

Briefing

January 2018

Legal Entity Identifiers: January 2018 Update

Ireland Law Firm of the Year 2017
Chambers Europe Awards

Best Firm in Ireland 2016 & 2017
Europe Women in Business Law Awards

**Best National Firm for Women in
Business Law 2016 & 2017**
Europe Women in Business Law Awards

**Best National Firm Mentoring Programme
2016 & 2017**
Europe Women in Business Law Awards

Ireland Law Firm of the Year 2016
International Financial Law Review (IFLR)
Europe Awards

Ireland Law Firm of the Year 2016
Who's Who Legal

**Americas International Tax Firm of the
Year 2016**
International Tax Review

**Advised on the 'Deal of the Decade' –
Merger of Lafarge and Holcim**
Mergermarket European M&A Awards

A Legal Entity Identifier (LEI) is a global reference code which uniquely identifies a legal entity. It comprises a 20 digit alphanumeric code unique to the legal entity, and has been required for Transparency Directive purposes and for reporting under the European Market Infrastructure Regulation for some time. It is also relevant to certain other European directives and regulations, and has most recently been the subject of a 6-month grace period granted by ESMA to entities that are subject to transaction reporting obligations under the Markets in Financial Instruments Regulation.

ESMA confirmed in its [Briefing: Legal Entity Identifier \(LEI\)](#) in October 2017 that any legal entity can apply for an LEI, and that the term “*legal entity*” includes but is not limited to, unique parties that are legally or financially responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts, regardless of whether they are incorporated or constituted in some other way (e.g. trust, partnership, contractual).

Individuals acting in a business capacity are also in scope (see LEI ROC’s September 2015 [Statement on individuals acting in a business capacity](#)).

RELEVANCE OF LEIs TO THE TRANSPARENCY DIRECTIVE

Since 1 January 2017, each issuer subject to the Transparency Directive has been required to have an LEI. The Transparency Directive applies to all issuers who are listed on a regulated market in the European Economic Area, including the Main Securities Market of the Irish Stock Exchange, and issuers whose Home Member State under the Transparency Directive is Ireland.

This LEI requirement applies to:

- » issuers of equity securities;
- » issuers of debt securities; and
- » closed-ended investment funds.

For more information about the requirement for an issuer to have an LEI for Transparency Directive purposes, and about how to obtain an LEI for any purpose, please read our December 2016 Client Briefing: [Legal Entity Identifiers \(LEIs\)](#).

RELEVANCE OF LEIs TO OTHER FINANCIAL SERVICES LEGISLATION

European Market Infrastructure Regulation (EMIR)

Counterparties to a derivatives trade reporting obligation under EMIR must have an LEI and all derivatives reported to trade repositories must identify entities by their LEIs.

Since 1 November 2017, counterparties cannot use interim entity identifiers as a means of identification to report trades to trade repositories.

Markets in Financial Instruments Regulation (MiFIR)

MiFIR provides that, from 3 January 2018, any entity subject to transaction

reporting obligations under MiFIR must use the relevant client's LEI for identification purposes when reporting transactions. In-scope entities include investment firms and operators of trading venues.

On 20 December 2017, ESMA issued a [statement](#) noting that it, together with national competent authorities, had become aware that not all investment firms would be able to obtain LEI codes from all clients that are legal persons by 3 January 2018. Concerns had also been raised that many trading venues might need additional time to inform non-EU issuers whose financial instruments are traded on EU trading venues about the LEI requirements of both MiFIR and the Market Abuse Regulation (MAR).

As a result, for a 6 month period, ESMA will allow:

- » investment firms to provide a service that triggers the obligation to submit a transaction report to the client, from which it did not previously

obtain an LEI code, on the condition that, before providing the service, the investment firm obtains the documents required from the client to enable the investment firm to apply for an LEI code on the client's behalf; and

- » trading venues to report their own LEI codes instead of the LEI codes of non-EU issuers while they are undergoing the process of informing non-EU issuers of the LEI requirements of both MiFIR and MAR.

Other Legislation

An LEI is required (or recommended) to be disclosed in certain reports made under MAR, the *Capital Requirements Regulation*, and the *Solvency II Directive* and under other EU legislation (as detailed in the October 2017 [ESMA LEI Briefing](#)). As mentioned above, the six-month grace period recently afforded to trading venues by ESMA extends to MAR as well as to MiFIR.



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