

# Guidance on Legal Entity Identifiers (LEI)

The purpose of this guidance is to help you determine whether new rules relating to legal entities and legal entity identifiers are relevant and applicable to your SSAS and, if so, what you need to do about it.

We recommend Section A is read in all cases and then sections B & C if applicable. Sections B & C provide additional background on LEIs and how to apply for them.

## Section A

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As part of the MiFID II European regulatory initiative, an investment firm/broker that undertakes to buy or sell listed securities on behalf of SSAS - which is treated as a *legal entity* - may only do so if the SSAS has an LEI. Listed securities include stocks and shares that are officially listed on a stock exchange and this applies whether they are held directly or indirectly as part of a discretionary fund or professionally managed portfolio.

The original implementation date for these changes was to be the **3 January 2018** however on the 20 December 2017 the European Securities and Markets Authority (ESMA) announced that it was aware not all investment firms would be able to obtain LEI codes from their clients in time.

ESMA therefore confirmed it would allow a six-month grace period for the “smooth introduction” of the LEI requirements.

During this six-month period, investment firms are permitted to provide services to clients without an LEI.

### IMPORTANT

The guidance we provide below is given in good faith and based on our understanding of the information we have been able to obtain from various sources including the Financial Conduct Authority, The Association Member-Directed Pension Schemes, The London Stock Exchange and various investment counterparties we have professional dealings with.

**We must emphasize that the ultimate responsibility for determining whether a SSAS requires an LEI to trade in listed securities falls to the investment manager/broker making the trade.**

For SSASs where it is established that an LEI will be required, we will be happy to carry out the application process.

### Do the new LEI rules and following guidance apply to my SSAS?

#### 1. Investment criteria

If there is no intention for the SSAS to trade in listed securities on or after 3rd of January 2018 the answer is *no*.

Please note however, if the SSAS places (or in the future intends to place) investments with, or through, an investment-counterparty such as a DFM, stockbroker or investment manager, we strongly advise you confirm with them that the services they provide are not treated as “trading in listed securities” for the purposes of the MiFID II European regulatory initiative regulatory initiative.

For the sake of clarity, if the assets of the SSAS comprise solely of investments such as commercial property, loan backs, cash/deposit accounts and other non-listed securities - and that situation is to remain unchanged - there is currently no regulatory requirement to obtain an LEI and **no further action is required**.

## 2. Single member SSAS trading in listed securities

For the purposes of the MiFID II regulations, *legal entities* include trusts, public and private companies, charities and certain types of pension funds.

Our understanding of the position is that a single-member SSAS (and also SIPPs) need **not** be treated as *legal entities* for the purposes of the above regulatory initiative and therefore there is no requirement to obtain an LEI.

**However, as the responsibility for determining whether an entity must be treated as a *legal entity* ultimately rests with the investment manager/broker making the investment trades, you must confirm with them as to whether the SSAS is required to apply for an LEI.**

Where it is established with the investment manager/broker that a single-member SSAS will *not* be treated as a *legal entity* **no further action will be required.**

## 3. Multi-member SSAS trading in listed securities

Our understanding is that all multi-member SSAS WILL be treated as *legal entities* for regulatory purposes in which case an LEI **must** be obtained if trading in listed securities is to continue from 03 January 2018.

# Section B

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**What is an LEI?** An LEI is a 20 character alphanumeric reference code that is unique to each legal entity.

**What purpose do they serve?** LEIs allow for consistent identification of parties involved in financial transactions which assists regulatory authorities to monitor trading activities. In turn, this should improve the functioning of financial markets and strengthen investor protection.

**When is an LEI required?** It is required for **any** trade involving *listed securities* made on behalf of a legal entity that is required to obtain an LEI under the regulations.

**Is a separate LEI required for each DFM/stock broker/Investment manager arrangement the SSAS has in place?** No, the “entity” for LEI purposes is the SSAS not the investment counterparty.

**Which body is responsible for LEI registrations?** In the UK it is London Stock Exchange (LSE).

**Who is responsible for determining whether or not an LEI is required for a SSAS?** Ultimately, this is a matter for the investment manager, firm or broker that places the trades as it is they who are responsible for complying with the MiFID II reporting requirements and regulations.

**Who can apply for LEIs?** Applications may be made by representatives of the entity itself or by third-parties on their behalf. In the case of a SSAS, any person authorised to act on behalf of the scheme can apply. If you would like TM to apply on your behalf please refer to Section C below.

**What is the latest date an LEI can be applied for?** An LEI can be applied for any time; however, no trading in listed securities can be permitted without one after the implementation date. The implementation date is now expected to be in early July having been deferred 6 months from the original date of 3 January 2018. If you would like TM to apply for an LEI on behalf of the SSAS, we strongly recommend you confirm this to us as soon as possible to ensure it is in place by July.

**How long does registration take?** The registration process is reliant on a number of factors however we would normally expect to receive confirmation of an LEI within 4 weeks of making the application. Please bear in mind the period leading up to the implementation date is likely to be busier than at other times and applications may take longer as result.

**Can a SSAS that is required to have an LEI, apply for one *after* the implementation date?** Yes, however no trading in listed securities will be permitted until the registration process has been completed.

**What costs are involved?** The LSE charges £115 + VAT for each initial application made on an individual basis. If TM registers the SSAS on your behalf, we will charge an additional administration fee of £75.

**Are there any other costs?** Yes; the LSE charges an annual renewal fee of £70 + VAT for each LEI registration.

## Section C

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Talbot and Muir will obtain an LEI on behalf of the SSAS on receipt of a written instruction to do so - an email will suffice for this purpose.

Once your instruction is received, we will issue an invoice and as soon as payment has been made we will proceed with the application for registration.

### Costs

The standard cost of registration £115 + VAT (per application) however this may be reduced depending on the number of applications we make on behalf of the SSASs we act for. We will advise you at the time of application what the cost will be.

### TM costs

In addition to the cost of registration, TM will charge £75 + VAT for making the application and completing the registration process. This includes collating and recording the required information, submitting the application, maintaining a central register, communications and dealing with any enquiries.

Should you have questions regarding any of the above, please contact your administrator in the first instance.

### Applications made by Managing Trustees & Third parties

Where we are asked to collate information and complete forms in relation to applications made by others, we will charge £25 + VAT fee.

## talbotandmuir

### Talbot and Muir

22-26 Clarendon Street  
Nottingham  
NG1 5HQ  
Telephone 0115 841 5000  
Facsimile 0115 841 5027

[www.talbotmuir.co.uk](http://www.talbotmuir.co.uk)

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