

08 August 2022

Circular on Adopting the Revised Guidelines on the Legal Entity Identifier (LEI)

1.0 Introduction

On 20 December 2021, EIOPA issued the "[Revised Guidelines on Legal Entity Identifier](#)" (hereinafter referred to as the "EIOPA Guidelines" or "Guidelines"). The Legal Entity Identifier (LEI) is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). It connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Each LEI contains information about an entity's ownership structure and thus answers the questions of 'who is who' and 'who owns whom'. LEI codes can be obtained from any endorsed pre-Local Operational Unit (LOU) forming part of the GLEIF (Global Legal Entity Identifier Foundation). A list of these pre-LOUs currently endorsed by the GLEIF is available at: http://www.leiroc.org/publications/gls/lou_20131003_2.pdf. The GLEIF is a supranational not-for-profit organization headquartered in Basel, Switzerland, which was established by the Financial Stability Board in June 2014 to support the implementation and use of the LEI. This Foundation is overseen by the LEI Regulatory Oversight Committee and acts as an operational arm of the Global LEI System.

The Guidelines became applicable on 1 July 2022 and repealed the "[Guidelines on the use of the Legal Entity Identifier](#)". The purpose of these Guidelines was to continue establishing consistent, efficient and effective supervisory practices by harmonising the identification of legal entities in order to ensure high quality, reliable and comparable data. In order to adopt the new Revised Guidelines on Legal Entity Identifier, the MFSA will be amending the following:

- (a) Chapter 1 of the Insurance Rules: The Application Process;
- (b) Chapter 13 of the Insurance Rules: General Principles of Supervision Rules;
- (c) Chapter 1 of the Insurance Distribution Rules: The Application Process of Insurance Agents, Insurance Managers and Insurance Brokers;
- (d) Chapter 2 of the Insurance Distribution Rules: The Application Process of Tied Insurance Intermediaries and Ancillary Insurance Intermediaries; and,
- (e) The Pension Rules for Occupational Retirement Schemes.

2.0 Amendments to Chapter 1 of the Insurance Rules: The Application Process

Pursuant to EIOPA's Revised Guidelines on Legal Entity Identifier, and in order to adopt paragraph 18(a)(i) - 18(a)(iv) of Guideline 1 of the said Guidelines, the MFSA will be amending Chapter 1 of the Insurance Rules. In this respect, the MFSA will be amending paragraph 1.4.7 to state that, following notification of the competent authority's decision regarding the application for authorisation, the applicant will also be required to finalise any outstanding matters, including (in the case of a new undertaking) the LEI Code in line with the EIOPA Guidelines. Where the applicant establishes branches in the EEA, such branches may use the LEI Code of the applicant. Where applicable, the applicant shall also provide the LEI Code of:

- (a) the ultimate parent undertaking as defined in Article 215 of Directive 2009/138/EC, and all undertakings, except non-EEA undertakings and nonregulated undertakings, included in the scope of a group as defined in Article 212(1)(c) of Directive 2009/138/EC; and,
- (b) the mixed-activity insurance holding company.

3.0 Amendments to Chapter 13 of the Insurance Rules: General Principles of Supervision Rules

The MFSA will also be amending Chapter 13 of the Insurance Rules to adopt Guideline 2 of the Guidelines. Paragraph 13.2.1(b) of the said Chapter, which contains a list of guidelines which the competent authority in exercise of its general duties is required to be guided by, will be amended to remove reference to the Guidelines on the use of the Legal Entity Identifier and include a reference to the revised Guidelines on the Legal Entity Identifier.

4.0 Amendments to Chapter 1 of the Insurance Distribution Rules: The Application Process of Insurance Agents, Insurance Managers and Insurance Brokers

In order to adopt paragraph 18(c) of Guideline 1 of the EIOPA Guidelines, the MFSA will be amending Chapter 1 of the Insurance Distribution Rules and will be introducing a new paragraph 1.2.3 to the said Chapter. The new paragraph will state that, where an enrolled person is also seeking to establish a branch in another Member State or intends to provide services in another Member State (cross-border business), the said enrolled person will also be required to obtain an LEI Code in line with the Revised Guidelines on Legal Entity Identifier.

5.0 Amendments to Chapter 2 of the Insurance Distribution Rules: The Application Process of Tied Insurance Intermediaries and Ancillary Insurance Intermediaries

Paragraph 18(c) of Guideline 1 of the EIOPA Guidelines applies to insurance, reinsurance and ancillary insurance intermediaries which carry out cross border business. In this respect, the MFSA is amending Chapter 2 of the Insurance Distribution Rules. The MFSA will be amending the sections referring to the manner of submitting an application for enrolment in the Tied Insurance Intermediaries List and the Ancillary Insurance Intermediaries List.

Two new additional paragraphs 2.3.4 and 2.3.8 will be included in Chapter 2 of the Insurance Distribution Rules which will both require that, upon notification of the competent authority's decision regarding the enrolment of the respective intermediary in the respective intermediaries list, where such person is also seeking to establish a branch in another Member State or intends to provide services in another Member State (cross-border business), the said person shall also be required to obtain an LEI Code in line with the Revised Guidelines on Legal Entity Identifier.

6.0 Amendments to the Pension Rules for Occupational Retirement Schemes

Paragraph 18(b) of Guideline 1 of the EIOPA Guidelines requires Institutions for occupational retirement provisions (IORPs) registered or authorised in accordance with [Directive \(EU\) 2016/2341](#), and satisfying one of the following conditions to obtain an LEI:

- (a) a balance sheet total of more than one thousand million Euros; or
- (b) a balance sheet total of more than one hundred and less than one thousand million Euros and it is ranked as one of the five biggest IORPs in terms of balance sheet totals in the Member State.

In this respect, the MFSA will be amending paragraph 2.1.3 of the Pension Rules for Occupational Retirement Schemes to include the new requirement emanating from EIOPA's Revised Guidelines.

7.0 Way Forward

Any licence holders which are not in possession of an LEI code in line with the requirements of EIOPA's Revised Guidelines are to inform the MFSA with the date when they applied for the LEI code and with the name of the service provider with which they applied to obtain such LEI code, by the **30 September 2022**.

It is to be noted that once an LEI code is obtained, licence holders will be required to use LEI codes when fulfilling their reporting obligations to the MFSA.

Any queries or requests for clarifications in respect of the above should be sent by email on ips_legal@mfsa.mt.