

MiFID II - Legal Entity Identifier (LEI) update

Read this update if you are a firm subject to MiFID II transaction reporting obligations. This update will also be of interest to your clients who are legal entities or structures, including a company, charity or trust, and eligible for an LEI.

Who MiFID II transaction reporting obligations apply to

The FCA communicated in CP15/43 its expectation that MiFID investment firms (excluding collective portfolio management investment firms but including authorised credit institutions), operators of trading venues and UK branches of third country investment firms must comply with transaction reporting obligations.

How MiFID II impacts LEIs

From 3 January 2018 firms subject to MiFID II transaction reporting obligations will not be able to execute a trade on behalf of a client who is eligible for a Legal Entity Identifier (LEI) and does not have one.

What an LEI is

An LEI is a unique identifier for persons that are legal entities or structures including companies, charities and trusts. The obligation for legal entities or structures to obtain an LEI was endorsed by the G20 (the leaders of the 20 largest economies). Further information on LEIs, including answers to frequently asked questions, can be found on the [Legal Entity Identifier Regulatory Oversight Committee \(LEIROC\)](#) [1] and [Global Legal Entity Identifier Foundation \(GLEIF\)](#) [2] websites.

The purpose of an LEI

An LEI is a code unique to that legal entity or structure. When an LEI code is allocated to you, the code is included in a global data system. This enables every legal entity or structure that is a party to a relevant financial transaction to be identified in any jurisdiction.

What you need to do

If you are subject to MiFID II transaction reporting obligations or are a UK branch of a third country firm, you will need to ensure that your clients eligible for an LEI have one before executing a transaction in a financial instrument subject to the MiFID II transaction reporting obligations on their behalf, from 3 January 2018. These financial instruments include shares, bonds, collective investment schemes, derivatives and emission allowances meeting [the conditions in article 26 MIFIR](#) [3].

If you are a client who is a legal entity or structure, including a company charity or trust, you will need to make arrangements to obtain an LEI code if you want the firm to continue to act on your instructions from 3 January 2018 onwards.

How to obtain an LEI

An LEI is available from bodies accredited by the GLEIF, or bodies endorsed by the LEIROC, as an authorised Local Operating Unit for the global allocation of LEIs. A list of all Local Operating Units can be found on the [GLEIF's website](#) [4].

The GLEIF has also [introduced the concept of a 'registration agent' to assist legal persons to access Local Operating Units](#) [5]. Issuing and arranging for the issue of an LEI is not an activity required to be regulated by the FCA.

The cost

A Local Operating Unit may charge a fee for allocating the LEI. The precise fee is at the discretion of the Local Operating Unit.

Renewing your LEI annually

LEIs must be renewed annually. To do this you must provide the Local Operating Unit with updated information so that it may verify the data held on the LEI. The Local Operating Unit may charge the holder of an LEI an additional annual fee per LEI for this annual renewal process.

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Links

- [1] <http://www.leiroc.org/faq/index.htm>
- [2] <https://www.gleif.org/en/about-lei/questions-and-answers>

- [3] <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0600>
- [4] <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations>
- [5] <https://www.gleif.org/en/lei-focus/how-to-get-an-lei-find-lei-issuing-organizations/registration-agents>
- [6] <https://www.fca.org.uk/print/markets/mifid-ii/legal-entity-identifier-lei-update>
- [8] <https://www.fca.org.uk/markets/mifid-ii>
- [9] <https://www.fca.org.uk/markets/mifid-ii/changes>
- [10] <https://www.fca.org.uk/markets/mifid-ii/applications-notifications>
- [11] <https://www.fca.org.uk/markets/mifid-ii/data-reporting-services-providers>
- [12] <https://www.fca.org.uk/markets/mifid-ii/market-data-regimes>
- [13] <https://www.fca.org.uk/markets/mifid-ii/commodity-derivatives>
- [14] <https://www.fca.org.uk/markets/mifid-ii/trading-venue-id-codes>
- [15] <https://www.fca.org.uk/markets/mifid-ii/transparency-calculations>
- [16] <https://www.fca.org.uk/markets/mifid-ii/legal-entity-identifier-lei-update>
- [17] <https://www.fca.org.uk/markets/mifid-ii/email-updates>
- [18] https://www.fca.org.uk/publications/search-results?p_search_term=mifid

MiFID II [8]

Changes to MiFID	[9]
Applications and notifications under MiFID II	[10]
Data reporting services providers	[11]
Market data regimes	[12]
Commodity derivatives: introduction of position limits and reporting regime	[13]
Trading venue ID codes	[14]
Transparency calculations: MiFID	[15]
MiFID II - Legal Entity Identifier (LEI) update	[16]

Related content

MiFID email updates	[17]
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Useful resources

MiFID news and publications	[18]
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