

# Derivatives Trade Reporting and Legal Entity Identifiers



## Bulletin

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Please contact [a member of our Regulatory Compliance Group](#) to ask a question, submit a comment or request more information about any topic in this bulletin. To unsubscribe or request a copy of one of our other recent bulletins, please contact [communications@aumlaw.com](mailto:communications@aumlaw.com).

On December 31, 2013, the OSC Rule 91-507 – Trade Repositories and Derivatives Data Reporting (the TR Rule) became effective. The TR Rule requires that all over-the-counter (**OTC**) derivative transactions involving a local counterparty be reported to a designated trade repository in Ontario. The reporting obligations for trades in derivatives are effective for derivatives dealers and clearing agencies as of July 2, 2014 and for local counterparties that are not derivatives dealers as of September 30, 2014.

To satisfy reporting requirements, a Legal Entity Identifier (**LEI**) must be provided for each derivatives transaction. A LEI is a 20-character code that will be used to identify entities that enter into financial transactions. One LEI must be used for all LEI reporting. The LEI system has been endorsed by the Group of Twenty Finance Ministers and Central Bank Governors (**G20**) to create a global standard for entity identification purposes. The LEI system will be administered by the Global LEI System, which will be overseen by a group of global regulators, including the Ontario Securities Commission (the Regulatory Oversight Committee).

All reporting and non-reporting counterparties to OTC derivative transactions, including mutual fund trusts and partnerships, must have a LEI. If a fund family has more than one fund, each fund must obtain a LEI. In addition, a reporting agent, clearing agency where the trade was cleared, clearing member, broker acting as an intermediary and an electronic trading venue where the trade was executed must also have a LEI. Operational divisions and branches must use the LEI of their parent. Natural persons are not eligible to receive a LEI.

A LEI can only be obtained from a local operating unit (**LOU**) that has been endorsed by the Regulatory Oversight Committee. An updated list of endorsed LOUs is available at <http://www.leiroc.org>. After issuance, the LEI may be migrated to another endorsed LOU. As the Global LEI System is not yet in place, LOUs are now issuing pre-LEIs. These numbers will migrate into an LEI number once the Global LEI System is complete. As such, the pre-LEI and LEI codes will be identical. Once operational, the LEI portal will be available at <http://www.p-lei.org>.

To apply for a LEI, a completed application must be submitted to the LOU. Each LOU has its own process for issuing the LEIs, but generally requires the following information: the official name of the entity, addresses of the headquarters and legal formation, name of the business registry where the entity is formed, and a business registry ID, if applicable. The LOU will then process and validate the information. Once a LEI has been issued, any changes to the reference data must be reported to the LOU. Based on the OTC Derivatives Trade Reporting seminar hosted by the OSC on January 15, 2014, the issuance time for a LEI is one to three weeks and will cost approximately \$200-\$300. It should be noted that this time may be extended as the volume of applications increases.

If you have any questions or would like to discuss this with us further, please contact any one of the following team members:

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