



LEI in the Payments Market

Discussion Paper

9/1/2016

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1 Executive Summary

1.1 Goals of the LEI Paper

The Bank for International Settlement (BIS) – Committee on Payments and Market Infrastructures (CPMI) working group on Correspondent Banking Technical Report, published in July 2016, established a new framework for how the payments industry should assess the use of the Legal Entity Identifier (LEI) in payment messages. While acknowledging the benefit of *“inclusion of the LEI in payment messages...to ensure unambiguous identification of parties to payment transactions,”* the CPMI also recognizes the potential high cost of investment and the fact that in the long term, the payments industry will migrate from legacy message types to ISO 20022 message standards. The CPMI report suggests that the LEI may be used as an alternate identifier in payment messages on an optional basis in the immediate future. The report calls on the PMPG to *“work to define a common market practice for how to include the LEI in the current relevant payment messages without changing the current message structure,”* and to do this *“as soon as possible.”*

The primary objectives of this discussion paper are:

- to respond to the mandate established by the CPMI,
- to create a framework for a dialogue within the global payment community on the potential use of LEI in payment messages, and
- to recommend the best way forward for the industry to proceed.

To accomplish this, the paper will stay fact-based and neutral. The paper will not take a position on specific actions the industry should take to promote the use of the LEI in payment messages. The paper is not a “market practice guidance” document, and it is not prescriptive in terms of offering a timeline for use of the LEI in payment messages.

The focus is on providing information, education and awareness to the global payments community in order to create a comprehensive foundation upon which the community may proceed.

1.2 Process

The Payments Market Practice Group (PMPG) has reached out to subject matter experts within the industry and relied on our members’ experience and perspective to develop the background material, current usage of the LEI, the current payments industry view of the LEI and a potential way forward the industry may pursue to incorporate the LEI in payment messaging. Taken in whole, the paper is a starting point for a discussion/debate. The PMPG anticipates that there will be other views/comments and we encourage members of the global payments community to provide additional feedback to the PMPG. In addition to open-ended/narrative comments, the PMPG requests that you consider and respond to the questions which are in Section 5 of this paper.

The PMPG is asking for the support of local SWIFT National Groups to help facilitate this global dialogue. Please help to ensure that the paper is distributed to the appropriate subject matter experts in your respective communities. Review and debate the content and provide comments from your community either through your PMPG representative or directly to the PMPG Secretariat (info@pmpg.info).

The formal comment period will be open until the end of 2016, but we also want to take advantage of the interactive engagement opportunity Sibos provides, so there will be discussion sessions on the LEI topic at the PMPG Annual Forum and at the Standards Forum during Sibos 2016. In 1st quarter 2017, the PMPG will review all the input received from the global payments communities and publish a summary of the responses. The PMPG will also consider how best to continue the industry dialogue and propose a series of next steps, including the development of market practice guidance.

This paper does not suggest that LEI will replace BIC, nor does it state that adoption of the LEI in payment messaging will be easy. Instead, this paper provides a detailed assessment of the issues that the industry faces as it considers the benefits and drawbacks of using the LEI as an identifier of parties in a payment transaction. In an initial assessment which several payment professionals subscribe to, the value of including LEI to ensure unambiguous identification of parties to payment transactions is considered to enhance compliance screening and credit risk management processes, and warrants a more comprehensive review by the payments industry. Certainly, the interest of the CPMI in the use of LEI in payment messages will help focus and drive the industry dialogue and next steps.

2 Background

2.1 The genesis of LEI

The financial crisis has underscored the need for additional transparency and regulation in the financial markets. Regulators around the world have been challenged to conduct systemic risk analysis in order to understand the aggregate risks of entities and their counterparties across asset classes and markets. Precise and accurate identification of legal entities engaged in financial transactions has therefore become critically important for both financial institutions and regulators.

An essential component of enabling regulators to conduct such risk analysis is the need to create and maintain a global, standard Legal Entity Identifier (LEI), the core record attributes that comprise it, and a system to support it. This requires adoption of a reliable, internationally accepted LEI solution.

Identifiers are not new to the financial services industry. They are used by financial institutions to identify customers or trading partners and enable them to trade, know their customer and conduct internal risk analysis and stress-testing. In the absence of a universal system for identifying the legal entities that participate in financial markets, financial institutions, commercial data vendors and

regulators have created a variety of identifiers. This approach is expensive and inefficient, and does little to facilitate transparency for regulators or risk managers.

Today, a large variety of identifiers for entities involved in financial transactions exist: marketplace identifiers, Business Identifier Codes (BICs), company registration numbers, tax reference IDs, vendor identifiers and firms' own internal numbering systems. Actual entity data may be collected and stored by market participants in multiple systems, including: client master and security master databases, customer relationship management systems, transaction management systems, financial analytics, risk management systems, accountancy systems and more. The LEI will not necessarily replace these codes in the short term.

Instead, the LEI has become the authoritative entity identifier for regulatory reporting and will be mapped by firms with reporting obligations and also by the reference data vendor community to a wide range of identifiers within many different databases, internal legacy systems and vendor data feeds. One example of such a cross-referencing service is the Entity Plus directory produced and delivered by SWIFTRef.

2.2 The Standard

Based on feedback from industry groups and regulators, plus validation from a study conducted by the International Organisation for Standardisation (ISO), it was recommended that an LEI standard be created that could fully meet the requirements for a global LEI solution available to the financial industry as well as to the regulatory community. The requirements called for a standard that is persistent, neutral, singular, unique, extensible, structurally fixed, reliable and interoperable. Following a robust ISO process, ISO Standard 17442 was created and made publicly available in May 2012.

The LEI is a unique 20-character alphanumeric code assigned to all entities that are counterparties to financial transactions following the ISO 17442 standard. The LEI itself is neutral, with no embedded intelligence or country codes that could create unnecessary complexity for users.

The LEI consists of 20 characters composed as follows:

- 18 alphanumeric characters without separators or 'special' characters;
- 2 numeric characters for the check digits, as calculated from the scheme defined in the International Standard: the check digits are calculated based on the scheme defined in ISO/IEC 7064 (MOD 97-10).

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Example of LEI

The initial data model includes the following mandatory attributes:

- **LEI:** the identifier itself.
- **Official name:** the official name of the legal entity as recorded in the business registry, or with the fund manager for collective investment vehicles or otherwise in the constituting documents of the entity.
- **Address of legal formation:** the registered address of the legal entity, including the country of legal formation as represented within ISO 3166-1, codes for the representation of names of countries and their subdivisions.
- **Headquarters address:** if different from address of legal formation.
- **Dates:** the date of the first LEI assignment, the date of last update of the LEI set of information, the date of expiry and reason for expiry, if applicable.
- **Business registry:** where applicable, the name of the business registry in which the entity was formed and the identifier of the entity in the business registry should be recorded.

Additional reference data fields are being defined, such as:

- **Legal form:** not a part of the data record in the ISO 17442 standard, but during the initial phase, legal form is already captured upon registration in a free-form text field. A new standard ISO 20275 is currently being defined for Entity Legal Form.

A common LEI data file format has been defined prescribing in detail the different elements and attributes for each data fields. The global LEI file is published in this common file format.

LEI Data Record			[1..*]
LEI	LEI		[0,1]
Entity			[1]
LegalName	Name		[1]
OtherEntityNames	OtherEntityName		[0..n]
LegalAddress	Address		[1]
HeadquartersAddress	Address		[1]
OtherAddresses	OtherAddress		[0..n]
BusinessRegisterEntityID	BusinessRegisterEntityID		[0,1]
LegalJurisdiction	JurisdictionCode		[0,1]
LegalForm	Name		[0,1]
AssociatedEntity	Associated		[*]
EntityStatus	EntityStatusEnum		[1]
EntityExpirationDate	DateTime		[0,1]
EntityExpirationReason	EntityExpirationReasonEnum		[0,1]
SuccessorEntity	Successor		[0,1]
Registration			[1]
InitialRegistrationDate	DateTime		[1]
LastUpdateDate	DateTime		[1]
RegistrationStatus	RegistrationStatusEnum		[1]
NextRenewalDate	DateTime		[1]
ManagingLOU	LEI		[1]
ValidationSources	ValidationSourcesEnum		[0,1]
Extension			[0,1]

Common Data File format

2.3 The Global LEI System

In November 2011, the Financial Stability Board (FSB), a supra-national regulatory coordination body, was tasked by the G20 to prepare recommendations for an LEI governance and implementation framework. To fulfil the G20 request regarding LEI, the FSB set-up expert working groups of regulators and industry participants to make recommendations on how to structure a global LEI system. The working groups made proposals and recommendations regarding global governance and oversight, a funding model, a revenue model for self-registration and self-validation, as well as an operating model evolving to a fully federated architecture and a corporate and legal structure for the LEI system itself. Those recommendations were published in June 2012 and endorsed by the G20 leaders.

In these principles, the FSB proposed a three-tier structure consisting of a Regulatory Oversight Committee (ROC), a Central Operating Unit (COU) and Local Operating Units (LOUs) that handle the

registration, validation and maintenance of the LEI records while coordinating the operations through the Central Operating Unit.

The ROC has the ultimate responsibility for the governance of the Global LEI System (GLEIS) in the public interest. The ROC has a plenary of members and observers from more than 70 authorities, as well as a regionally balanced Executive Committee, which takes its work forward. The ROC is also supported by its standing Committee on Evaluation and Standards and a Secretariat. The ROC Charter is available from <http://www.leiroc.org>. The ROC held its inaugural meeting in January 2013.

The FSB recommendations proposed that the COU be created as a legal entity in the form of a foundation that relies on broad industry participation, expertise and knowledge to identify and develop the most technologically, financially and legally sound methods to implement the global LEI system, in line with the standards and framework defined by the ROC. A Board of Directors, which includes both industry representatives and independent participants, will direct the operations of the COU. [The Global LEI Foundation \(GLEIF\)](#) has been constituted in 2014 to become the principal operational arm of the global LEI system and acting in the role of the COU. It has responsibility for ensuring the application of uniform global operational standards and protocols that deliver:

- the global uniqueness of the LEI;
- seamless, open access to the global LEI and to high quality reference data for users;
- protocols and methods to connect to the global system.

The GLEIF services ensure the operational integrity of the Global LEI System and facilitate making the LEI a broad public good providing open and reliable data for unique legal entity identification management.

The LOUs are now referred to as LEI Operating Units and are the implementers of the global system. They offer registration, validation and maintenance of reference data as well as publication of LEI files. LOUs are accredited by the GLEIF. Accreditation is a rigorous evaluation process carried out by GLEIF; it evaluates the suitability of organisations seeking to operate as issuers of LEIs and verifies that LEI Issuers meet the requirements set out in the contractual framework governing the relationship between GLEIF and LEI issuing organisations.

2.4 LEI Registration and Management

The scope of LEI was defined in the ISO standard and is aligned with the requirements defined by the FSB. The term 'legal entities' 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). It excludes natural persons, but includes governmental organisations and supranationals.

No threshold of any type will apply to the issuance of LEIs (e.g. capitalisation of legal entity, notional size of transaction).

The ROC published recently two fundamental policies including significant recommendations for the development of the Global LEI System relation to the inclusion of data on:

1. **Parent relationships:** Adding data on parent relationships to LEI is an essential component of entity management and risk aggregation and will augment the usefulness and attraction of the system to the users. By the end of 2016 registering for LEI or maintaining existing LEI will also require the applicant to declare its immediate and ultimate parent relationships. In an initial phase, the accounting and consolidation definition is used to identify the relationship.
2. **International branches:** An international branch is a non-incorporated establishment of a head office legal entity located in a separate country. The principle to identify international branches with a unique identifier is driven by both public and private sector needs. The responsibilities for prudential supervision of international branches are generally split between the authority where the entity is headquartered and the authority of the host jurisdiction in which the branch is located. This frequently results in multiple specific reporting requirements or transparency obligations for such international branches. It will also help facilitate orderly resolution for entities that have cross-border activities in the event of a failure. Implementation is expected to start early 2017.

The LEI Issuers make all their data freely available to the public, with no costs for searching or downloading the database. There are neither licenses nor restrictions on redistribution of the data. Thus, all firms and vendors are welcome to use the content. A consolidated file of all LEIs issued is made available by some of the LEI Operating Units, by the GLEIF and by some of the reference data vendors.

Key functionalities of the web portals of most of the LEI Issuers include:

- a browse functionality to search the entire database and a file download function;
- a self-registration functionality: after submission, the reference data associated with the registration of the legal entity will be validated against official public sources and, if positive, a LEI will be assigned and added to the database; alternatively, it is also possible to proceed by 'assisted registration' of a legal entity if it has provided the registrant with explicit permission to register them;
- a challenge functionality allowing users or the public to challenge the accuracy of any record if data are believed to be inaccurate or out of date; this challenge results in investigating the issue and changing the record if it is determined that the challenge is valid.

The GLEIS is implemented on a not-for-profit model; the LEI Operating Units charge a registration fee and an annual maintenance fee to the registrant on a cost recovery basis. Registration and maintenance fees should not act as a barrier to adoption of LEI.

The system is built to provide high quality data records and the GLEIF has produced a set of measurable criteria such as completeness, comprehensiveness and integrity of the records. These criteria allow monitoring, assessing and continuously improving the reliability and usability of the LEI data.

At the time of producing this report: above 450,000 LEIs have been issued to entities domiciled in nearly 200 countries.

The GLEIS consists today of 30 endorsed LEI Operating Units in the process of being accredited by the GLEIF. The [GMEI utility](#), the partnership between DTCC and SWIFT issued its first LEIs (then called CICIs) in August 2012 and remains the most important LEI Operating Unit with nearly 50 % of all LEIs issued to date.

3 LEI Adoption and Current Usage

3.1 Regulatory reporting

The requirement for developing a unique identification system originated from the financial industry participants in the aftermath of the financial crisis. At the same time, regulators around the world have been challenged to conduct systemic risk analysis to understand the aggregate risks of entities and their counterparties across asset classes and markets. Precise and accurate identification of legal entities engaged in financial transactions has therefore become critically important for both financial institutions and regulators.

Regulators have introduced the requirement to report transactions to trade repositories, mandating usage of LEIs to identify counterparties.

In US and in Europe, the primary focus for reporting of transactions applies to derivatives transactions (OTC and listed). The scope is extending both in business domains to foreign exchange, money market, securities financing, exposure management, collateral; and in geographical areas with many jurisdictions around the globe (for example : Hong Kong, Singapore, Australia and Canada) also introducing LEI for regulatory reporting.

An overview of regulations requiring usage of LEI is available from the Global LEI Foundation <https://www.gleif.org/en/lei-focus/rulemaking#> . An overview of the major regulations that require LEI can also be found in Annex A.

3.2 Impacts on Messaging Standards

The impact of the LEI on the messaging standards was driven by some of the above mentioned regulations:

- In Standards Release 2013, a provision for LEI was made in relevant FIN Category 3 (FX and derivatives) and Category 6 (commodities) messages in the context of Dodd-Frank and EMIR trade reporting.
- In Standards Release 2016, a specific LEI party field format option was added to the securities trading and settlement FIN Category 5 and equivalent ISO 20022 messages. The LEI remains an optional identifier, and can be given in addition to another identifier such as a BIC or a proprietary identifier.
- Early 2016, the ISO 20022 Money Market Statistical Reporting (MMSR) messages also contain the business element for LEI.
- In Q2 2016, the new ISO 20022 Financial Instruments and Transactions Regulatory Reporting messages (MIFID II/MIFIR and EMIR) developed by ESMA contain also a dedicated business element for the LEI.

3.3 Data Governance

Over the next decade, the possibility of greater social benefit from LEI is foreseen as it becomes an accepted universal standard beyond the derivatives transaction reporting space and develops to become a game changer for financial market operations.

Industry participants face the challenges of sourcing and maintaining good quality information on the entities they are dealing with. To understand the global risk exposure or the profitability analysis for each of their counterparties, firms must start by effectively identifying each of these entities in the various data management systems that are maintained throughout the organisation. There are obvious and substantial efficiency gains to be obtained from using industry-wide standard identifiers for counterparties, instruments, trades and other 'elements' of financial operations. This regulator-imposed solution will achieve the objective of establishing a standard for counterparties identification:

- For regulators, the LEI standard will allow for more accurate analysis of global systemically important financial institutions (or other firms with regulatory reporting obligations) and their transactions with all counterparties across markets, products and regions. It will provide regulators with a new tool for better recognition of emerging risks.
- For risk managers in all financial institutions, the LEI will similarly increase the effectiveness of tools aggregating their exposure to counterparties across the globe.
- For all other functions in financial institutions, it also reduces costs associated with reference data management. Financial services firms spend huge amounts annually

cleansing and maintaining entity information; implementing LEIs into their data systems has the potential for realizing cost savings in entity information maintenance.

The key principles for addressing the challenges of counterparty identification with an end-to-end approach are a defined scope, business case, senior sponsorship, data champions, standards and data governance controls. This includes executing data governance policies, implementing procedures for timely and accurate sourcing of legal entity information to support business decision making.

In 2012, SWIFT published a [white paper](#) in collaboration with Deloitte on the strategic approach to managing reference data. This paper outlined the case for an organisation-wide approach to reference data management – one that recognizes that while regulation may be the most pressing driver for change, improving reference data can also lead to significant growth opportunities.

For organisations that are ready to take the next step in data maturity, LEI can be the trigger to undertake a reference data transformation programme. The more holistic approach to reference data achieved through those transformation projects will allow those organisations to minimize the costs involved in responding to the ever growing regulatory agenda and to achieving cost reduction, capital optimization and support of the growth agenda. After all, growth is empowered through availability and integrity of better analytical data to support decision making around products, customers and pricing.

4 Payments industry view

4.1 What is the use case for LEI in payments messages?

The advantages of the LEI as an unambiguous identifier for legal entities have widely been acknowledged. This is especially true in the area of securities. As of today, however, in the payments area, there has not been a wider market demand by banks nor in fact a regulatory requirement to leverage the LEI.

After consulting relevant stakeholders within Correspondent Banking, the CPMI has in a first step invited authorities and relevant stakeholders such as the Wolfsberg Group to consider promoting BIC to LEI mapping facilities which may allow for an easy mapping of routing information available in the payment message to the relevant LEI. Furthermore, the CPMI recommends that the use of the LEI as additional information in payment messages should be possible on an optional basis, without changing the current message structure.

The CPMI however also acknowledges that the scope for using LEI within correspondent banking remains somewhat limited and the challenges related to effective identification of individuals are still to be addressed.

In payment messages, the BIC is the primary party identifier used by correspondent banks and is deeply incorporated in its infrastructures for routing of the payment instructions. Considering the way payment messages are constructed today, full information required to clearly identify the parties is already available with the BIC, supporting STP processing. Accordingly, replacing the BIC with LEI is not considered at this stage but LEI could be introduced as an additional identifier like it is being done in the Securities settlement messages (Category 5) in 2016.

Another issue in the payments arena is the lack of awareness of LEI that slows down adoption and registration by the underlying customers involved in the transactions. Also, the cost for the customers of managing their own LEI as well as the LEIs of their counterparties within their ERP systems is a barrier to a wider use of LEI in payments.

However, considering the rise in fraudulent activities, the increased regulatory scrutiny and the rising cost of correspondent banking, especially towards compliance related functions such as "Know your client's clients" (KYCC), "Know your transactions" and the increased sensitivity of accurate and reliable data for client identification, the LEI could indeed become a valuable tool supporting the bank's efforts in this area.

4.2 Considerations for LEI to become effective

Currently, LEI does not solve the existing market problems. It is acknowledged that the LEI was not designed to be used for AML/CFT purposes, and that it cannot be relied on for KYC information purposes to its full extent for the following reasons:

- The LEI supports the unambiguous identification of legal entities and trusts, but it does not cover natural persons. The challenge of identifying individuals acting as ordering party or beneficiary in payments as well as the identification of natural persons that are beneficial owners of legal entities remains to be addressed.
- A correlation between LEI and economic activity or industry classification codes is to be established.
- LEI is not a substitute for customer due diligence.

A wider payments industry discussion including KYC, AML and compliance specialists is required and could lead to an in-depth review of the ISO 17442 standard to ensure the best use of it within the payments arena. This could allow the correspondent banks to better understand the correlation between originators and beneficiaries and to implement a systematic and robust review of payments for inconsistent or suspicious patterns when comparing the different parties across the payment chain and its industry relationships.

4.3 Cost vs. benefits

Adoption of the LEI in payments messaging will undoubtedly be a major undertaking and require substantial financial investments by market infrastructure operators, banks and corporate/institutional clients in the following areas:

- Payment message standards
- Databases that maintain account identifier information
- Compliance screening applications
- Payment processing applications
- Credit risk management applications

As stated in section 3.3 above, achieving greater transparency on the parties of a transaction at the legal entity level in the compliance and risk management functions has the potential to deliver significant quantitative and qualitative benefits.

At this point in time, there is insufficient data for the PMPG to determine if the benefits of implementing the LEI in payments will support the costs the industry will incur.

Each industry participant in the payments market will need to develop its detailed cost / benefit estimates and analysis and consider the recommendation from the CPMI report and/or a potential regulatory push for defining the way forward.

4.4 Going forward

As the global LEI becomes more widely used in the financial industry as a whole, it is expected to cut costs and improve risk management by individual banks. Within the payments area, however, there is still a certain lack of awareness of the potential benefits of the LEI and as such its commercial advantages. That said, discussions are beginning to take place on how it could support correspondent banks, e.g. to gain a clearer picture of the correlation between originators and receivers. There are still a number of considerations to be made before LEI becomes effective.

Today's payments standards used in correspondent banking such as the MT103 or MT202COV do not foresee a dedicated line, field or code for including the LEI. In order to make use of the LEI in payment messages it is essential that it is used in a structured and harmonized way. The CPMI therefore recommends that a common market practice is worked out that would allow using the LEI as additional information on an optional basis, without changing the current structure of FIN messages. In the long term, based on the ISO 20022 standard, the LEI might be migrated into the message with dedicated codes or data items.

The PMPG is taking ownership and is looking forward to working with all parties involved in the payments market to develop both a short term approach oriented towards legacy message formats

and deliver new market practice guidance as well as long term plans to adopt more flexible ISO 20022 message formats.

We thank you in advance for contributing to this global and open dialogue on LEI.

5 Open Questions – Request for comments from National Groups

1. What are the main problems that the LEI could solve in the payments space and what are the significant benefits that can be derived? What is required for these benefits to be delivered?
2. How should LEI evolve to address the challenges that you are facing?
3. What is the added value of having a view on aggregated risk per entity in the payments space?
4. What are the significant cost elements that would result from the introduction of LEI in your respective area (payment operations, financial crime compliance, data management, etc.) to take into consideration?
5. What are the different use cases that could result from introducing LEI in addition to BIC or in addition to Name and account number for originators and beneficiaries in the payments messages? How to resolve conflicting information?
6. What are the options that the PMPG should explore in defining a common market practice for including the LEI in payment messages without changing the current message structure?
7. Which other industry group(s) and stakeholders should the PMPG involve in the discussion?

6 Next steps

- Interactive engagement of the community during SIBOS 2016 in Geneva (PMPG Annual Forum – 24 September 2016, Standards Forum)
- Community to provide formal feedback and response to questions by 31 December 2016.
- PMPG to analyse feedback and responses received from the community and to publish summary of responses during Q1 2017.
- PMPG to decide how to continue the industry dialogue and propose next steps (e.g. market practice guidance) during Q2 2017.

7 Annex A: Overview of Regulations

A list of regulations requiring usage of LEI is available from the Global LEI Foundation

<https://www.gleif.org/en/lei-focus/rulemaking#>

Hereafter, you will find an overview of the major regulations that require LEI.

Dodd-Frank Act – Part 43, 45 & 46

The US Commodity Futures Trading Commission (CFTC) was the first regulator to mandate the use of an identifier in regulatory reporting.

Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) \1\ Title VII to establish a comprehensive new regulatory framework for swaps and security-based swaps

<http://www.cftc.gov/LawRegulation/FederalRegister/FinalRules/2011-33173>

- Reporting start date: 14 August 2012
- Business scope: Over-The-Counter derivative contracts (=Swaps)
- Reporting requirement: Major Swap Participants and Swap Dealers report conclusion, modification, termination of swaps contract to trade repository (SDRs)
- Identifier for financial counterparty = LEI.

EMIR – European Market Infrastructure Regulation

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

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0648&from=EN>

Created after the G20 Pittsburgh’s statement in 2009. It regulates the over-the-counter (OTC) derivative markets. Its main aims are to: cover the clearing and reporting of OTC and on-exchange traded derivatives transactions; mandate the use of mitigation techniques for the OTC derivative markets; create more transparency and protection against market abuse.

- Reporting start date: 12 February 2014
- Reporting requirement: counterparties report conclusion, modification, termination of derivative contract to trade repository.
- Reporting messages adopt ISO 20022 format
- Identifier for reporting party (financial and non-financial institution) = LEI mandatory

- Identifier for counterparty = LEI but other options remain available (BIC, client ID). Entity, counterparty, broker, reporting entity, clearing member, beneficiary, central counterparty

MMSR / SMMD – Money Market Statistical Reporting

EU Regulation No 1333/2014 on Money Market Statistical Reporting (ECB) and Sterling Money Market Daily (BoE)

https://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_359_r_0006_en_txt.pdf

- Reporting start date: 1 April 2016
- Business scope: Money Market Transactions in EUR and in GBP.
- Reporting requirement: counterparties report repurchase agreement, unsecured borrowing and lending; foreign exchange swap and overnight index swap transactions to national competent authorities.
- Reporting messages developed in ISO 20022 format
- Identifier for reporting party = LEI mandatory
- Identifier for financial counterparty = LEI, identifier for non-financial counterparty = LEI and other options remain available.

MiFID II / MiFIR – Markets in Financial Instrument Directive II/Markets in Financial Instruments Regulation

DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and supplementary legal act Regulation (EU) 600/2014

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065&from=EN>

Developed after MiFID1 (2007) and under influence of the 2008 financial crisis, MiFID2 and the new Regulation MiFIR include better regulation and transparency rules, to strengthen the financial market. It also includes better investor protection by banning products or services that could be a threat and is an attempt to harmonize the access of non-EU firms to the EU markets.

- Reporting start date: 3 January 2018 (tentative)
- Reporting requirement: investment firm report transactions in financial instruments to national competent authorities or through an Approved Reporting Mechanism (ARM)
- Reporting messages adopt ISO 20022 format
- Identifier for reporting party = LEI mandatory
- Identifier for counterparty(ies) = LEI mandatory for Financial Institutions

Securities Law – Ontario Canada

Ontario Securities Commission Rule 91-507 -- Trade Repositories and Derivatives Data Reporting

http://www.osc.gov.on.ca/en/SecuritiesLaw_rule_20140626_91-507_derivatives-data-reporting.htm

- Reporting start date: 31 October 2014
- Business scope: Over-The-Counter derivative contracts
- Reporting requirement: Derivative dealer report conclusion, modification, termination of swaps contract to trade repository (SDRs)
- Identifier for reporting party= LEI
- Identifier for counterparty = LEI. Reporting counterparty, non-reporting counterparty, reporting agent, trading venue, broker, clearing member, clearing agency.

SFT-R – Securities Financing Transaction Regulation

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

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2365&from=EN>

- Reporting start date: 3 January 2018
- Business scope: Repurchase agreement and sell/buy back transactions, securities lending, margin lending transactions
- Reporting requirement: all counterparties to a Securities Financing Transaction report conclusion, modification, termination to a trade repository
- Identifier for reporting party = LEI
- Identifier for counterparty = LEI.

8 Annex B: Reference Documents

1. SWIFT and Deloitte White paper:-Growth, risk and compliance: The case for a strategic approach to managing reference data

<https://www.swift.com/node/2966>

2. LEI ROC – Collecting data on direct and ultimate parents of legal entities in the GLEIS

http://www.leiroc.org/publications/gls/lou_20161003-1.pdf

3. LEI ROC – Including data on international / foreign branches in the GLEIS

http://www.leiroc.org/publications/gls/roc_20160711-1.pdf

4. BIS - CPMI Working Group on Correspondent Banking Technical Report

<http://www.bis.org/cpmi/publ/d147.htm>