



June 2017

LEI Codes – MiFID II Requirements and Regulatory update

MiFID II Requirement for Legal entity Identifiers (“LEI Codes”) – 3rd January 2018 Deadline

With effect from 3rd January 2018, the implementation date of MiFID II, reporting entities must identify each and every client (fund, account or natural person) using their LEI identifying code. Firms subject to MiFID II reporting obligations will not be able to trade on behalf of a client or with a counterparty, either within the EU or globally, who is eligible for a LEI code and does not have one.

Firms subject to MiFID II transaction reporting obligations include investment firms, portfolio management companies providing investment advice and portfolio management on a client-by-client basis (e.g. managed accounts), legal entities and EU branches of third country investment firms.

The purpose of LEI Codes

An LEI code is a unique 20 digit code which enables every legal entity that is party to a financial transaction to be identified in any jurisdiction. The LEI code for each entity that is party to a relevant transaction will be required to be included within the transaction report sent to the relevant competent authority under MiFID II.

The initiative to create a Global LEI System (“GLEIS”) was taken by the G20 with the purpose of improving transparency and risk assessment in the global financial markets.

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ESMA already requires the identification of LEI codes for derivatives reporting under European Market Infrastructure Regulation (“**EMIR**”).

A range of other EU regulations either require or request disclosure of LEI codes - including Solvency II, Market Abuse Regulation (“**MAR**”), Payment Services Directive, Transparency Directive (“**TD**”), Credit Reporting Act 2013, Central Securities Repositories Directive, AIFMD, Capital Requirements Regulation and European Insurance and Occupational Pensions Authority Guidelines.

Obtaining and Updating LEIs

LEIs are issued by “Local Operating Units” (“**LOUs**”) of GLEIS. In Ireland the Irish Stock Exchange (“**ISE**”) is the LOU. Only an eligible entity or its authorised representative may obtain an LEI code. Dillon Eustace can assist clients with LEI applications on request.

The process for obtaining an LEI code is straightforward, and codes can be obtained in 2-3 business days. The ISE charges a fee of €160 per code issuance. Discounts of 33% are available for bulk orders of 10 or more codes.

LEI codes are valid for one year and must be updated by way of reapplication to the relevant LEI issuance agency. A renewal fee of €110.00 fee is payable each year to maintain the code. Lapsed LEIs will not be deemed valid for EMIR reporting.

What Entities should Obtain an LEI?

The legal requirements to use LEIs are determined by local regulation including the competent authorities in each EU jurisdiction. These requirements may vary depending on the country. Eligible entities that are not legally required to obtain LEIs may also request codes.

The ISE will issue LEI codes to the following eligible entities:

- All entities listed on an exchange,
- All entities that issue equity, debt or other securities for other capital structures,
- All entities that trade stock or debt, investment vehicles constituted as corporate entities or collective investment vehicles (including umbrella funds as well as sub-funds of umbrella structures, hedge funds, private equity funds, etc),
- All financial intermediaries, and
- Banks and finance companies.

Global Database of LEI Codes - Is the LEI data publicly available?

Yes. Updated files which contain all LEIs (and related LEI reference data) issued to date are published daily. As of May 2017, over 500,000 entities from 195 countries had obtained LEIs.

The Global Legal Entity Identifier Foundation (“**GLEIF**”) is responsible for monitoring LEI data quality. The GLEIF data quality management program ensures that the LEI remains the industry standard best suited to providing open and reliable data for unique legal entity identification management.

Any interested party can easily access and search the complete LEI data pool free of charge on the GLEIF website here:

<https://www.gleif.org/en/>

What if there is an error in an LEI data record?

LEI owners are responsible for keeping the LEI issuing organization aware of updates to the legal entity reference data. Also, any LEI data user may challenge an LEI and/or its legal entity reference data. A challenge triggers a review of the record by the respective LEI issuing organization to determine the validity of the updated information being submitted. Verification and updates of the LEI and/or its legal entity reference data resulting from challenges are processed free of charge by the managing LEI issuer.

LEI Update in Ireland

Since 1 January 2017, listed issuers filing regulated information with the ISE, in its capacity as an Officially Appointed Mechanism under the TD, are required to provide their LEI code as part of the notification, where an LEI code is available.

The Central Bank of Ireland (“**CBI**”) indicated in a Q&A on the [Transparency Regulatory Framework](#), that it may introduce a specific obligation on issuers to obtain an LEI code in the future. Issuers with Ireland as their TD Home Member State are currently advised by the CBI to obtain an LEI code.

LEI codes may be obtained from the ISE through www.isedirect.ie. Dillon Eustace will be happy to assist issuers in obtaining LEI codes.

Further Information / Useful links

Further information on LEIs, including a FAQ, can be found on the Legal Entity Identifier Oversight Committee (LEIROC) and GLEIF websites:

<http://www.leiroc.org/faq/index.htm>

<https://www.gleif.org/en/about-lei/questions-and-answers>

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