-on-level-2-data">https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom/lei-roc-policy-on-level-2-data</a></p>
2. How is the Level 2 data policy enforced?	<p>As of May 1<sup>st</sup>, 2017, the collection and validation of Level 2 data takes place with every new registration or an entity’s annual renewal of the LEI. The direct and ultimate parent LEIs are now a required part of the data collected. This data is validated by the managing LEI issuer (LOU) against a third-party source. It is expected that Level 2 data for the complete LEI population will be available in the first half of 2018, i.e., towards the end of the one-year after the date the collection of Level 2 data started.</p>
3. What is the GLEIF’s role in the Level 2 implementation?	<p>GLEIF is responsible for carrying out the project management and has developed the organizational and technical standards required by the LEI issuing organizations (LOUs) to collect, store and distribute the parent information, e.g., the fields included in the Common Data File format 2.0.</p>
4. Will the Level 2 data be public? Where can it be found?	<p>Yes, the Level 2 data collection is accessible on the GLEIF website: <a href="https://www.gleif.org/en/lei-data/gleif-concatenated-file/download-the-concatenated-file#">https://www.gleif.org/en/lei-data/gleif-concatenated-file/download-the-concatenated-file#</a></p> <p>It is expected that Level 2 data for the complete LEI population will be available in the first half of 2018, i.e. towards the end of the one-year renewal cycle after the date the collection of Level 2 data started.</p>
5. How does the GLEIF ensure the quality of the Level 2 data is good?	<p>GLEIF has expanded its data quality program to incorporate the Level 2 data collection. Further verification of LOU’s level 2 data collection capability will occur in the processes of initial accreditation and annual accreditation verification.</p>
6. Share experiences from the pilot.	<p>On December 7, 2016, GLEIF successfully concluded a prototype exercise with five ‘first mover’ LEI issuers to demonstrate the end-to-end process of Level 2 data collection and validation. Two areas of further work resulting from the pilot were:</p> <ul style="list-style-type: none"> <li>- The current definition of relationship may need to be more detailed to facilitate the validation process.</li> <li>- More guidance is needed regarding Level 2 reporting for Funds.</li> </ul>
7. Are branches part of the Level 2 collection?	<p>The operational and technical standards for branch collection have been concluded and are available in the technical specification for Level 2 data collection RR-CDF and related State Transition Rules. An operational implementation date will be announced shortly.</p> <p><a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</a></p>
8. How are fund relationships handled?	<p>Currently, the Level 1 LEI-CDF data element “AssociatedEntity” is used for funds and there is only one enumeration – FUND_FAMILY. That use is</p>

	<p>reserved to dealing with “umbrella” fund identification. This applies where “The legal entity is a fund, and the associated entity is the manager of the fund.”</p> <p>The Level 1 LEI-CDF data element “EntityCategory” with the enumeration “FUND” may be applied to identify any other fund.</p> <p>Within the Level 2 Relationship Reporting, the registrant Legal Entity may provide a reporting exception with a value of NON_CONSOLIDATING or NO_KNOWN_PERSON for the time being.</p> <p>The ROC will be issuing a consultation on Funds soon. Following that, changes will be made to the way Fund relationships are captured in Level 1 and 2.</p>
<p>9. What new data fields are required?</p>	<p>The technical specification for Level 2 data collection RR-CDF can be found here:  <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</a></p>
<p>10. Will companies need to give LOUs documentation for validation? What type of documentation? Where do they find it? What happens if a relationship can’t be validated?</p>	<p>Public sources are preferred for validation. If public sources are not available the legal entity may be required to supply documents to validate the parent relationships. Such documents could include contracts, audited financial statements, or other internal documentation like an attestation by representatives of the legal entity. It is the legal entity's responsibility to provide such information or to opt out of reporting in accordance with the standard established by the LEI ROC.</p>
<p>11. What happens if a registrant doesn’t complete a field?</p>	<p>All fields must be completed. Your LEI Issuer (LOU) will make this a required field in its registration process. The technical specification of the Level 2 data collection can be found here:  <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</a></p>
<p>12. What are the options for “opt out”?</p>	<p>The ROC guidance states several possible reporting exceptions:</p> <p>There is no parent according to the definition used: this will include for instance (i) the entity is controlled by natural person(s) without any intermediate legal entity meeting the definition of parent in the Global LEI System; (ii) the entity is controlled by legal entities not subject to preparing consolidated financial statements (given the definition of parents in the Global LEI System); (iii) there is no known person controlling the entity (e.g., diversified shareholding).</p> <p>Legal obstacles prevent providing or publishing this information: this will include (i) obstacles in the laws or regulations of a jurisdiction; (ii) other</p>

	<p>binding legal commitments such as articles governing the legal entity or a contract.</p> <p>The disclosure of this information would be detrimental to the legal entity or the relevant parent. This will include reasons generally accepted by public authorities in similar circumstances, based on a declaration by the entity. Please see the Exceptions Reporting specification, section "Element repex:ExceptionType / repex:ExceptionReason" for the specific data elements. The document is located here: <a href="https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#">https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#</a></p>
13. Do registrants need to back fill their parent information as of 5/1?	The direct and ultimate parents must be reported when the entity renews its LEI. This can happen after May 1, 2017 depending on the entity's scheduled renewal date.
14. Companies may not know who their parents are; and/or where to find the information required to be populated in the fields. Will the LOUs help with this?	<p>The LOUs will publish to their websites information to help legal entities apply for an LEI. Contact details for all LEI Issuers, including the LEI Issuer which manages each LEI, can be found at:</p> <p><a href="https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources">https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources</a></p>
15. How does a company find out if there are privacy restrictions on providing the parent information?	This is a responsibility of the legal entity.
16. Can a company update its records before renewal, e.g., update all its records at once? Will bulk upload still be available?	Yes, the LOU provides an interface or a mechanism for legal entities to update their LEI reference data (LE-RD) at any time. Please outreach to your LEI Issuer (LOU) for further details on bulk upload capabilities.
17. Will the LOUs have the capacity to handle this new work as well as the volume of new registrations expected as part of MiFID II?	GLEIF works closely with the LEI Issuer (LOU) community to ensure the Global LEI System is prepared for upcoming implementations. The LEI issuing organizations are standing ready to assist legal entities to obtain an LEI. However, it cannot be guaranteed that LEIs will be issued in time to meet the MiFID II/MiFIR requirements if many registrants delay registering for an LEI until the fourth quarter of 2017.
18. Will the LOUs be providing further communication, Q&A forums to help support market participants?	<p>The LOUs will publish to their websites information to help a Legal Entity apply for an LEI. Contact details for all LEI Issuers, including the LEI Issuer which manages this registration, can be found at:</p> <p><a href="https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources">https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources</a></p>

<p>19. Is there going to be any guidance from the GLEIF on naming conventions for funds and how fund structures are to be represented within Level 2 data?</p>	<p>The guidance on funds will be forthcoming from the LEI ROC following a public consultation. In the interim, the Associated Entity field should continue to be used to record fund relationships. Please see Question 8.</p>
<p>20. Is the GLEIF going to introduce new fields related to Level 2 data and funds?</p>	<p>Yes. There will be relationship records for Level 2 data collection, please refer to below link for the detailed format: <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</a>.</p> <p>Please see also question 9 for further detail.</p>
<p>21. If a firm is trading in an asset class and/or jurisdiction where Level 2 LEI data is not yet a regulatory mandate for transaction or regulatory reporting purposes, and they choose not to provide Level 2 information, what Opt Out reason should they provide their LOU when registering or renewing?</p>	<p>Reporting Exceptions include: The LEI registrant has no parent entity; the child legal entity opts out of reporting for exceptional reasons; the direct and ultimate parents of the LEI registrant do not have an LEI. “No existing regulatory mandate” is not an opt-out reason. Please see Question 12 and the LEI ROC policy document for further detail.</p> <p><a href="https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom/lei-roc-policy-on-level-2-data">https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom/lei-roc-policy-on-level-2-data</a></p>
<p>22. Is there a publicly available list of regulations by jurisdiction and asset class where Level 2 data is mandated for transaction and regulatory reporting?</p>	<p>Relationship data will support several regulatory uses of the LEI.</p> <p>EU - the collection of parent data for commodity derivative reporting is expected to start in early 2018.</p> <p>U.S. - FFIEC Banking Agencies’ Home Mortgage Disclosure Act by all banks and nonbanks that issue mortgages in the U.S. and meet the reporting thresholds.</p> <p>Other uses are identified in the Basel Committee consultation document on revisions to their guidance on correspondent banking. Specifically, the LEI reference data may be used to identify jurisdictions in which subsidiaries and branches of the group may be located</p>
<p>23. Many times when a fund is applying for an LEI, the opt out reasons they should select are not clear at that point in time. Some examples: “Non-consolidating” may not be accurate, since the</p>	<p>The following Reporting Exception reasons can apply in cases where “[t]here is no parent according to the definition used”:</p> <p>NATURAL_PERSONS - There is no parent according to the definition used, because the entity is controlled by natural person(s) without any intermediate legal entity meeting the definition of accounting consolidating parent.</p>

<p>fund sponsor’s source of seed money may be a consolidating entity within a fund sponsor’s corporate tree. It also depends on how fast other investors come in as when/whether the seed money is withdrawn. “No known person” is not accurate, since there’s not a diverse group of shareholders on that first day of the fund (typically when an LEI is applied for), just the seed investor."</p>	<p><b>NON_CONSOLIDATING</b> - There is no parent according to the definition used, because the entity is controlled by legal entities not subject to preparing consolidated financial statements.</p> <p><b>NO_KNOWN_PERSON</b> - There is no parent according to the definition used, because there is no known person controlling the entity (e.g., diversified shareholding).</p>
<p>24. Municipal/Government entities – How should direct and ultimate relationships be captured for these types of entities? What methodology should we use? What is the opt-out reason that registrants should use for these types since no guidance is currently available?</p>	<p>The LEI is intended to represent a specific legal entity. This could be a country, parts of a country with separate legal personality (such as provinces, municipalities, Ministries etc.), legal entities owned by the state (a central bank, public transport, the energy companies etc.). This all depends on the legal structure specific to the country. At the current stage in the Level 2 implementation, legal entities that have or acquire an LEI will report their ‘direct accounting consolidating parent’ as well as their ‘ultimate accounting consolidating parent’. The following Reporting Exception reasons can apply in cases where “[t]here is no parent according to the definition used”:</p> <p>See Q 12 for more information on Opt Out reasons and exceptions.</p>
<p>25. Renewals post-May 1<sup>st</sup> Level 2 data implementation – There is concern that as a result of entities needing to provide a whole new dataset in addition to the current data sets required for LEI renewals the process of renewals will become too onerous and we fear that these entities will not feel encouraged to renew especially in the light of there being no</p>	<p>Legal entities that are behind schedule with their renewal risk being sanctioned for non-compliance with the applicable law or losing business, because counterparties might refuse to transact with entities that keep their LEI in lapsed status.</p>

<p>regulatory compulsion that forces them to do so. We are very concerned that the number of folks renewing the LEI will drop significantly and that will cause outdated and unreliable information to remain stagnant within system.</p>	
<p>26. Understand that we need a LEI of an entity but is that a LEI of any entity of the counterparty OR do we need to collect LEI of the trade order placing entity of the counterparty?</p>	<p>Please consult your compliance function for further detail on regulatory reporting requirements per jurisdiction. The requirements can differ significantly depending on the rule. GLEIF provides a link to rulemaking involving LEIs. See <a href="https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei">https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei</a></p>
<p>27. Is Parent LEI a requirement for MiFID II in addition to the LEI that trades?</p>	<p>Broadly speaking, parent LEIs are not a requirement of MiFID. However, ESMA developed the “parent entity ID”(= LEI, see page 107) for Commodities Derivatives Positions Reporting under MiFID II.</p> <p>See:<a href="https://www.esma.europa.eu/sites/default/files/library/2015-1858_-_final_report_-_draft_implementing_technical_standards_under_mifid_ii.pdf">https://www.esma.europa.eu/sites/default/files/library/2015-1858_-_final_report_-_draft_implementing_technical_standards_under_mifid_ii.pdf</a></p> <p>Page 24f: the field “Ultimate parent entity ID”, is required to enable aggregation of positions at a group level rather than at individual entity level. This field is necessary as the position limits regime requires aggregation of positions at group level.</p>
<p>28. The relationship within the entities which have LEI, should be restricted to Ultimate Parent/Child Relationship or it will also provide the data for Legal Parent/Legal Child?</p>	<p>The Reference Data will provide information about who is the direct consolidating parent and who is the ultimate consolidating parent of the legal entity in accordance with accounting standards.</p>
<p>29. With the implementation of Level 2 data, is there information about when LEI validation is coming into force? example: reports being</p>	<p>In the European Union, there already is a Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities (<a href="https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-4733-EN-F1-1.PDF">https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-4733-EN-F1-1.PDF</a>). It expects the market participants to ensure to</p>



rejected if LEI renewal is not up to date?	use validated, issued and duly renewed legal entity identifiers (LEIs) in the transaction report submitted pursuant to their transaction reporting obligation to allow certain and efficient identification.
30. Does the LEI need to be reported if entity is retired or merged or acquired by other entity ?	Yes, the LEI reference data should be updated for merging or retiring of the legal entity. An audit trail of corporate actions is retained in the LEI system.
31. Is there any place where we can sample of the new file format. We import the current format into our system for LEI matching. Hence, we need to check if there is any impact of the new format.	Yes, the Level 2 data collection is accessible on the GLEIF website: <a href="https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom#">https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom#</a>
32. Does a parent change have to be reported by the child as well or will all linked LEI records be updated accordingly?	The state transition rule document gives details on the expected data updates under various business scenarios. You can find this document on the GLEIF website: <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</a>
33. We have historically set up funds with LEIs for CFTC regulated products, is there a movement to use LEI for other product sets? i.e., with MiFID II?	MiFID II does expand the need for an LEI on transaction reports for products beyond those required by the CFTC. For example, cash instruments are covered by MiFID II transaction reporting.
34. Is the LEI Data Model a Graph Data Model?	Currently the Level 2 data is made available in XML format. Further file formats will be made available.
35. You mentioned LOUs will verify relationship information based on public or other sources. How do you ensure that these "other sources" sufficiently meet the credibility criteria for verification purposes?	The data element ValidationDocuments is used to specify the documents used for validation. Allowable values based on the State Transition Rules for the Relationship Record include: <ul style="list-style-type: none"> <li>Accounts filing, regulatory filing, supporting documents, contracts, and other official documents</li> </ul> Common Data File Format: <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</a>
36. When will the LEI code for branches be mandatory for reporting?	This is dependent on the individual regulation. GLEIF is currently consulting the LEI Issuers (LOUs) on the operational timeframe for LOU implementation of branch data collection. Please see Question 7.
37. Will intermediate holding companies be required to get LEIs or can	Legal entities that have or acquire an LEI after May 1, 2017 will report their 'direct accounting consolidating parent' as well as their 'ultimate accounting consolidating parent'. This could include an intermediary



<p>we report a direct parent (which is an intermediate holding company) with no LEI?</p>	<p>holding company. Even those direct or ultimate parents without an LEI will need to be reported for the Level 2 data collection.</p>
<p>38. Under what circumstances can the Opt-Out reason 'No LEI' be used? Can this be a valid reason if we are unable to establish direct/ultimate parent relationships by the time Level 2 data goes live on May 1, 2017?</p>	<p>No, this exception type only applies where the direct or ultimate parent do not have an LEI. Note that even when the registrant uses the “No LEI” exception, it will still be asked to provide further details on the direct and/or ultimate parent; such information will not be made available in the public database</p>
<p>39. If the direct/ultimate parent is an individual, would this require providing information regarding that individual?</p>	<p>One of the Exception Reporting is for Natural Persons (NATURAL_PERSONS). Please see the Exceptions Reporting specification, section "Element repex:ExceptionType / repex:ExceptionReason". The document is located here: <a href="https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#">https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#</a></p> <p>Note that Individuals acting in a business capacity are eligible to receive an LEI. See ROC guidance at LEIROC.org</p>
<p>40. Will registrants still continue to utilize the GMEI site to obtain an LEI?</p>	<p>Business Entity Data B.V., a subsidiary of DTCC, operates the GMEI Utility. The GMEI Utility is one of the accredited LEI Issuers (LOUs), so yes, an LEI may be obtained from the GMEI Utility. For a list of all LEI Issuers (LOUs) please see: <a href="https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations">https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations</a></p>
<p>41. Do both the parent and ultimate parent need to be reported?</p>	<p>Yes, both the direct and ultimate parent must be reported where both exist.</p>
<p>42. Are all LOUs now officially approved by the GLEIF</p>	<p>Please see the following websites for further detail on accredited LEI Issuers (LOUs) and LEI Issuers (LOUs) in process of accreditation: <a href="https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations">https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations</a> <a href="https://www.gleif.org/en/lei-system/gleif-accreditation-of-lei-issuers/current-candidates#">https://www.gleif.org/en/lei-system/gleif-accreditation-of-lei-issuers/current-candidates#</a></p>
<p>43. You touched upon other relationships and also funds. Does this mean that the managers of funds will also be properly captured at</p>	<p>As part of a forthcoming consultation, the LEI ROC may propose to replace the current optional reporting of a single “fund family” relationship in Level 1 reference data element of AssociatedEntity with the following relationships, as part of Level 2 relationship data: Fund Management Entity Umbrella Funds</p>

<p>some future point and when? And what does this mean for the Associated Entity field today?</p>	<p><b>Master-Feeder</b>  <b>Other Fund Family</b></p> <p>Until then, with LEI CDF 2 reporting, the AssociatedEntity element is only used in the case of funds in order to indicate the asset management company that is responsible for a fund.          If the asset management company has an LEI, the LEI of the asset management company MUST be used.          If the asset management company for some reason does not have an LEI, then the name of the associated entity MUST be used instead.          If AssociatedLEI is present, it MUST be used and AssociatedEntityName MUST be empty. Only if the LEI is unknown, then AssociatedEntityName is filled in.</p> <p>Also see Question 8.</p>
<p>44. If a parent ceases to exist (LEI is Retired/Merged), do LOUs update RR-CDF immediately or wait until child confirms the status of parent?</p>	<p>The LOU will follow-up with the legal entity once it is aware a business event has occurred that impacts the relationship reporting. Please see the state transition rules for further detail. This document is located here:</p> <p><a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</a></p>

Question	Response
45. Are LEIs issued by non-European local operating units (LOUs) acceptable for MiFID II reporting purposes?	All LEIs issued by accredited LOUs or LOUs endorsed by a LEI ROC Sponsor, regardless of where they are based, are valid for MiFID II.
46. Is the presentation used in this webinar available online?	Please find the presentation at: <a href="http://www.gfma.org/GFMA-thomson-reuters-LEI-Webinar/">http://www.gfma.org/GFMA-thomson-reuters-LEI-Webinar/</a>
47. In what circumstance does LEI renewal occur? Is it only the data for the legal entity that changes?	The LEI record needs to be renewed annually. The legal entity submits renewal requests to the managing LOU, the managing LOU revalidates the reference data, and the renewal occurs. In case of any updates to the reference data, the data will be changed accordingly. The actual LEI of the legal entity will not change.
48. What is the extent of impact of MiFID to non-EU managers who already have an LEI AND have the ability to trade in the EU but do not currently trade in the EU?	There is no impact to non-EU managers with LEIs but currently not trading in the EU.
49. Does an LEI have to be obtained only on the trading counterparty level (fund level) or also on the investment advisor and investment manager level?	According to the Draft RTS 22 of MiFIR & MiFID II, investment firms and their clients involved in financial instrument transactions are required to obtain LEIs. Depending on the transaction, the client may be the trading counterparty or could be the investment manager. For more detailed information, please refer to: <a href="https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf">https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf</a>
50. What kinds of entities are eligible to obtain an LEI?	As defined in ISO 17442, the standard underlying the LEI, the term 'legal entity' includes, but is not limited to, unique parties that are legally or financially responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts, regardless of whether they are incorporated or constituted in some other way (e.g. trust, partnership, contractual). It excludes natural persons (unless acting in a business capacity, e.g., sole trader), but includes governmental organizations and supnationals.
51. Does obtaining an LEI require sharing transaction information with the GLEIF or LEI-issuing organizations?	No transaction information needs to be revealed by the legal entities as part of the LEI record or GLEIF database. The LEI contains the basic information about the entity only, e.g., company name and address. Please refer to <a href="https://www.gleif.org/en/about-lei/common-data-file-format/lei-cdf-format/lei-cdf-format-version-2-1#">https://www.gleif.org/en/about-lei/common-data-file-format/lei-cdf-format/lei-cdf-format-version-2-1#</a> and the relationship record ( <a href="https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#">https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</a> ) of the legal entity.

<p>52. What are the benefits of being an LEI registration agent for investment firms?</p>	<p>The concept of the Registration Agent helps investment firms, e.g. larger banks, brokers, insurances and multinationals, and their clients to comply with reporting requirements in general. The Registration Agent’s role in the Global LEI System is directly connected to the LEI issuing organization (LOU) The Registration Agent may choose to partner with one or more LEI issuing organizations who provide the operational aspects of LEI issuance and maintenance, while the Registration Agent itself provides the communication and face to the client to ensure the client's needs for LEI services are met. In doing so the Registration Agent provides a service to its client and ensures that unnecessary delays to completing client transactions are avoided given the firm executes a transaction on behalf of the client that triggers a reporting obligation involving the LEI.</p> <p>To further streamline the issuance of LEIs, GLEIF has introduced the concept of the ‘Registration Agent’. A Registration Agent helps legal entities to access the network of LEI issuing organizations responsible for performing LEI issuance and related services. LEI issuers are also referenced as Local Operating Units or LOUs. The Registration Agent’s role in the Global LEI System is directly connected to the LEI issuing organization. The Registration Agent may choose to partner with one or more LEI issuing organizations to ensure its clients’ needs for LEI services are met.</p>
<p>53. Do regulators accept lapsed LEIs for reporting purposes?</p>	<p>As stated in the GLEIF Blog 'The Power of Transparency: A Closer Look at LEI Renewal Rates' (<a href="https://www.gleif.org/en/newsroom/blog/the-power-of-transparency-a-closer-look-at-lei-renewal-rates">https://www.gleif.org/en/newsroom/blog/the-power-of-transparency-a-closer-look-at-lei-renewal-rates</a>): 'The annual renewal process ensures that the legal entity and the LEI issuing organization review and re-validate the legal entity reference data at least once per year. Keeping the rate of lapsed LEIs at a minimum would therefore maximize the benefit to be derived from the wealth of information available with the LEI population.' ESMA has also confirmed to GLEIF that compliance with MiFIR requires investment firms to maintain its own LEI duly renewed. In addition, relevant legislation could establish effective enforcement mechanisms and define a sanction regime applicable in case of non-compliance with regard to the requirement to maintain a duly renewed LEI. Consequently, legal entities that are behind schedule with their renewal risk being sanctioned for non-compliance with the applicable law or losing business, because counterparties might refuse to transact with entities that keep their LEI in lapsed status.</p>
<p>54. Is a non-EU firm with European clients required to obtain an LEI?</p>	<p>The MiFIR &amp; MiFID II guidelines apply to trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments which are admitted on EU regulated markets.</p> <p>According to the upcoming MiFIR &amp; MiFID II, if your organization is trading with this EU client on a EU regulated market, as a counterparty, your organization will need to have an LEI. Here are some example scenarios:</p>

	<p>- A non-EU entity trades with an EU entity</p> <p>- A non-EU entity trades a derivative with an EU bond underlying with an EEA branch of a non-EU entity;</p> <p>You can find more details here: <a href="http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/">http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/</a></p>
55. Do LEIs need to be reported if an entity is retired or merged or acquired by another entity?	The reporting obligation depends on the reporting entity. In case of retired or merged entities, their LEIs could be reported for some historic transactions.
56. Is there a fee for transferring your LEI from one LOU to another LOU?	The legal entity ONLY makes payment upon obtaining or renewing an LEI with an LOU. There is no extra cost related with LEIs when legal entities conduct transfers.
57. Do all individual legal entities within a hedge fund group need an LEI? Are there any exceptions for an entity that is used solely to hold shares not traded in Europe? What is the deadline for obtaining an LEI to avoid "no LEI no trade"?	<p>According to the upcoming MiFID II/MiFIR, legal entities who trade with EU entities will need to get LEI. Detailed examples and scenarios can refer to <a href="http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/">http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/</a>, a document published by the International Swaps and Derivatives Association (ISDA) and the Global Financial Markets Association (GFMA).</p> <p>MiFIR &amp; MiFID II will be effective from 3 January 2018. We recommend legal entities start obtaining LEIs now. GLEIF cannot guarantee that LEIs will be issued in time for MiFID II/MiFIR if registration is delayed until the fourth quarter of 2017.</p>
58. Do you expect more LEIs to be registered due to the upcoming effective date of MiFID II and other regulations?	Yes. Our current data and research shows that the majority of the debt and equity securities issuers resident in Europe need to get LEIs. Many counterparties from non-EU jurisdictions will also need to have LEI based on the MiFID II/MiFIR regulations.
59. Are non-EU funds with no European clients or investors covered within the scope of MiFID II?	The MiFIR & MiFID II guidelines apply to trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments which are admitted on EU regulated markets.
60. Is there a threshold requirement regarding trading below which a firm would not need an LEI?	<p>As mentioned in Q50 all legal entities defined in ISO 17442 are eligible to get LEIs. There are no threshold requirements regarding trading for the legal entity to get an LEI. Based on the current and upcoming regulations, many parties involved in financial transactions which result in reporting obligations are required to get LEIs. Please see ESMA reporting guidelines for full details.</p> <p><a href="https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf">https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf</a></p>

	<p>Also please refer to GLEIF website: <a href="https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei">https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei</a> for more information on other regulations requiring or requesting an LEI.</p>
<p>61. Are investment firms mandatorily required to have an LEI? Is an LEI required if it involves only proprietary trading?</p>	<p>According to the Draft RTS 22 of MiFIR &amp; MiFID II, investment firms and their clients involved in financial instrument transactions are required to obtain LEIs. For more detailed information please refer to: <a href="https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf">https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf</a></p> <p>The GLEIF website offers a list of current regulations requiring LEIs on its website: <a href="https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei">https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei</a>.</p>
<p>62. What kinds of entities are required by regulation to obtain LEIs?</p>	<p>According to the current and upcoming EU regulations, legal entities who trade with EU entities will need to get LEI. Detailed examples and scenarios can refer to <a href="http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/">http://assets.isda.org/media/ca4eae54-23/49f53a82-pdf/</a>, a document published by the International Swaps and Derivatives Association (ISDA) and the Global Financial Markets Association (GFMA). LEIs are also required for parties involved in all or some OTC derivative transaction reporting in Canada, Switzerland, Russia, US, India and some other jurisdictions. For more detailed information regarding these regulations, please refer to GLEIF website: <a href="https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei">https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei</a>. The eligibility of an entity to get an LEI is addressed in Q50.</p>
<p>63. Does a non-EU broker with non-EU clients need to report its own LEI or its clients' for MiFID purposes?</p>	<p>This depends on the nature of the transaction. The ESMA guidelines "Transaction reporting, order record keeping and clock synchronisation under MiFID II" provide several transaction scenarios and the order record keeping activity: <a href="https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf">https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf</a></p>

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Source: GLEIF, June 2017. Although reasonable efforts are undertaken to provide reliable and up-to-date information, the GLEIF waives any liability, responsibility, warranty or guarantee whatsoever to the greatest extent legally possible.

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