

# **Guidelines on the use of the Legal Entity Identifier (LEI)**

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## **Introduction**

- 1.1. EIOPA is issuing Guidelines on the Legal Entity Identifier (LEI) addressed to the national authorities competent for the supervision of the insurance and institutions for occupational retirement provision (IORP) sectors (hereinafter “national competent authorities”).
- 1.2. These Guidelines are intended to facilitate the use of LEIs as unique identification code for insurance and reinsurance undertakings and groups as well as for institutions for occupational retirement provision under the national competent authorities’ supervisory remit (hereinafter “all institutions under their supervisory remit”).
- 1.3. These Guidelines seek to establish consistent, efficient and effective supervisory practices by harmonising the identification of legal entities in order to ensure high-quality, reliable and comparable data.
- 1.4. With these Guidelines, EIOPA supports the adoption of the Legal Entity Identification (LEI) system proposed by the Financial Stability Board (FSB) and endorsed by the G20, aimed at achieving a unique, worldwide identification of parties to financial transactions.
- 1.5. This Guidelines on the use of LEIs as unique identification codes respond to the following reasons:
  - The common use of the same identification code for various reporting tasks and across the sectors will significantly improve quality of information, allowing for efficient execution of EIOPA’s mandate defined by the EIOPA Regulation.
  - The use of the LEI will allow improved automation of data processing and reduce reporting burden, improving quality and reducing costs for all involved parties.
  - There is widespread agreement among the European authorities and financial industry participants to move as soon as possible to a global LEI system that would provide a valuable ‘building block’ contributing to and facilitating many financial stability objectives, including enhanced supervisory convergence and high-quality, reliable and comparable data.
  - The repercussions of implementing the LEI system would be negligible in comparison with the benefits that would arise, primarily from the harmonisation of identification codes across the different EEU and

international jurisdictions, different European Supervisory Authorities (EIOPA, European Banking Authority (EBA) and European Securities and Markets Authority) (ESMA)) and among financial institutions.

- There are no alternative options available either in the insurance or pensions sectors to date. Setting up a new EIOPA code has been considered, however this solution could easily generate additional costs and operating risks for national competent authorities and EIOPA itself, neither would it address the consistency with the other sectors (banking and investment).

1.6. For the purpose of these Guidelines the following definitions and abbreviations are used :

- Legal Entity Identifier (LEI) code is a 20-digit alpha-numeric code that connects to key reference information that enables clear and unique identification of companies participating in global financial markets.
- GLEIF (Global Legal Entity Identifier Foundation) - operating a Central Operating Unit and Local Operating Units. The GLEIF is established as a foundation in Switzerland, operating as a not-for-profit foundation under Swiss law and has the objective of implementing a federated global LEI system in line with the High Level Principles and FSB recommendations, as endorsed by the Heads of State and Government of the G20 (Los Cabos, Mexico, June 2012), and under the oversight of the ROC.
- GLEIS (Global Legal Entity Identifier System) - the federated system with entities being issued by Local Operating Units (LOUs) and overseen by GLEIF<sup>1</sup>.
- COU (Central Operating Unit) - the institution established by the GLEIF, which operationally conducts the works of the GLEIS and the data in the system.
- LOU (Local Operating Unit) - the body, endorsed by ROC who will actually be registering entities in the LEI system, issuing and maintaining the LEI code.
- ROC (Regulatory Oversight Committee) - The board of financial regulators which oversees the whole system.

1.7. The Global LEI System (GLEIS) is not yet fully operational but a number of entities, sponsored by national authorities, have already started to issue LEI-like identifiers (pre-LEIs) in order to satisfy local reporting requirements. These

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<sup>1</sup> For more information, please see report by the Financial Stability Board dated 8 June 2012: *A Global Legal Entity Identifier for Financial Markets* [ [http://www.leiroc.org/publications/gls/roc\\_20120608.pdf](http://www.leiroc.org/publications/gls/roc_20120608.pdf) ]

Pre-LEI codes will become the LEI codes, when the system is fully operating. These Guidelines are applicable to the Pre-LEI stage<sup>2</sup> accordingly.

- 1.8. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction.
- 1.9. The Guidelines shall apply from 31 December 2014.

### **Guideline 1 - Requesting of the LEI code**

- 1.10. National competent authorities should request all institutions under their supervisory remit to obtain a code issued by a LOU (a LEI code).
- 1.11. For institutions reporting Solvency II information, national competent authorities should request that all such institutions obtain a LEI code for all entities in the scope of the group as defined under article 212 (1) (c) of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive)<sup>3</sup>, on which information is required under their reporting obligations.

### **Guideline 2 - Verification of the LEI code request**

- 1.12. National competent authorities should verify that institutions under their supervisory remit have requested the LEI codes as follows:
  - a) For institutions within the scope of the Solvency II Directive, by 30 June 2015 at the latest;
  - b) For all other institutions (including IORPs), by 30 June 2016 at the latest.

### **Guideline 3 - Providing Instructions on the LEI code usage**

- 1.13. National competent authorities should provide instructions on how the institutions referred in Guideline 2 should consistently use the LEI codes when fulfilling their reporting obligations.

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<sup>2</sup> While the GLEIS is still being formed, some regulators have already begun to require market participants to have LEIs. These are being issued by so-called "pre-LOUs". These pre-LEIs codes match the format of the LEI, and can work as basic identifiers till the regular GLEIS is fully operating.

<sup>3</sup> OJ L 335, 17.12.2009

## **Guideline 4 - Assurance of the LEI code in the reporting to EIOPA**

- 1.14. National competent authorities should ensure that the information provided to EIOPA concerning all institutions under their supervisory remit, contains the LEI codes obtained in accordance with these Guidelines.

## **Compliance and Reporting Rules**

- 1.15. This document contains Guidelines issued under Article 16 of the EIOPA Regulation.
- 1.16. In accordance with Article 16(3) of the EIOPA Regulation competent authorities and financial institutions shall make every effort to comply with guidelines and recommendations.
- 1.17. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.
- 1.18. Competent authorities shall confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, within two months after the issuance of the translated versions.
- 1.19. In the absence of a response by this deadline, competent authorities will be considered as non-compliant and reported as such.

## **Final Provision on Review**

- 1.20. These Guidelines shall be subject to a review by EIOPA.