

GAT Guidance on Legal Entity Identifiers (LEI)

Introduction

With effect from 3 January 2018 when MiFID II and MiFIR take effect in the UK, certain legal entities are required to obtain an LEI in order to continue to receive investor services within the EU. This affects Trusts (but not bare trusts), Companies, Foundations, Pension Funds, and Charities. After 3 January 2018, if you use a UK or EU broker or investment platform, then that firm will require you to provide an LEI before a trade can be placed.

The LEI is a reference code that is unique to each legal entity, and enables regulatory authorities in the UK and Europe to monitor trading activity, for the purposes of avoiding market abuse and market manipulation. The legal entity will be registered with the Global Entity Identifier Foundation (GLEIF), and investment firms caught by MiFID II will need to provide reporting to their regulators with regard to trading activities for their customers who have registered for an LEI.

The GLEIF database is searchable and shows information for all those registered for an LEI. Information available includes the name and address of the entity, and where it is registered. It is intended that further information will be publicly available in future, including information on the ownership of the registered entity.

Who is impacted?

All trusts, companies, pension funds and charities utilising services of an investment firm in the UK or EU, will need to obtain an LEI. This will need to be renewed annually.

MiFID II does not directly apply in Guernsey, but in practice you may need to apply for an LEI. If you use a broker or investment platform in Guernsey (or any other place outside of the UK or EU), then you will not require an LEI as the investment firm will report its own LEI for transactions. **If you wish to avoid registering, you could consider using an investment firm in Guernsey or in another jurisdiction outside the UK or EU, although there is of course the possibility that this position may change in the future.**

How do you obtain an LEI?

An LEI is available from a Local Operating Unit (LOU) accredited by GLEIF or LEIROC for the global allocation of LEI's. A list of all LOU's are available on the GLEIF website (see link at bottom of the page). **The Channel Island Stock Exchange is still considering whether to provide this service, but it is very unlikely to have anything in place before the internal deadline set by most firms so this is not a practical option at the current time.**

In practice, most investment firms are offering to do this for you, subject to a fee charged at their discretion. Although the regulation is effective 3 January 2018, a number of LOU's are giving an internal deadline of 30 October to enable them to process applications in time.

The LEI must be renewed annually, again this will be subject to a renewal fee charged by the LOU.

Information that you will need to provide to the LOU

For companies this is quite straightforward; you will need to provide the official registry details and business address.

In the case of trusts, a trustee must register each trust individually and will need to disclose details of the trust to the LOU. As there is no public register of trusts in Guernsey you will need to provide documentation in order that the LOU can independently verify the existence of the Trust. For example, if the LOU is the London Stock Exchange, you will need to provide a scanned copy of an extract of the trust deed showing the name and address of the Trust, or alternatively an HMRC statement. **If the name of the trust identifies who is behind the trust, the trustee may wish to consider changing the name of the trust prior to applying for an LEI.**

Useful References

<https://www.gleif.org/en/> GLEIF, the Global Legal Entity Identifier Foundation

<https://www.leiroc.org> LEI Regulatory Oversight Committee

<http://www.lseg.com/LEI> London Stock Exchange LEI

For & on behalf of

Guernsey Association of Trustees

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Comments on this paper should be addressed to admin@guernseytrustees.org