



GFMA, GLEIF and Thomson Reuters  
Webinar on the Global Legal Entity Identifier System

27 APRIL 2017 | 2:00PM-3:00PM HKT

# Agenda

## 1. Introduction

Mark Austen, CEO, Global Financial Markets Association

## 2. LEI Overview and Benefits

Daisuke Yamazaki, Director for Trade Reporting, Office of International Affairs, Financial Services Agency, Japan; Vice Chair, LEI Regulatory Oversight Committee

## 3. LEI Requirements in MiFID II

Wenlin Juang, Head of Pricing & Reference Services Asia, Thomson Reuters

## 4. GLEIF Overview and Obtaining an LEI

Stephan Wolf, CEO, Global LEI Foundation



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# Supporting Associations



# Daisuke Yamazaki

Director for Trade Reporting, Office of  
International Affairs, Financial Services Agency  
Vice Chair, LEI Regulatory Oversight Committee



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# Objective: the LEI Initiative

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- The **Legal Entity Identifier** (LEI) is a 20-character, alpha-numeric code, to uniquely identify legally distinct entities.
- The objective is to strengthen systemic risk capabilities of regulators to analyze positions and transactions of firms they oversee on a globally integrated basis.
- G20 Leaders encouraged “global adoption of the LEI to **support authorities and market participants in identifying and managing financial risks**” (June 2012).
- FSB report «A Global Legal Entity Identifier for Financial Markets» (June 2012) sets high level principles and recommendations for the governance of the system.
- The LEI initiative builds **on extensive public and private sector collaboration**. LEI code features are set in ISO standard 17442.

# Governance: LEI ROC

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## Regulatory Oversight Committee (ROC) established in Jan. 2013:

- ✓ 91 members and observers from **over 50 jurisdictions**
- ✓ Open to any **public sector authority**, international financial institutions, other international public sector bodies
- ✓ More on [www.leiroc.org](http://www.leiroc.org).

## The ROC oversees the system and sets policy requirements:

- ✓ **Data quality**: accurate, consistent and unique entity identification
- ✓ **Meet evolving requirements** of regulatory community and industry
- ✓ **Availability of LEI** and LEI reference data, without restrictions: the LEI is non-proprietary identifier
- ✓ Allowing use of **local languages and character sets in registration** and access to the system in **a common language and character set**

# Existing Regulatory Uses

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- ✓ OTC Derivatives Reporting
- ✓ Reporting to national regulators
- ✓ Enhanced disclosure of securitized products
- ✓ Enhancing regulation and supervision of credit rating agencies
- ✓ Identification of securities issuers and use in securities transactions reporting
- ✓ Other regulatory uses

Source: Progress report by the LEI ROC “The Global System and regulatory uses of the LEI,” 5 Nov. 2015  
[https://www.leiroc.org/publications/gls/lou\\_20151105-1.pdf](https://www.leiroc.org/publications/gls/lou_20151105-1.pdf)

# Ongoing International Discussions

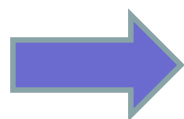
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## Harmonisation of key OTC derivatives data elements

- ✓ Developing technical guidance for UTI, UPI, and other critical data elements
- ✓ Proposing use of LEI for identifying counterparties, UTI issuers, etc.

## Correspondent banking

- ✓ Identification of originators and beneficiaries of wire transfers
- ✓ Report published by CPMI on July 2016
- ✓ BIC-to-LEI Mapping (GLEIF and SWIFT)



**Promoting LEI adoption in Asia**

# Benefits to the Industry

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## ■ Better Information

- ✓ Effectively measure and manage client exposure

## ■ Operational Efficiency

- ✓ Facilitates linkage of entities/counterparties within internal operations platforms by a single identifier

## ■ Client Services

- ✓ Meet client demand for increased transaction transparency
- ✓ Support clients to meet regulatory reporting needs

# Wenlin Juang

Head of Pricing & Reference Services Asia,  
Thomson Reuters



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MiFID II –  
Are you over  
the line?

# MiFID II/MFIR Requirements and Their Impacts on Asia

April 27, 2017

Wenlin Juang

Head of Pricing & Reference Services Asia

# Your Partner to Address Regulatory Challenges



Do you have access to the data and solutions you need to comply with MiFID II?

**MIFID II**  
SOLUTIONS & SERVICES

Your MiFID II questions, answered.

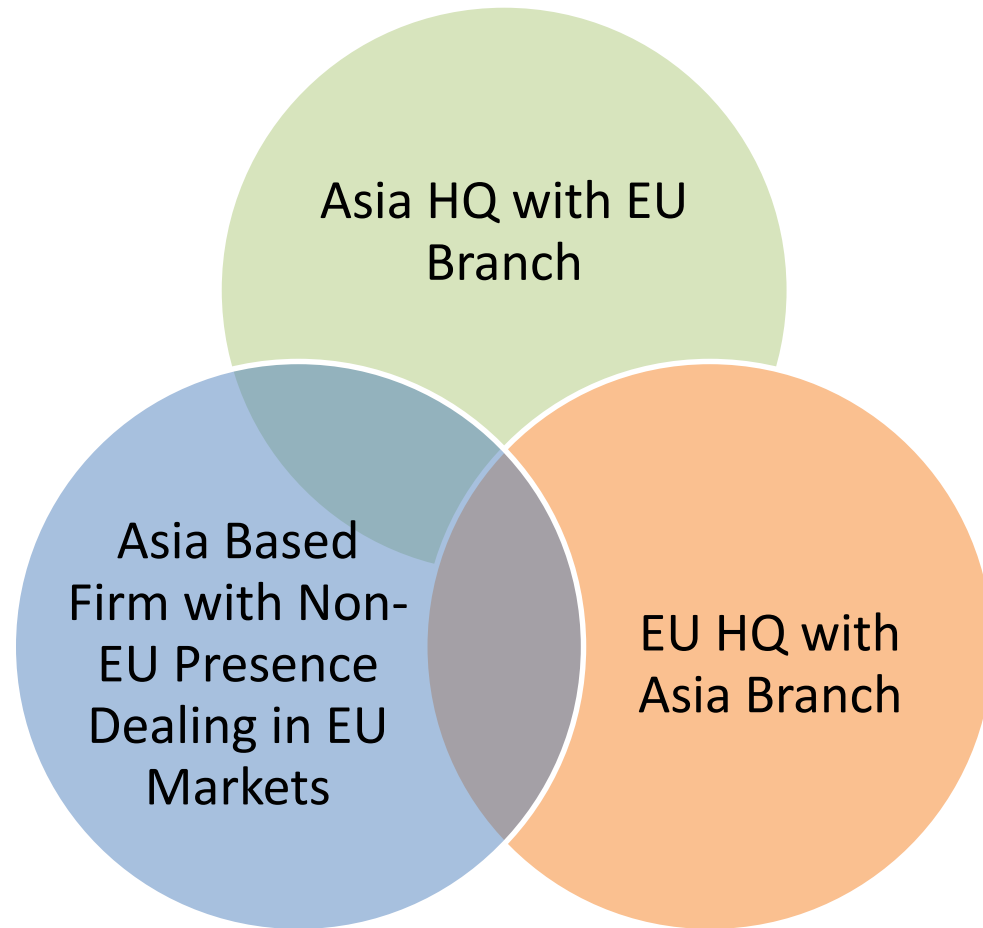
# How Does MiFID II Help Drive LEI Adoption?



Buyers/Sellers Require LEI  
as Part of the  
Counterparty Disclosure  
in the Transaction  
Reporting

Systematic Internalisers  
Use Issuer LEI Which  
Provide Linkage Between  
Securities and Issuers to  
Determine Scope of Their  
Reporting Obligations

# Who is Impacted by MiFID II?



# MiFID II Reporting Requirements

Trading Activity

```
graph TD; A[Trading Activity] --> B[TRADE REPORTING]; A --> C[TRANSACTION REPORTING]
```

## TRADE REPORTING

- Near REAL TIME reporting of Trades to ESMA via an APA
- Total of 16 data fields required
- MiFID 2 regulation has a mandate in post-trade transparency for trading venues and investment firms to disseminate trade information to the **PUBLIC** (volume, price, instrument, time).
- Trade reporting will require reference data for the instrument as part of the trade report, **including LEI of Issuers**.

## TRANSACTION REPORTING

- MiFID 2 introduces new **REGULATORY REPORTING** requirements (transaction reporting).
- T+1 reporting of the trade details by an Investment Firm (or the Trading Venue) via an ARM to the National Competent Authority (home regulator)
- Total of 81 data fields required
- These reports are not public and only sent to regulator. They would include trader id / algorithm code and counterparty details, **including LEI of the buyer/seller**.
- Transactions require reference data for the instruments as part of the transaction report

# MiFID II/LEI Impacts on Asia – Key Benefits

- Allow Regulators to Identify Potential Systematic Risks on Global Scale
- Enable Firms with Holistic View on Counterparty Risks
- Stronger Collaboration of All Market Participants to Strengthen Investor Protection

# Importance of Obtaining an LEI

- MiFID II/MiFIR requires LEIs to be supplied for each of the parties involved in an investment, including: executing entity, submitting entity, buyer, seller, and transmitting firms for both the buyer and the seller.
- MiFIR RTS 22 (in ESMA/2015/1464), Article 13(2): “Investment firm shall not provide a service that would trigger the obligation of an investment firm to submit a transaction report for a transaction entered into on behalf of a client who is eligible for the legal entity identifier code, prior to the legal entity identifier code being obtained from that client.”
- European regulators have been clear that without an LEI, firms will not be able to comply and will not be able to trade in European markets. The European Securities and Markets Authority (ESMA) has stressed the point of **‘No LEI; no trade.’**
- Despite this, there is concern that firms and clients outside of the EU do not feel obligated to acquire an LEI. This, however, will result in their **losing access to European markets.**

# Stephan Wolf

Chief Executive Officer, Global LEI Foundation



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**LEI**

GLOBAL  
LEGAL  
ENTITY  
IDENTIFIER  
FOUNDATION

# **GLEIF Overview - Obtaining an LEI**

**27 April 2017**

**Stephan Wolf, CEO of GLEIF  
ASIFMA, GLEIF and Thomson Reuter's LEI Webinar**

# Who is GLEIF



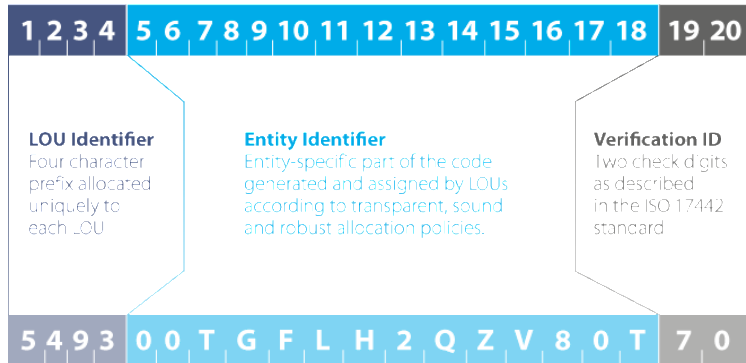
- The GLEIF is a Swiss foundation inaugurated in June 2014 and founded by the Financial Stability Board (FSB). It is overseen by 70 global regulators in the Regulatory Oversight Committee (ROC).
  
- GLEIF Board has 17 independent directors (Jan 2017) and is chaired by Gerard Hartsink.
  
- GLEIF in Numbers:
  - Revenue 2016 – 6,8M USD
  - Number of employees – 30 from 18 countries
  - Partners for LEI issuing (LOUs) – 29, and growing
  - Registered LEIs (April 2017) – > 500.000





# LEI and LEI Reference Data

The LEI is a unique 20 digit alphanumeric code without embedded intelligence based on ISO 17442 standard assigned to legal entities



Example: ABB Sécheron S.A., Switzerland

LEI-CDF 2.0 is the reference data standard for the LEI

LEI Data		
<b>LEI File Header</b> [1..1]		
ContentDate	lei:LEIDateTimeProfile	[1..1]
Originator	lei:LEIType	[0..1]
FileContent	lei:FileContentEnum	[1..1]
DeltaStart	lei:LEIDateTimeProfile	[0..1]
RecordCount	xs:nonNegativeInteger	[1..1]
Extension	lei:ExtensionType	[0..1]
<b>LEI Data Record</b> [0..*]		
LEI	lei:LEIType	[1..1]
<b>Entity</b> [1..1]		
LegalName	lei:NameType	[1..1]
OtherEntityNames	lei:OtherEntityNamesType	[0..1]
TransliteratedOtherEntityNames	lei:TransliteratedOtherEntityNamesType	[0..1]
LegalAddress	lei:AddressType	[1..1]
HeadquartersAddress	lei:AddressType	[1..1]
OtherAddresses	lei:OtherAddressesType	[0..1]
TransliteratedOtherAddresses	lei:TransliteratedOtherAddressesType	[0..1]
RegistrationAuthority	lei:RegistrationAuthorityType	[0..1]
LegalJurisdiction	lei:JurisdictionCodeType	[0..1]
EntityCategory	lei:EntityCategoryTypeEnum	[0..1]
LegalForm	lei:LegalFormType	[0..1]
AssociatedEntity	lei:AssociatedEntityType	[0..1]
EntityStatus	lei:EntityStatusEnum	[1..1]
EntityExpirationDate	lei:LEIDateTimeProfile	[0..1]
EntityExpirationReason	lei:EntityExpirationReasonEnum	[0..1]
SuccessorEntity	lei:SuccessorEntityType	[0..1]
<b>Registration</b> [1..1]		
InitialRegistrationDate	lei:LEIDateTimeProfile	[1..1]
LastUpdateDate	lei:LEIDateTimeProfile	[1..1]
RegistrationStatus	lei:RegistrationStatusEnum	[1..1]
NextRenewalDate	lei:LEIDateTimeProfile	[1..1]
ManagingLOU	lei:LEIType	[1..1]
ValidationSources	lei:ValidationSourcesEnum	[0..1]
ValidationAuthority	lei:ValidationAuthorityType	[0..1]
OtherValidationAuthorities	lei:OtherValidationAuthoritiesType	[0..1]
<b>Extension</b> [0..1]		

# Example from www.gleif.org



## JOHNSON CONTROLS L.L.C.

WILMINGTON, United States

[in Share](#) [Tweet](#)

Entity details	
LEI	2138007EEYRGP54M3S87
LEGAL NAME	JOHNSON CONTROLS L.L.C.
OTHER ENTITY NAMES	not available
BUSINESS REGISTER DIVISION OF CORPORATIONS	DELAWARE - SECRETARY OF STATE OF DELAWARE -
BUSINESS REGISTER ENTITY ID	5438555
LEGAL JURISDICTION	US
LEGAL FORM	LIMITED LIABILITY COMPANY
ASSOCIATED ENTITY	
ENTITY STATUS	
EXPIRATION DATE	
EXPIRATION REASON	
SUCCESSOR ENTITY	

Addresses	
LEGAL	HEADQUARTERS
C/O THE CORPORATION TRUST COMPANY CORPORATION TRUST CENTER 1209 ORANGE STREET 19801 WILMINGTON United States	5757 GREEN BAY AVENUE 53209 GLENDALE United States

Registration details	
INITIAL REGISTRATION DATE	2017-03-10 00:00:00Z
LAST UPDATE DATE	2017-03-10 13:48:16.990Z
REGISTRATION STATUS	ISSUED
NEXT RENEWAL DATE	2018-03-10 00:00:00Z
MANAGING LOU	213800D1E14B9WTWWD28 London Stock Exchange
VALIDATION SOURCES	FULLY_CORROBORATED

Validation against 600 selected global registration authorities

Growing international network of LEI issuers

## GLEIF Vision & Mission



### **Vision:**

Each business worldwide should have only one true identity. This identity should include a digital identity.

The LEI system shall provide identity management, by issuing LEIs for legal entities, and by providing quality assured links of LEIs into alternative identity management systems.

### **Mission:**

GLEIF manages a network of partners to provide trusted services and open, reliable data for unique legal entity identification worldwide.

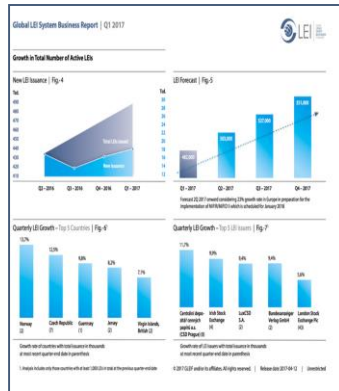
# GLEIF Services



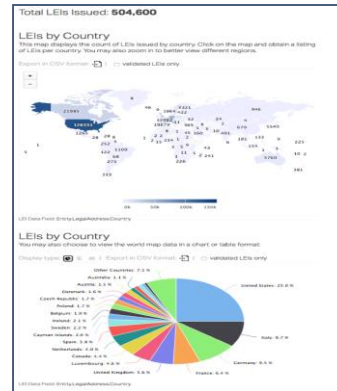
GLEIF offers a wide range of services in Global LEI System including:



Perform/Verify Accreditation



Provide Business Report



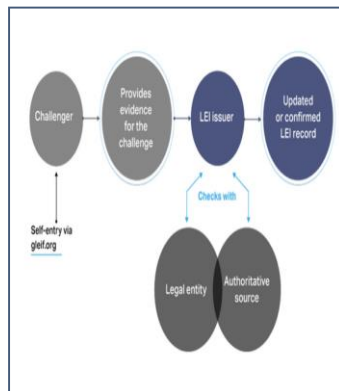
Provide Global LEI Index



Define and Monitor Data Quality



Website in G20 languages



Provide Challenge Facility



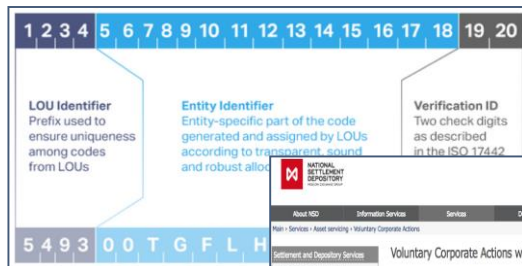
Develop technical standards



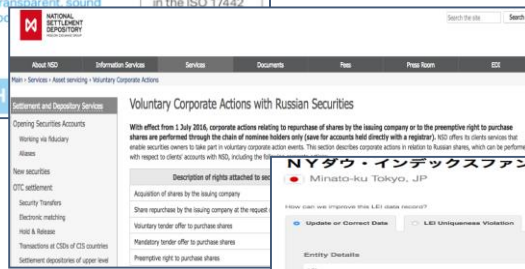
Partner Projects with Standard Organizations

# LEI Issuer Services

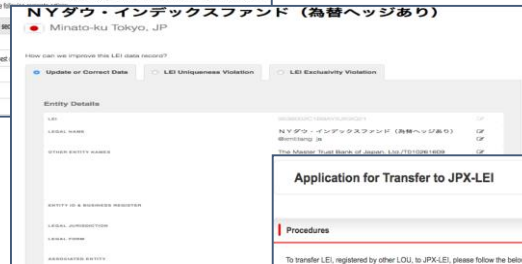
The partnering LEI Issuers offer a wide range of services in the Global LEI System including:



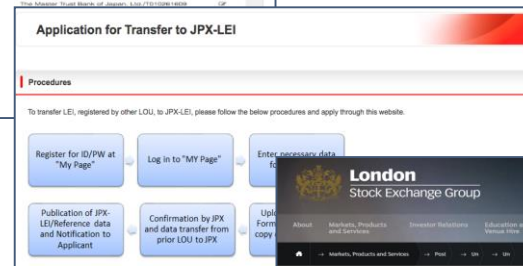
Issue New LEI



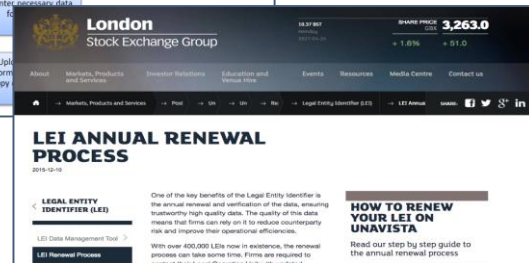
Enter Corporate Actions



Manage Challenges



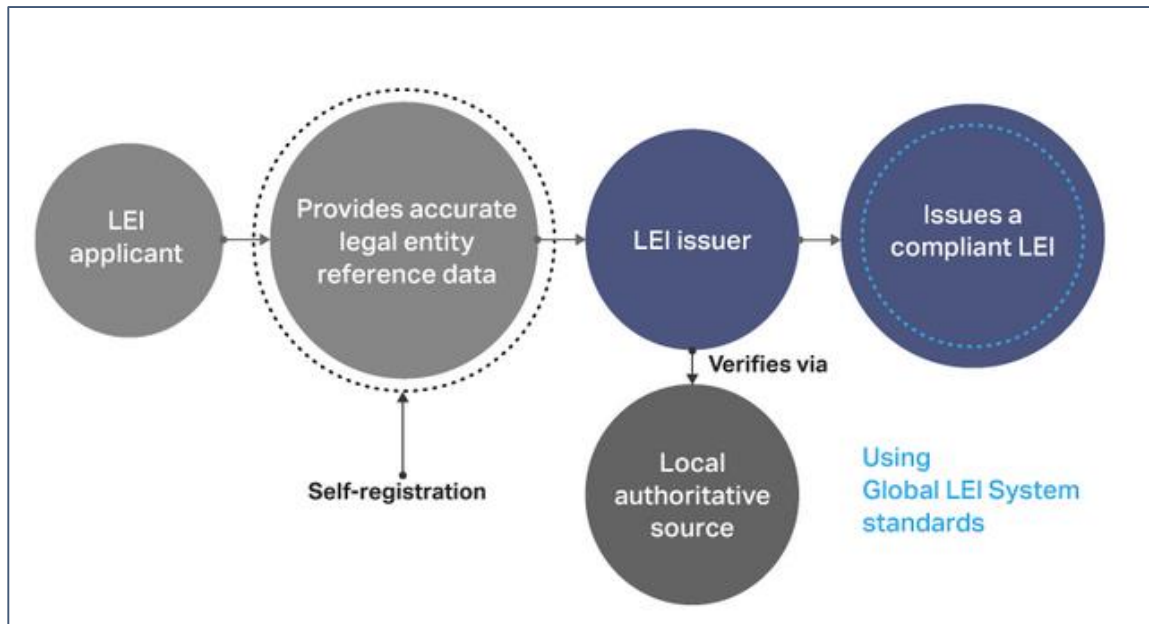
Transfer of LEIs and LE-RD



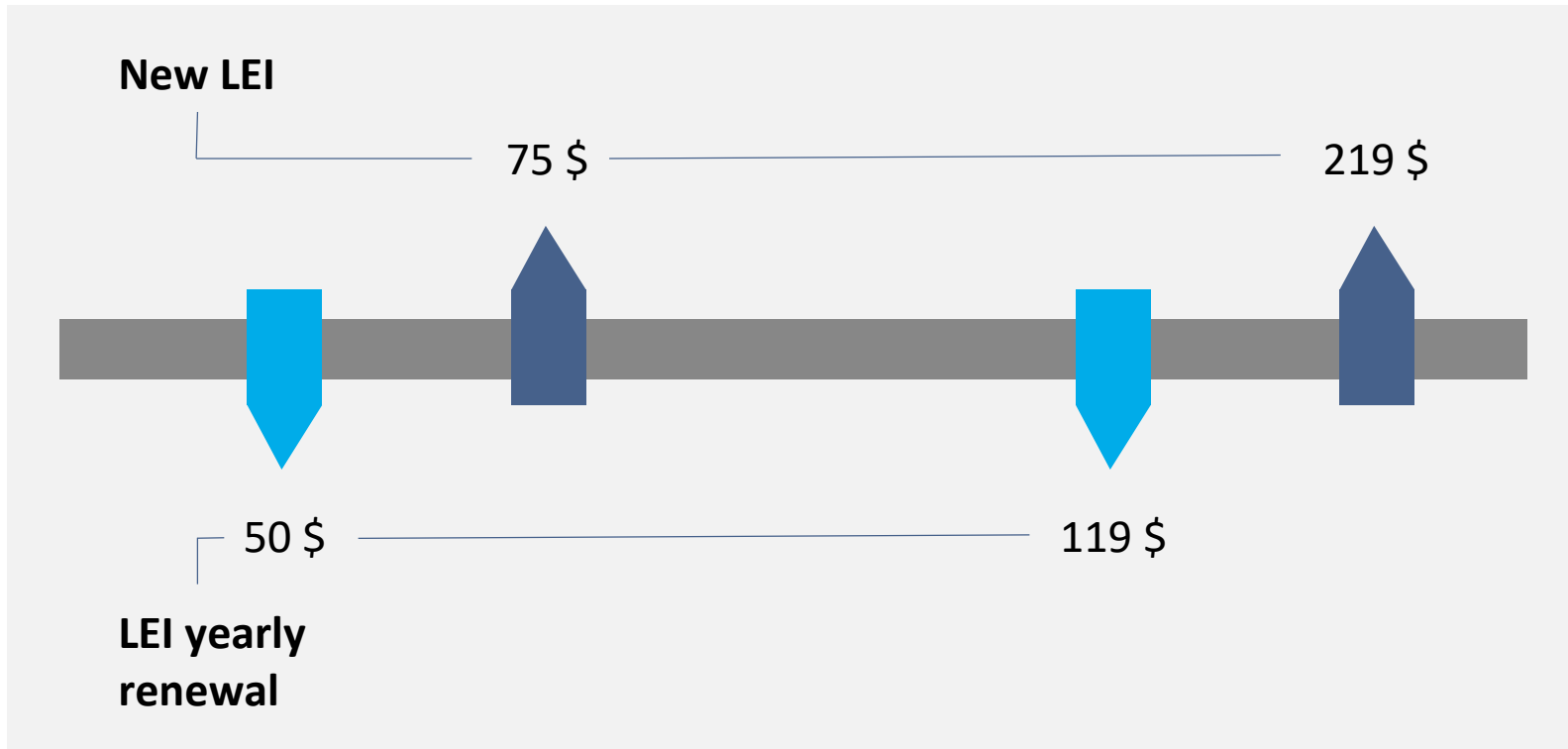
Renewal of LEIs

## How to obtain an LEI

- 29 LEI issuers are readily available to issue an LEI.
- GLEIF provides a list of LEI issuers on its [Website](#) for easier access.



## Costs to obtain an LEI\*



\* These are the published official prices by some LOUs and converted to USD by GLEIF. Competition law requires that GLEIF will not interfere in pricing policies of the LOUs.

# Data on Who Owns Whom: The LEI ROC Policy



## Overall policy

### Entities that have or acquire an LEI will report

- Their 'ultimate accounting consolidating parent':  
Defined as the highest level legal entity preparing consolidated financial statements
- Their 'direct accounting consolidating parent':  
Defined as the lowest level legal entity that prepares consolidated financial statements that consolidate the entity

In both cases, identification of the parent would be based on the accounting definition of consolidation applying to this parent

- IFRS (International Financial Reporting Standards) and
- US GAAP (United States Generally Accepted Accounting Principles)

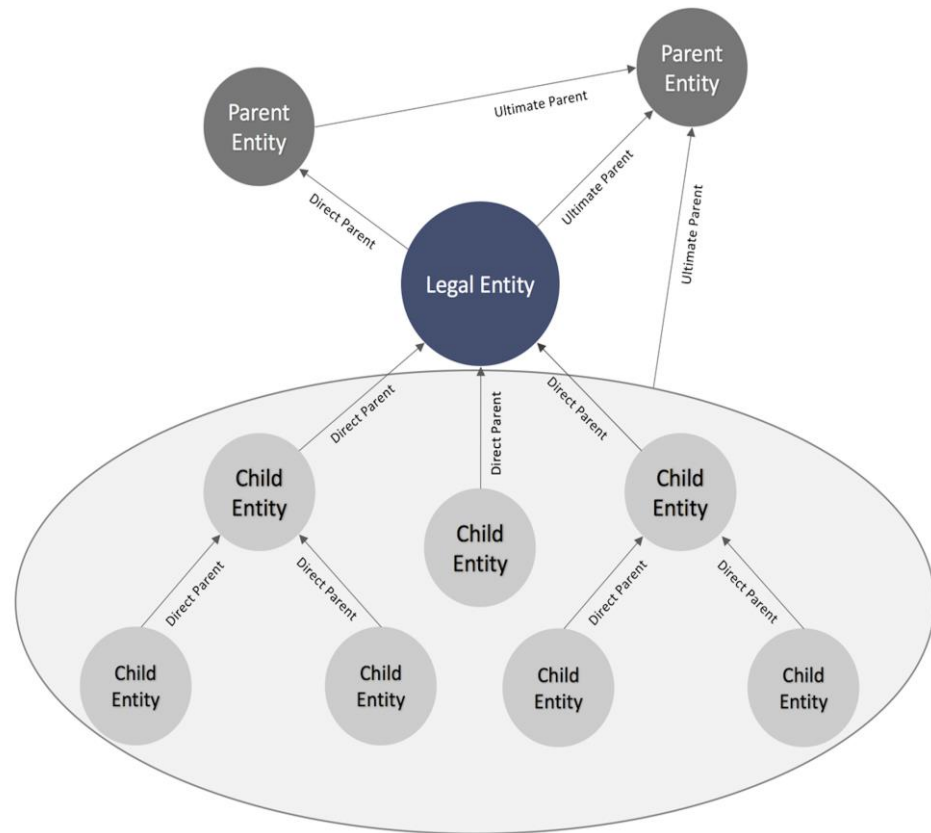
### Accounting definitions were chosen as a starting point

- Applicable to both financial and non-financial companies
- Their international comparability has increased
- Widely used, publicly available and their implementation is periodically reviewed by external auditors

# Making Direct and Ultimate parent Information Available

**Mission: To collect, validate and publish data on “who owns whom”**

- Prototype exercise successfully concluded on 7 December 2016 by GLEIF and five ‘first mover’ LEI Issuing partners.
- Collection and dissemination of ownership data will start May 1<sup>st</sup> 2017



## What is the GLEIF's role in the Level II implementation?



### End to end project management

- GLEIF is responsible for carrying out the project management and has developed the organizational and technical standards required by the LEI issuing organizations to collect the parent information.
- GLEIF and LOUs have demonstrated that the file formats, state transition rules and validation rules as well as technical interfaces are fit for purpose.

“With every data scrape, or use of an LEI, the picture of global corporate activity is becoming slightly less opaque thanks to the work of a hidden army of geeks”

Financial Times

# Will the Level II data be public? Where can it be found?

## On GLEIF Website



- Dedicated section on Level 2 Standards

The screenshot shows the GLEIF website with a navigation bar at the top containing links for 'About GLEIF', 'About LEI', 'LEI System', 'LEI Data', 'News & Media', and 'Events'. The main content area features a sidebar on the left with a list of topics: 'Introducing the Legal Entity Identifier (LEI)', 'How to Get an LEI: Find LEI Issuing Organizations' (with sub-links for 'Registration Agents' and 'Regulatory Use of the LEI'), 'ISO 17442: The LEI Code Structure', 'Common Data File Formats' (highlighted in blue), 'GLEIF Registration Authorities List', and 'Questions and Answers'. The main content area is titled 'Common Data File Formats' and includes social media share buttons for LinkedIn and Twitter. The text below explains that the LEI connects to key reference information and that GLEIF has published the Global LEI Index. It also states that CDF formats provide the specificity needed for implementation of the ISO standard.

- Direct links on new gleif.org start page

The screenshot shows a grid of six direct links on the GLEIF website start page:

<b>Concatenated File</b> DOWNLOAD	<b>Data Quality Report</b> DOWNLOAD	<b>Registration Authorities List</b> DOWNLOAD
<b>Accreditation Program</b> APPLY NOW	<b>Get an LEI</b> FIND BUSINESS PARTNER	<b>Data on Who Owns Whom</b> LEARN MORE

## How does the GLEIF ensure the quality of the Level II data?

- The implementation is 1 May 2017.
- GLEIF plans a post-implementation program for continuous improvement of the Level 2 data collection.
- GLEIF will engage with the LEI ROC, LOUs, and any public user of the data for a structured feedback program.

8 May

First publication of the **public** Level 2 relationship record file and exception reporting

8 May – June

Engage with the LOUs to support initial implementation and follow-up on any initial issues

30 June

GLEIF publishes its first call for feedback on the quarter-end publication

28 July

Deadline for LEI ROC and public users to provide GLEIF feedback for the first quarterly review cycle

**Thank you for your attention!**

For more information, visit the GLEIF Website at [www.gleif.org](http://www.gleif.org)

# Limitations



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# Questions and Answers

