



European Securities and
Markets Authority

LEI requirements under MiFID II

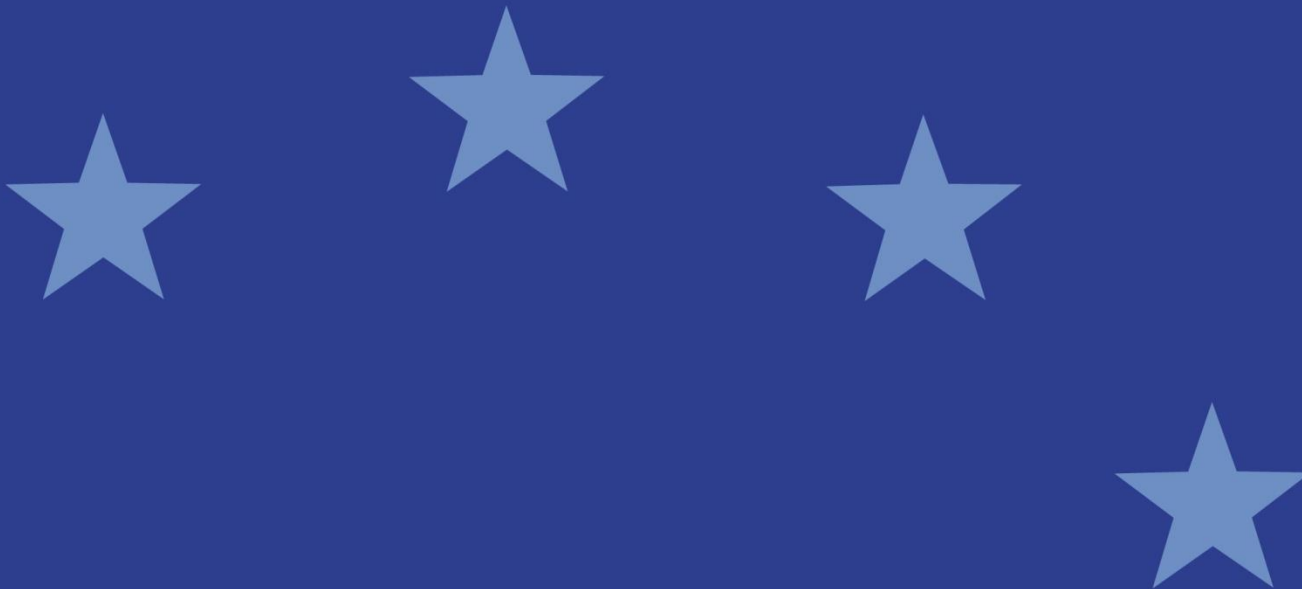




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Scope & deadlines

Regime	Entities concerned	Application
Market Abuse (secondary market trading activities)	Issuers of financial instruments traded on MiFID I Regulated Markets and Multilateral Trading Facilities. Suspicious transactions; managers transactions.	3 July 2016 <i>(the clarifications published in May 2016 on <u>ESMA website</u> should be considered)</i>
MiFID II regulatory reporting (secondary market trading activities)	Investment firms and their clients. Other reporting entities (ARMs, TVs). Issuers of financial instruments listed/traded on MiFID II venues. Decision maker (incl. investment managers acting under discretionary mandate). The client of the firm on whose behalf the trading venue is reporting (Art. 26.5). Firm transmitting the order.	3 Jan 2018 <i>(a year later than originally planned)</i>

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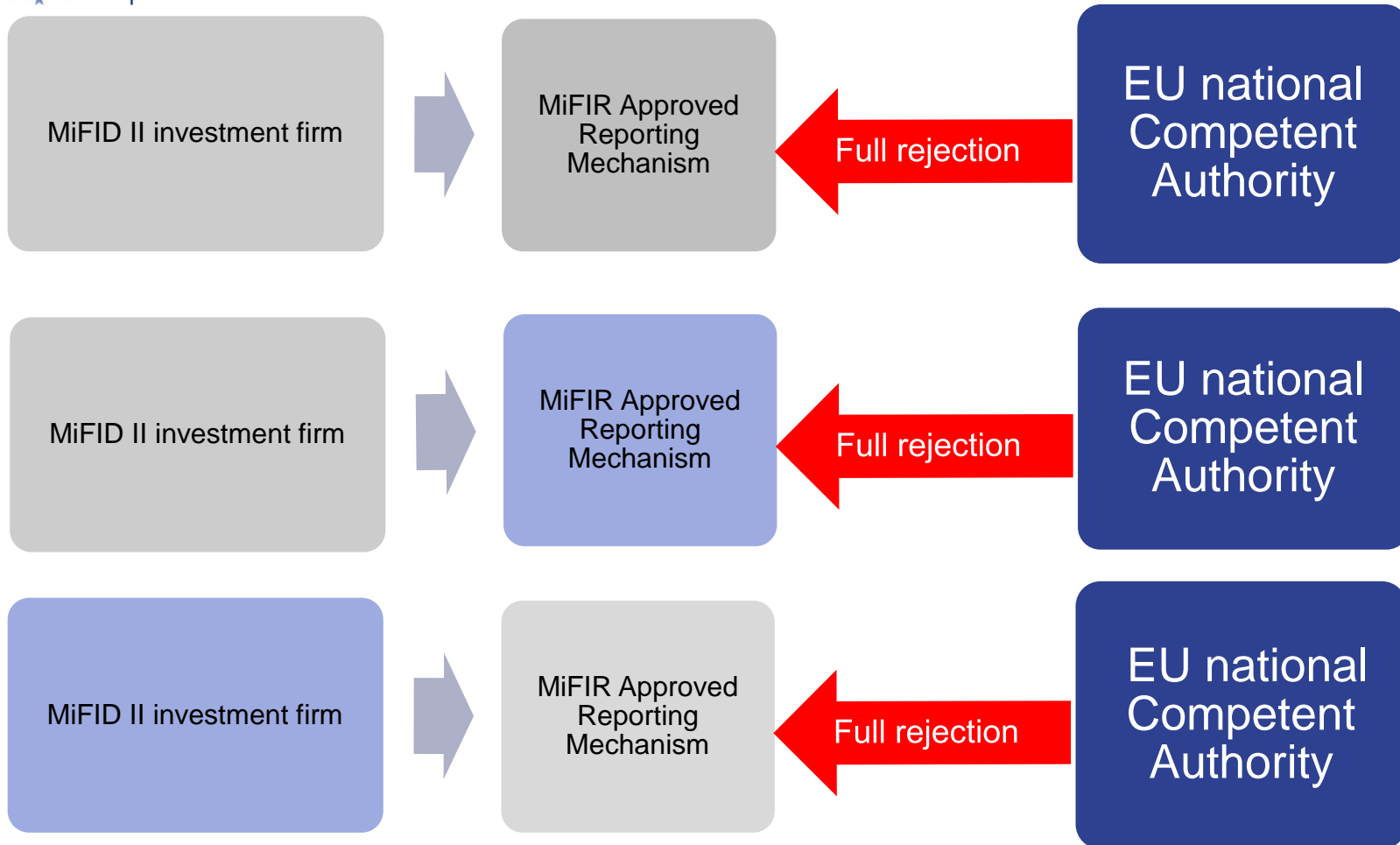


LEI requirements – direct and indirect

- Entities directly subject to the reporting requirements
 - MiFID investment firms, Trading Venues, ARMs
- Entities that are not directly subject to the reporting requirements but must be identified in the report with an LEI
 - Clients
 - Issuers of financial instruments listed/traded on European trading venues, i.e. traditional exchanges, MTFs as well as new OTF venues (e.g. interdealer brokers)
 - Brokers, firm transmitting the order.
 - Decision makers (incl. investment managers acting under discretionary mandate).
 - CCPs



LEI requirements: renewal



Note: grey indicates lack of current/duly renewed LEI

Source: Article 5 of ESMA RTS 22 MiFIR (CDR 2017/590) read in combination with transaction reporting validations.



LEI requirements: No-LEI No-Trade

Article 13(2) of ESMA RTS 22 MiFIR

“Investment firms shall not provide a service that would trigger the obligation of an investment firm to submit transaction reports” under MiFIR “for a transaction entered into on behalf of a client who is eligible for the legal entity identifier code, prior to the LEI being obtained from that client”

A client who is a legal entity or structure, including a charity or trust, must make arrangements to obtain an LEI code if it wants its investment firm to continue to act on its instructions or make a decision to trade on its behalf from 3 January 2018 onwards.

Legal basis: ESMA RTS 22 (now CDR 2017/590), published on 28 September 2015 on ESMA website.

Further details: ESMA briefing note on LEI published on 09 October on [ESMA website](#)



Entities to be identified in MiFIR reports

- **Buyer/seller**

- Buyer/Seller is a Firm or an Investment Firm that is a market counterparty;
- Buyer/Seller is a central counterparty (applies when the transaction is on a Trading Venue on an anonymous order book with a central counterparty);
- Buyer/Seller is an Investment Firm acting as a systematic internaliser;
- Buyer/Seller is a client that is eligible for a LEI

- **Decision maker**

- Where the client is the buyer and the investment decision is made under a power of representation.
 - Power of attorney arrangements
 - MiFID Investment Firm acting under a discretionary mandate
 - In the particular case of funds, the fund manager should be identified by the Investment Firm executing its order as the buyer/seller and the decision maker fields should not be populated, as long as there is no transmission meeting the conditions of Article 4 of Commission Delegated Regulation (EU) 2017/590 (see section 5.27.1 of ESMA Guidelines).

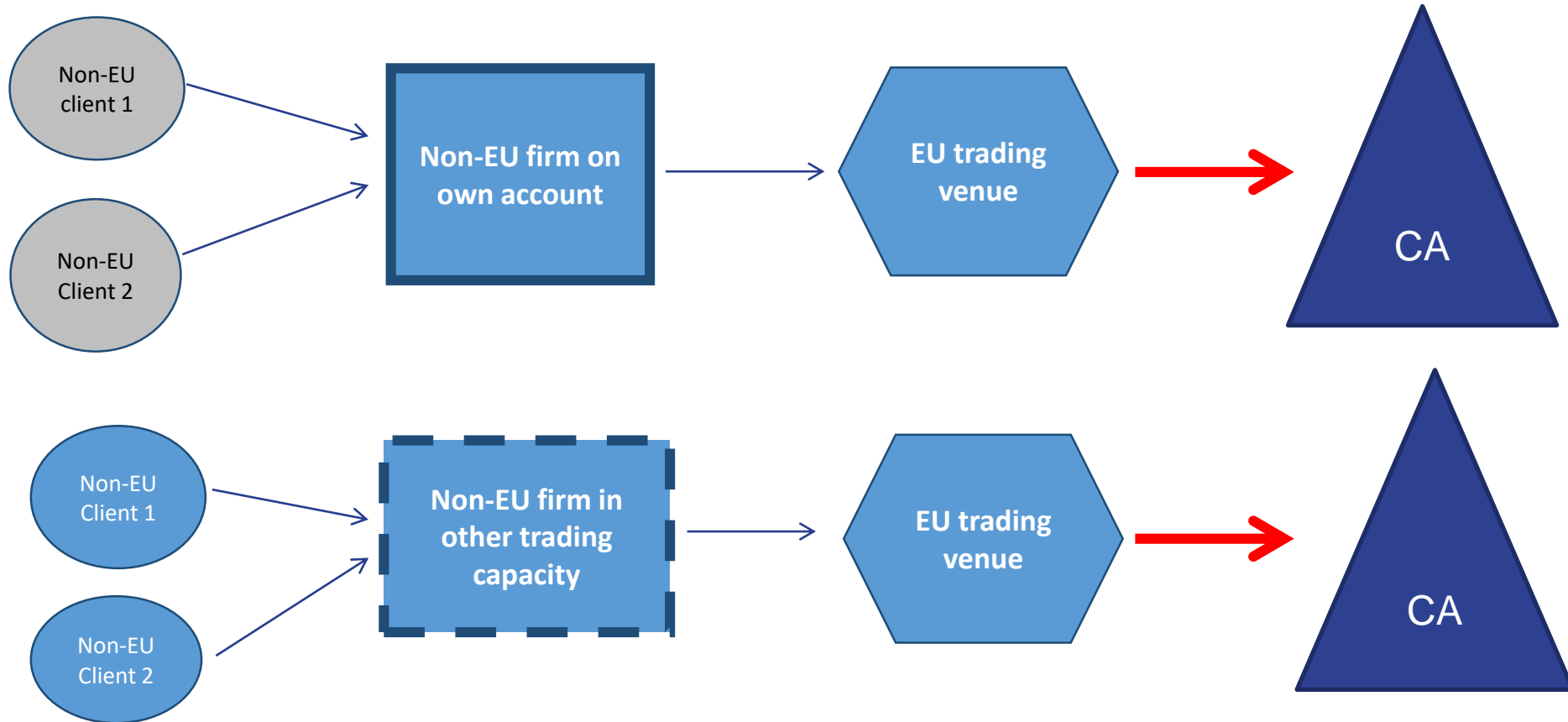
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Note: the following two slides represent three of the 118 scenarios of the MiFIR reporting Guidelines, available on [ESMA website](#).

Scenario 1 – non-EU firms under MiFIR 26(5)

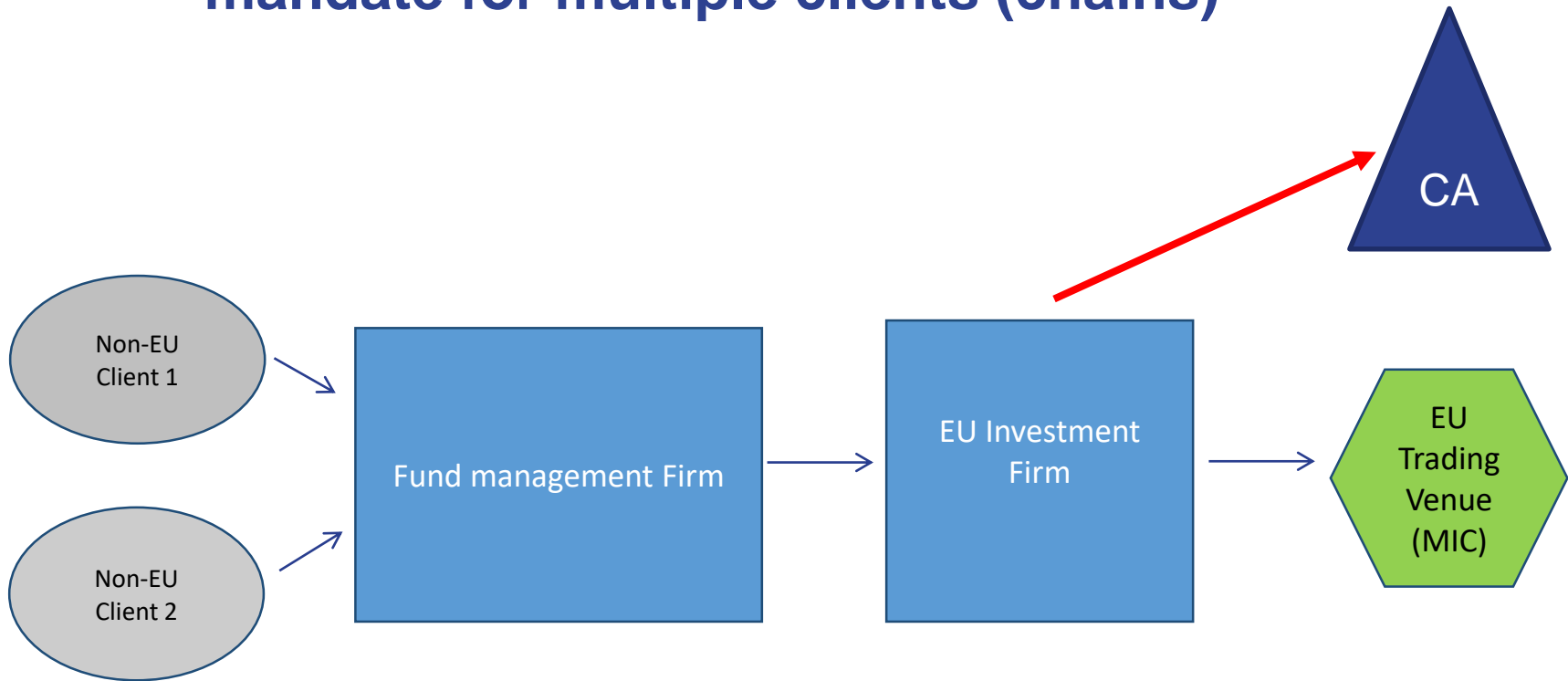


Notes: 1) Grey indicates lack of obligation to obtain LEI; the red arrow indicates the transaction report 2) CA = Competent Authority; 3) The concept of EU trading venue also includes Organised Trading Facilities, e.g. interdealer brokers; 4) Article 26(5) rules apply to all firms that are not subject to MiFID II (EU and non-EU)

Legal basis: MiFIR Article 26(5)

Further details in section 5.30 of MiFIR Guidelines on transaction reporting

Scenario 2 – Firm acting under a discretionary mandate for multiple clients (chains)



Notes: 1) Grey indicates lack of obligation to obtain LEI; the red arrow indicates the transaction report 2) CA = Competent Authority; 3) This scenario applies to all fund management firms that are not registered as MiFID II investment firms (EU and non-EU);

Legal basis: MiFIR Article 26;

Further details in section 5.27.1, example 76 of Guidelines on transaction reporting



Other LEI requirements envisaged by ESMA rules

Area of action	Entities concerned	Application
Funds supervision (AIFMD)	53,686 funds; managers of investment funds	August 2014
CRA supervision (CRAR)	40 CRAs + 50.500 rated entities incl. parents and originators of structured products	March 2016
Transparency Directive	issuers whose securities are admitted to trading on regulated markets	January 2017
EMIR Reporting to TRs	Counterparties to derivative contracts (incl. unincorporated entities and non-financials); beneficiaries; brokers; CCPs and clearing members.	November 2017



Other LEI requirements envisaged by ESMA rules

Area of action	Entities concerned	Application
Settlement infrastructures (CSDR + CSD Q&As 3b and f)	CSDs; CSDs participants; issuers of financial instruments	2016-17 CSDs, dep. on authorisation 2018 for other entities
Securities Financing Transactions (SFTR)	Parties involved in securities financing transactions and the beneficiaries of the rights and obligations arising from these.	Expected in Q1 2019
Prospectus Regulation	Issuers of securities offered to the public or admitted to trading on a regulated market operating within a EU member state.	ESMA delivery to EC expected in Q3 2018