

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to the Financial Services Industry on the Legal Entity Identifier ('LEI')

[1.0] Introduction

The LEI is a unique identifier consisting of a 20-character alpha-numeric code, which allows for the identification of legally independent entities across global financial markets. The Global LEI System was a G20 commitment towards “the creation of a global legal entity identifier which uniquely identifies parties to financial transactions”. The Global LEI System is therefore an international initiative and is not just limited to the European Union.

LEIs are issued by [Local Operating Units](#) ('LOUs') of the Global LEI System. LOUs are the utilities endorsed by the Regulatory Oversight Committee ('ROC')¹, or accredited by the Global Legal Entity Identifier Foundation ('GLEIF') under ROC oversight, to provide LEI registrations to registrants and other services.

The establishment of a Global LEI System is critical to improving measurement and monitoring of systemic risk. Furthermore, establishing a uniform system for the identification of legal entities reduces costs not only for individual companies but for the global market.

[2.0] Application of LEIs

The use of LEIs is already required or recommended under a number of European regulations such as: the European Market Infrastructure Regulation ('EMIR'), whereby counterparties falling within the scope of EMIR are required to report the details of their transactions and an LEI is required for the proper identification in this context; the Capital Requirements Regulation ('CRR'); and the Central Securities Depositories Regulation ('CSDR').

The LEI is also mentioned in the Technical Standards pertaining to the Alternative Investment Fund Managers Directive ('AIFMD'). Furthermore, the LEI will also be required under the Markets in Financial Instruments Directive and Regulation ('MiFID II'/ 'MiFIR') framework.

¹ The Regulatory Oversight Committee is a group of over 70 public authorities from more than 40 countries established in January 2013 to coordinate and oversee a worldwide framework of legal entity identification, the Global LEI System.

Annexed to this circular is a list of European regulatory activities which request or require the use of an LEI. It is appropriate to reiterate that this identifier is not limited to European legislation, but extends across the globe. For an overview of the current and proposed regulatory activities in every worldwide jurisdiction which require or request the use of the LEI please click the following [link](#).

[3.0] Obtaining an LEI

One may apply for an LEI code through any of the LOUs which are endorsed by the ROC. More information on how to obtain an LEI code, as well as the list of endorsed LOUs can be found by clicking the following [link](#).

[4.0] Conclusion

Considering the number of regulatory activities requiring the use of LEIs, the Authority strongly recommends that legal entities, who have not yet obtained an LEI code, apply for their LEI irrespective of or possibly in advance of any regulatory requirement. Obtaining an LEI would contribute to and facilitate many financial stability objectives, including enhanced supervisory convergence and high-quality, reliable and comparable data.

It is appropriate to note that failure to obtain an LEI code may result in non-compliance with regulatory requirements, possibly leading to a regulatory breach on the part of the respective legal entity.

Contacts

Should you have any queries, please do not hesitate to contact: Mr Nathan Fenech Analyst, Securities and Markets Supervision Unit (NFenech@mfsa.com.mt) or Dr Anneliese Grixti Analyst, Securities and Markets Supervision Unit (AGrixti@mfsa.com.mt).

**Communications Unit
Malta Financial Services Authority
9th August 2016**

ANNEX I

European Initiatives towards the use of LEIs

<u>Rule</u>	<u>Effective Date</u>	<u>LEI</u>
European Banking Authority Regulation (EU) No 575/2013 Capital Requirements Regulation	March 2014	Requested
European Insurance and Occupational Pensions Authority (EIOPA) BoS-14-026 Guidelines on the use of LEI	June 2015	Required
European Security and Markets Authority (ESMA) Market Trading Data Reports	October 2014	Required
Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR)	February 2014	Required
Commission Implementing Regulation (EU) No 1247/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories	February 2014	Required
Commission Implementing Regulation (EU) No 1249/2012 of 19 December 2012 laying down implementing technical standards with regard to the format of the records to be maintained by central counterparties according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories	January 2013	Required
European Security and Markets Authority (ESMA) Questions and Answers Implementation of the Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR)	February 2016	Required
European Security and Markets Authority (ESMA) Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the Alternative Investment Fund Managers Directive (AIFMD)	August 2014	Requested
Commission Delegated Regulation (EU) 2015/1 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards for the periodic reporting on fees charged by credit rating agencies for the purpose of ongoing supervision by the European Securities and Markets Authority Text with EEA relevance	2016	Required
Commission Delegated Regulation (EU) 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards for the presentation of the information that	March 2016	Required

credit rating agencies make available to the European Securities and Markets Authority Text with EEA relevance		
Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards on disclosure requirements for structured finance instruments Text with EEA relevance	January 2017	Required
European Banking Authority (EBA) Recommendation On the use of the Legal Entity Identifier (LEI)	2014	Required
Commission delegated Regulation (EU) .../... of 28.7.2015 supplementing Directive 2002/87/EC of the European Parliament and of the Council with regard to regulatory technical standards specifying the definitions and coordinating the supplementary supervision of risk concentration and intra-group transactions	2015	Requested
European Banking Authority (EBA) XBRL Filing Rules	March 2014	Required
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)	January 2016	Required
Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012	2017	Required
Commission implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with Directive 2009/138/EC of the European Parliament and of the Council	2016	Required
Commission implementing Regulation (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency	2015	Requested
Commission Implementing Regulation (EU) 2016/378 of 11 March 2016 laying down implementing technical standards with regard to the timing, format and template of the submission of notifications to competent authorities according to Regulation (EU) No 596/2014 of the European Parliament and of the Council	2016	Required
Commission Implementing Regulation (EU) 2016/523 of 10 March 2016 laying down implementing technical standards with regard to the format and template for notification and public disclosure of managers' transactions in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council	July 2016	Required