

# LEI

## WHAT IS AN LEI?

According to delegated regulations adopted under the European Markets Infrastructure Regulation (EMIR), entities are required to hold identifiers necessary to report details of derivatives trades to trade repositories.

According to delegated regulations adopted under EMIR, an **LEI (Legal Entity Identifier)** is necessary to report details of derivatives trades to trade repositories as a possible identifier of a legal entity trading on the global financial markets.

**The LEI is a 20-character alphanumeric identifier of an entity assigned by an LOU (Local Operating Unit) authorised by the ROC (Regulatory Oversight Committee).**

The objective of the LEI system is to build stability of the global financial markets by way of:

- > improving risk management and risk assessment in companies,
- > facilitating detection of financial fraud,
- > improving the quality and accuracy of financial data,
- > reducing the cost of identifying entities,
- > reducing the cost of reporting to various supervisory authorities by facilitating the aggregation of financial data.

## OBLIGATION OF REPORTING TO TRADE REPOSITORIES

Under EMIR, all legal entities which trade in derivatives will be required to report trade details to trade repositories. The Central Securities Depository of Poland (KDPW) has been the first player in the CEE region to open a Trade Repository as of 2 November 2012. The service will allow all entities required by law to report details of derivatives trades to comply with the obligation. KDPW has applied to the **European Securities and Markets Authority** (ESMA) for the registration of its Trade Repository under the requirements of EMIR (as the only player in the region). Importantly, in the registration application, KDPW has requested registration for all types of contracts subject to the reporting obligation; consequently, financial institutions will not be forced to use services of two or more trade repositories.

## WHO CAN ASSIGN LEIs?

LEIs will be assigned by authorised institutions overseen by the **Regulatory Oversight Committee** (ROC). The assignment of LEIs will be supported by the **Central Operating Unit** (COU) in order to ensure uniform global standards. Several **Local Operating Units** (LOU), familiar with the local market structure and legal system, will be responsible for the registration of interested entities and the assignment of LEIs. This will ensure correct implementation of the data of locally registered entities in the global registration system.

## KDPW TO ASSIGN LEIs

**On 19 August 2013, the Central Securities Depository of Poland was assigned a prefix (2594) necessary to assign LEIs to legal entities.**

ESMA expects that in practice LEIs will be in broad use at the effective date of the reporting obligation. The prefix has been assigned by the ROC Secretariat and will identify codes assigned by KDPW in the global LEI (pre-LEI) system.

The KDPW prefix has been requested by the Polish Financial Supervision Authority, which acts as a sponsoring authority in the process of ROC's authorisation of a local unit as an LOU (pre-LOU) within the global LEI system.

As a member of the international Association of National Numbering Agencies (ANNA), KDPW acts as an ISIN Numbering Agency. This means that KDPW is the only institution on the Polish market authorised to assign unique global identifiers to financial instruments. Its expertise, experience and necessary system resources position KDPW as an authority competent to assign LEIs. Additional arguments in favour of KDPW's services are provided by its independent position on the financial market, long-time experience in assigning codes under international standards, and processing of a range of operations for the entire capital market.



## HOW TO GET AN LEI?

Applicable legal provisions, including EMIR and its implementing legislation, make LEIs a key part of compliance with the obligation of reporting derivatives trades to trade repositories. **This means that every legal entity trading in derivatives, regardless of its position in the process of trading and clearing such trade, may be required to hold an LEI.** Consequently, thousands of Polish entities will be required to obtain an LEI as a mandatory identifier.

**KDPW will make it easy and quick to obtain an LEI through its website in 5 simple steps:**

1. Register an online account
2. Confirm your log-in and details when first logging in the system
3. Register an LEI application and place an order
4. Pay the fee
5. Get your LEI

## PROCESSING LEI OPERATIONS

The KDPW website, available in Polish and in English, will allow account holders to do the following:

- > Process LEI operations including:
  - apply for an LEI
  - review and process registered LEIs
  - review fees and invoices
  - manage user accounts
- > Contact KDPW
- > Review details of entities assigned an LEI by KDPW
- > Get all information about LEIs and the assignment process

### Glossary:

**LEI - Legal Entity Identifier** – a unique 20-character alphanumeric identifier of an entity trading on the global financial markets.

**GLEIS - Global LEI System** – system of assignment of globally unique identifiers LEI. GLEIS operates through interacting local operating units (LOU) and market participants around the world within a single system.

**ROC - Regulatory Oversight Committee** – GLEIS regulatory body appointed by the Financial Stability Board and approved by G-20.

**LOU - Local Operating Units** – local units authorised to assign LEIs within the global system GLEIS and to maintain reference data of entities to which an LEI has been assigned (e.g., KDPW).

**kdpw**

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