

Question	Response
1. What are the requirements of the policy?	<p>As of May 1, 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>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</p>
2. How is the policy enforced?	<p>As of May 1st, 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: https://www.gleif.org/en/lei-data/gleif-concatenated-file/download-the-concatenated-file#</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"> - The current definition of relationship may need to be more detailed to facilitate the validation process. - More guidance is needed regarding Level 2 reporting for Funds.
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>https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</p>

<p>8. How are fund relationships handled?</p>	<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 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 in the near future. 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: https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</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:</p> <p>https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#</p>

<p>12. What are the options for “opt out”?</p>	<p>The ROC guidance states:</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 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: https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#</p>
<p>13. Do registrants need to back fill their parent information as of 5/1?</p>	<p>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.</p>
<p>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>	<p>The LOUs will publish to their websites information to help a legal entities apply for an LEI. Contact details for all LEI issuers, including the LEI issuer that manages each LEI, can be found at:</p> <p>https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources</p>
<p>15. How does a company find out if there are privacy restrictions on providing the parent information?</p>	<p>This is a responsibility of the legal entity.</p>

<p>16. Can a company update its records before renewal, e.g., update all its records at once? Will bulk upload still be available?</p>	<p>Yes, the LOU provides an interface or a mechanism for legal entities to update their LEI reference data (LE-RD) at anytime. Please outreach to your LEI Issuer (LOU) for further details on bulk upload capabilities.</p>
<p>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?</p>	<p>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.</p>
<p>18. Will the LOUs be providing further communication, Q&A forums to help support market participants?</p>	<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: https://www.gleif.org/en/lei-data/gleif-concatenated-file/original-sources</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: https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format. 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. 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</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 a number of regulatory uses of the LEI. EU - the collection of parent data for commodity derivative reporting is expected to start in early 2018. 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. 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 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>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>NON_CONSOLIDATING - 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>NO_KNOWN_PERSON - 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’.</p> <p>See Q 12 for more information on Opt Out reasons and exceptions.</p>

<p>25. Renewals post-May 1st 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 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>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>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 https://www.gleif.org/en/about-lei/regulatory-use-of-the-lei</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:https://www.esma.europa.eu/sites/default/files/library/2015-1858_-_final_report_-_draft_implementing_technical_standards_under_mifid_ii.pdf</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 with-in 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 are coming into force? example: reports being rejected if LEI renewal is not up to date?</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 (https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-4733-EN-F1-1.PDF). It expects the market participants to ensure to 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.</p>
<p>30. Does the LEI need to be reported if entity is retired or merged or acquired by other entity ??</p>	<p>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.</p>
<p>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.</p>	<p>Yes, the Level 2 data collection is accessible on the GLEIF website: https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom#</p>

<p>32. Does a parent change have to be reported by the child as well or will all linked LEI records be updated accordingly?</p>	<p>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: https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</p>
<p>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?</p>	<p>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.</p>
<p>34. Is the LEI Data Model a Graph Data Model?</p>	<p>Currently the Level 2 data is made available in XML format. Further file formats will be made available.</p>
<p>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?</p>	<p>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: Accounts filing, regulatory filing, supporting documents, contracts, and other official documents Common Data File Format: https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</p>
<p>36. When will the LEI code for branches be mandatory for reporting?</p>	<p>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.</p>
<p>37. Will intermediate holding companies be required to get LEIs or can we report a direct parent (which is an intermediate holding company) with no LEI?</p>	<p>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 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: https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#</p> <p>Note that Individuals acting in a business capacity can 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: https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations</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: https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations https://www.gleif.org/en/lei-system/gleif-accreditation-of-lei-issuers/current-candidates#</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 some future point and when? And what does this mean for the Associated Entity field today?</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:</p> <ul style="list-style-type: none"> Fund Management Entity Umbrella Funds Master-Feeder Other Fund Family <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.</p> <p>If the asset management company has an LEI, the LEI of the asset management company MUST be used.</p> <p>If the asset management company for some reason does not have an LEI, then the name of the associated entity MUST be used instead.</p> <p>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. Add-on to the previous question: if 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>https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format</p>