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## ***Webinar– GFMA Legal Entity Identifier Webinar***

Wednesday, March 6, 2019 • 7:45 a.m. – 9:00 a.m.

### **Frequently Asked Questions**

**Note:** *the below FAQs have been prepared based on a GFMA LEI Webinar at which members of ESMA participated. The answers have not been reviewed or confirmed by representatives of ESMA and are **not** official legal or regulatory guidance. Firms should rely on independent legal and regulatory sources to plan their LEI programs, including compliance with the requirements of MiFID II and EMIR.*

### **European Securities Markets Association (ESMA) Related Questions**

**The below answers were not confirmed with ESMA and are not regulatory guidance.**

**Q1:** Will ESMA's review under the EMIR Refit be of the Regulatory Technical Standards (RTS) as well as Implementing Technical Standards (ITS)?

**A1:** Both, yes.

**Q2:** How many new LEIs does ESMA expect as a result of the Securities Financing Transactions Regulation (SFTR)?

**A2:** While we don't have a count on the number of firms affected, the types of firms affected include banks, investment firms, CCPs, CSDs, insurance, reinsurance undertakings, pension funds, UCITs, AIFs and non-financial counterparties. SFTR excludes SFTs in which a member of the ESCB (European System of Central Banks) is counterparty, other EU public bodies managing public debt or the Bank for International Settlements.

The proposal also explicitly identifies UCITS funds and AIFs as being subject to the regulation in its final form. Where the SFT counterparty is a UCITS fund or an AIF, the reporting obligation applies to its management company instead of the fund itself.

Ultimately, the scope of the proposed regulation is very broad, and if you are a firm engaging in SFTs, it would be well worth reviewing whether this regulation will be applicable to your current business activities

**Q3:** Is Market Identifier Code (MIC) included in ESMA's Financial Instrument Reference Data System (FIRDS)?

**A3:** Yes, MIC is included in ESMA's FIRDS.

**Q4:** LEIs are validated and last for 365 days, is it true that Lapsed LEIs will still be accepted as an identifier when trading even though validation hasn't been performed again (as within the year the company details might change)?

**A5:** The LEI system is structured such that LEIs are supposed to be renewed every year. It is not necessarily clear in many regulatory rules what actions would be taken by the regulatory if lapsed LEIs are provided. However, many regulators do not reject records with lapsed LEIs. New rules are starting to emerge with a stated requirement that only active LEIs may be provided in reporting. The best approach is to encourage clients to renew their LEIs.

**Q6:** For some regulations, why does ESMA still require additional information relating to the LEI reported to them in addition to the LEI, even though the information is available in the GLEIF open-source data set (e.g., country of counterparty for EMIR and SFTR)? The duplicative data that firms have to report is the country of the counterparty in addition to the LEI, which is required by ESMA for EMIR (and will be for SFTR). Is this info available in the GLEIF data set already?

**A6:** While the information is generally available in the GLEIF data set, at times regulators require data elements separately rather than accessing from the GLEIF site. This is to support their operational processes.

**The above answers were not confirmed with ESMA and are not regulatory guidance.**

### Global Legal Entity Identifier Foundation (GLEIF)

**Q#:** Regarding "Standardization:" Is there/Will there be a commonly accessible databank where one can try to match BICs & LEIs?

**A#:** The GLEIF already provides the authoritative mapping LEI-BIC mapping file on its website GLEIF.org. The file is free for public use.

**Q#:** Regarding the BIC, LEI, ISIN Matching: are only 1:1 relationships (i.e., only one BIC per LEI, only one LEI per BIC) allowed?

**A#:** No, there can be more than one BIC per LEI.

**Q#:** Would GLEIF consider including operating and segment MIC codes within the LEI records?

**A#:** The GLEIF does not have an initiative for this work right now. This could be a good ask from the industry to CPMI-IOSCO, ISO or perhaps the LEI Regulatory Oversight Committee (ROC. If industry demands standardization globally, perhaps we can stimulate work on this going forward.

**Q#:** We have concatenated file and Golden copy files in GLEIF. Why do we have both versions? Shouldn't only Golden copy files be used?

**A#:** The primary source for all LEI data are the LEI issuers (LOUs). They publish daily on their website all LEIs under their management. The concatenated file is a service by GLEIF. We pull all files daily and perform intense data quality and schema checks. Then we concatenate all files and publish on file per format and day (level 1, level 2, reporting exceptions).

The Golden Copy files add more convenience to the usage of the data. The Golden Copy Files, coming also in delta files, are of particular interest to LEI data users who seek to obtain frequently updated (three times daily) information on LEIs and related reference data in a ready-to-use format that ensures:

- Data does not contain technical duplicates, e.g. during a transfer from one to another LOU.
- All LEIs ever published in a GLEIF Golden Copy File version, as well as all new LEIs published by the LEI issuers since the previous release of a Golden Copy File, are included in the file.
- Enriched reference data provides deeper insight into the global market place.
- History of data changes
- Geo location codes

The delta files allow data users to quickly identify new or updated LEIs and reference data without the need to download the files containing the complete LEI population. For more information please refer to: <https://www.gleif.org/en/lei-data/gleif-golden-copy>

**Q#:** With the LEI growth prospects being positive far into the future, how will Local Operating Units (LOUs) support this growth at low cost?

**A#:** The LOUs operate on a cost recovery basis. As such, LOUs will charge fees that cover their costs, including those that may arise as the population of LEIs grow.

**Q#:** Will LOUs be consulted on the new operating model being discussed?

**A#:** Yes. LOUs are partners with the GLEIF and the LEI ROC in the LEI system and are engaged in the work that broadly affects the whole system.

**Q#:** When will the ISIN and LEI data linkage available

**A#:** On 4 April 2019, the GLEIF and the Association of National Numbering Agencies (ANNA) piloted the first daily open-source relationship file that links newly issued ISINs and LEIs. The daily ISIN-to-LEI relationship files, which are now publicly available on the GLEIF website, currently include new ISINs issued by 11 early mover national numbering agencies (NNAs). Information on the participating NNAs is published on the [ANNA website](#). It is expected that other NNAs will join the program going forward. Altogether, there are 116 NNAs responsible for issuing ISINs

## Legal Entity Identifier Regulatory Oversight Committee (LEI ROC)

**Q#:** Can we have a list of events which are classified under legal entity events

**A#:** If you look at the LEIROC.org website, you can see the final guidance on this that will list the events.

**Q#:** How are LEI's allocated to funds?

**A#:** Any fund that is a legal entity may get an LEI. The ROC will be releasing further guidance on this in the near future. You can see their prior consultations on the leiroc.org site.

**Q#:** For multiple financial instruments under an umbrella fund how LEI is allocated??

**A#:** Each of the sub funds of an umbrella fund, as well as the umbrella fund itself can get an LEI.

### Office of Financial Research (OFR)

**Q#:** What impact do you believe the recent U.S. Office of Financial Research rule filing will have on LEI proliferation in the United States? In your opinion, given the number of entities requiring an LEI, will this require a substantial market effort? How does this compare to the experiences in the EU?

**A#:** I believe the OFR addressed this in the consultation and said somewhere around 800. So this is not a huge market impact and nothing near the scope of MIFID II.