

LEI - Frequently asked questions

What is an LEI?

A Legal Entity Identifier (LEI) is a unique identifying code based on ISO-standards that identifies legal entities in global financial markets, along with key reference information. It aims at creating greater transparency through a public available data pool (see gleif.org website) and resembles a business registration number, but organised at a global level. It is very simple to obtain via the internet.

Why do the ICSDs require an LEI?

The Central Securities Depositories Regulation (CSDR) requires that CSDs in the European Union, which act as an issuer CSD for a security, obtain and store the LEI of each issuer. Therefore, the ICSDs will require an LEI for issuers of securities for which they are the issuer CSD. The LEI is already required for different EU regulations (EMIR, MiFID, etc.). It is gradually being introduced in all EU legislation within the financial sector.

The G20, the Financial Stability Board and many regulators worldwide are the driving force behind this. The LEI goes beyond European legislative requirements and will become more and more a global requirement.

Can we still initiate the request for an ISIN/Common Code without the issuer having an LEI in place?

The LEI will become a mandatory eligibility criteria as of Monday, 2 April 2018. The ICSDs will therefore only provide XS-ISINs for securities with a valid LEI in place. Therefore, a valid LEI must be in place at creation date. For securities for which the ICSD is not NNA but acts as an issuer CSD, a valid LEI must be in place before accepting a security in its system.

Can the request for an LEI jeopardise the confidentiality of our issuance?

No, no changes will be made to the current confidentiality procedures in place in the ICSDs.

The LEI is a unique identifier for any given legal entity. It is therefore an identifier of an issuer, not an identifier of a financial instrument. As a result, a legal entity will use its LEI for reporting all types of financial transactions that it enters into, regardless of the asset class or when the particular asset was/is going to be issued.

Is it the responsibility of the lead manager or the issuing and paying agent to request an LEI on behalf of an issuer?

The ultimate responsibility to have a current and valid LEI remains with the issuer. However all intermediaries in the chain, including the lead manager/issuing and paying agent, should:

- inform the issuers about the LEI requirements for issuing in the ICSD
- adapt their procedures and documentation accordingly in order to ensure that this requirement is transmitted through the whole value chain

It is up to the lead manager/issuing and paying agent to decide what services they want to offer to the issuer in such respect, for example, obtaining an LEI on behalf of the issuer.

Does the guarantor also need to apply for an LEI?

For the purposes of ICSD compliance with CSDR, the LEI is required for the legal entity issuing the securities. No other parties in the eligibility and the set-up of the instrument are required to obtain an LEI.

Is an LEI required when the issuer/underwriting centre/listing is outside the EEA?

an LEI will be required for all legal entities issuing the securities in the ICSDs, regardless of the location of the issuer/underwriting centre/listing.

What happens if the issuer can not obtain an LEI?

Under CSDR, the ICSDs have a responsibility to require the presence of an issuer LEI before they can accept to act as an issuer CSD for securities of that issuer.

If an issuer is not able to obtain an LEI, they will have to provide supporting evidence from the Global Legal Entity Identifier Foundation (GLEIF) or relevant Local Operating Unit (LOU).

How should the LEI be provided to the ICSDs?

an LEI can be provided by sending a screenshot or a copy of the registration on the GLEIF/relevant LOU website and/or in the prospectus to lei_issuer_csd@euroclear.com and OSS.Securities.Data@clearstream.com (for non funds) / fundacceptance@clearstream.com (for Collective Investment Vehicles) with subject "LEI Issuer – Full Legal entity name – LEI (20 digit identifier)".

It can also be provided in the documentation of the financial instruments issued by the relevant issuer.

Is an LEI required for securities for which the ICSDs are not the NNA but are still the issuer CSD?

Yes. Even if an ISIN has been attributed by another NNA the ICSDs will still require an LEI in order to accept a security for which they act as issuer CSD.

Is an LEI required for branches?

If an LEI is available for a branch then the LEI of the branch will have to be provided. If a branch does not have an LEI then the issuer must ensure the LEI of the parent company is available/provided.

Does the LEI requirement have an impact on the operational process to have a security accepted in the ICSDs?

There is no change to the operational process to have a security code accepted in the ICSDs. However the absence of a valid LEI will have the following consequences:

- for a stand-alone issuance, a valid LEI must be provided at the creation date of the ISIN. No ISIN will be created if a valid LEI is not available
- for an issuance under program, a valid LEI must be provided at the creation date/annual update of the program. For subsequent drawdowns under the program, no LEI will have to be provided as long as the LEI in place is valid (current). If the LEI is lapsed at the moment of the drawdown request, no new ISIN will be created as long as there is no valid LEI in place
- for an issuance request via EPIM, a valid LEI must be available at the moment of submitting the request via EPIM. In the case where there is not a valid LEI available the EPIM request will be rejected by the ICSDs with EPIM validation message 'validation failed'

How and where can an LEI be obtained?

All information on how to obtain an LEI can be found on www.gleif.org.

an LEI can be obtained via a LOU (local operating unit), these are the different business partners authorised by the GLEIF to attribute an LEI.

Issuers can request an LEI directly themselves or via another party on their behalf.

What happens if no LEI is provided for securities accepted by the ICSDs before Monday, 2 April 2018?

an LEI will also have to be provided for securities which have been accepted by the ICSDs in the past and for which the maturity date is not reached by Monday, 2 April 2018.

We expect to receive an LEI on all existing securities as soon as possible and no later than Monday, 2 April 2018.

Under CSDR the ICSDs when acting as Issuer CSD are required to have a complete and up-to-date record of LEIs for all Issuers of securities issued in the ICSDs. Issuers should also ensure they keep their LEI valid and up-to-date i.e. yearly renewal.

However, if an LEI is missing and/or lapsed, the ICSDs might be forced to take enforceable measures, such as blocking of securities, if the issuer fails to comply with the LEI requirements. (Reference - ESMA - Questions and Answers - Implementation of the Regulation (EU) No 909/2014 on improving securities settlement in the EU and on central securities depositories, section 3(a))