

Background

Due to the imminent implementation (effective from 3rd of January 2018) of the new European Directive, Markets in Financial Instruments Directive (“**MiFID II**”), for the transparency of financial transactions which governs European capital markets, it is mandatory that all entities that wish to undertake investment transactions through regulated markets to hold a Legal Entity Identifier.

In case you fall under this category, it is expected that your financial institutions will ask you to provide an LEI for your Company.

What is the Legal Entity Identifier (“LEI”)?

The LEI is designed to uniquely identify legal entities that are participants in financial transactions. The LEI is a 20-digit, alpha-numeric code that it connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions.

What entities are required to have an LEI?

According to the European Securities and Markets Authority (“**ESMA**”) the following entities must obtain an LEI:

- ⦿ Issuers of financial instruments listed on Regulated Markets;
- ⦿ Parties involved in securities financing transactions and the beneficiaries of the rights and obligations arising from these;
- ⦿ Issuers of securities offered to the public or admitted to trading on a regulated market situated or operating within a European Member state; and
- ⦿ MiFIR introduces requirements for a number of various entities (it excludes natural persons) to be identified through an LEI, including:
 - Investment firms that execute transactions in financial instruments;
 - The clients (e.g. buyer, seller) on whose behalf the investment firm executes transactions, when the client is a legal entity;
 - The client of the firm on whose behalf the trading venue is reporting under MiFID, when the client is a legal entity;
 - The person who makes the decision to acquire the financial instrument, when the person is a legal entity (e.g. investment managers acting under a discretionary mandate on behalf of its underlying clients);
 - The firm transmitting the order;
 - The entity submitting a transaction report (e.g. trading venue, ARM, investment firm); and
 - The issuer of any financial instrument listed and/or traded on a trading venue.

How we can assist?

VGDA acting proactively to these forthcoming European Directive, can assist you in obtaining an LEI code for your Company, by managing the entire application process with the Cyprus Stock Exchange¹ (“**CSE**”). Such a code can normally be obtained within 3 working days.

¹ The CSE in association with London Stock Exchange can supply LEI codes to interested legal entities.



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