



**NATIONAL
SETTLEMENT
DEPOSITORY**
MOSCOW EXCHANGE GROUP

User Guide: Legal Entity Identifier (LEI)

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DISCLAIMER

This User Guide is created solely in order to inform National Settlement Depository (hereinafter – NSD) clients about provided services and under no circumstances shall not be considered as a document governing relations between NSD and its clients. When connecting and using the services Client shall be guided by terms and conditions of the signed agreement, including but not limited to Clearing agreement, Bank account agreement, Securities account agreement, Electronic data interchange agreement and all appendices and amendments to the said agreements, and by terms and conditions of Clearing rules, Terms and conditions for the provision of depository services, Cash settlement rules, Interaction between NSD and clients rules, Collateral services rules as well as other regulations and documents published on NSD’s official website <https://www.nsd.ru/en>. Some information provided in the present User Guide may become obsolete due to changes in the terms and conditions of such service which may happen after this User Guide generation. NSD retains its rights to change this User Guide without any prior notification. NSD shall not reimburse any direct or indirect losses caused to client and/or any third parties by using the User Guide. Client may be denied services in cases stipulated by the legislation of the Russian Federation. This User Guide may contain several screenshots however their fields and visual appearance may differ from the clients’ workplace.

CONTACTS AND USEFUL LINKS¹

Receiving and verifying LEI

NSD's specialized website dedicated to LEI receiving and verification:

- Main page: <http://www.lei-code.ru/en/>
- News: <http://www.lei-code.ru/en/about/news/>
- Documents: <http://www.lei-code.ru/en/documents/>
- Fees: <http://www.lei-code.ru/en/fees/>
- **Contacts:** <http://www.lei-code.ru/en/about/contacts/>

External sources

- Regulatory Oversight Committee (ROC): <http://www.leiroc.org>
- Financial Stability Board (FSB): <http://www.financialstabilityboard.org/>
- Global Legal Entity Identifier Foundation (GLEIF): <https://www.gleif.org/>
- Global LEI index: <https://www.gleif.org/en/lei-data/access-and-use-lei-data>
- List of Local Operating Units: http://www.leiroc.org/list/leiroc_gls/tid_162/index.htm

¹ Information provided in this section may be updated from time to time. Current information is always available at [NSD's specialized website](#) and [official NSD's website](#).

1. General information on LEI

1.1 What is LEI

Legal Entity Identifier (LEI) is a unique code (identifier) assigned to a legal entity in accordance with the international standard - [ISO 17442](#) and used for conducting transactions and reporting on financial markets.

Regulation of LEI assignment and supervision of the maintenance of the global legal entities identification system (Global LEI System, GLEIS) are done by [Regulatory Oversight Committee \(ROC\)](#), created under [Financial Stability Board \(FSB\)](#).

1.2 Reasons for creation

Development of unified international standards for codification and identification of financial markets' objects in order to unify data exchange standards is done by international community, including countries forming [the G20](#), for some period of time.

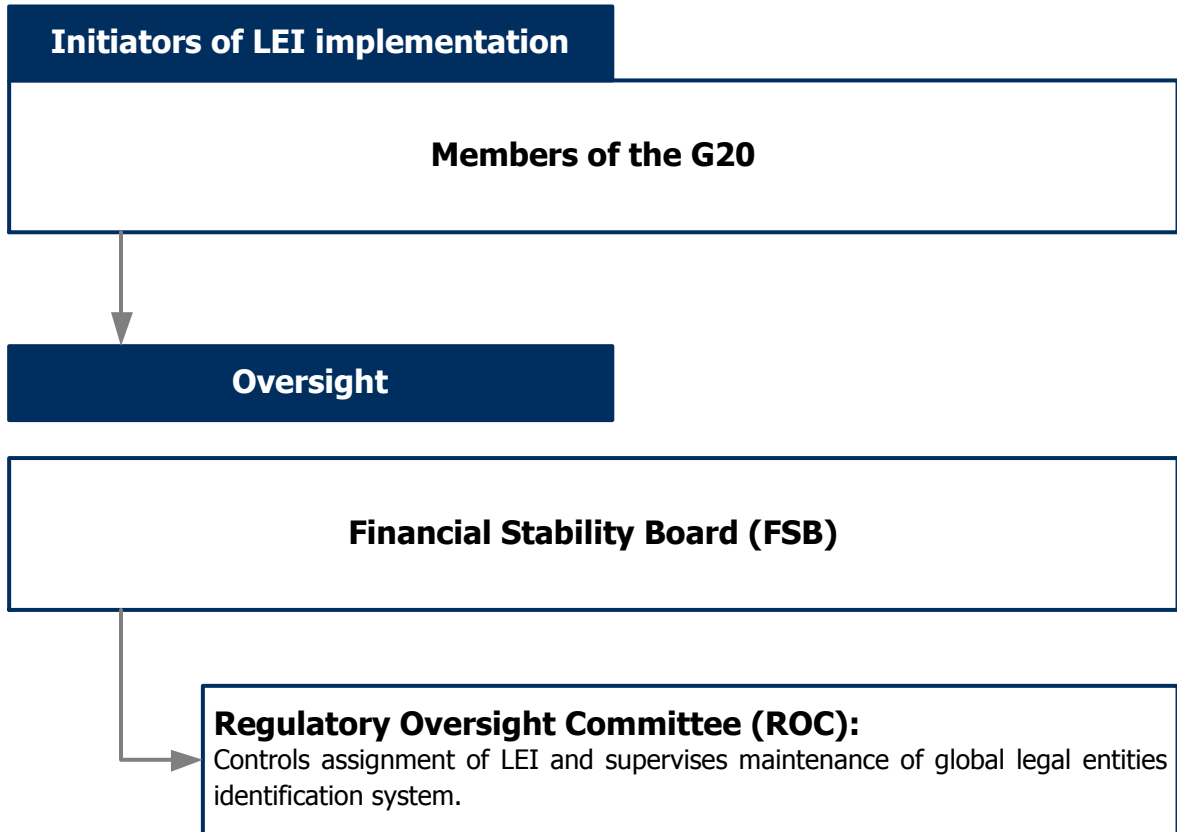
World financial crisis of 2008 – 2009 has initiated changes to this development by adding the demand for transparency to the mentioned above goals, which should enhance regulation and governance of systematic risks on financial markets on behalf of regulators and other overseeing bodies.

Therefore the following factors contributed to implementation of unified international legal entity identifier:

- Unification of formats for data exchange between financial market participants.
- Simplification of procedures when searching for the counterparty.
- Demand for increasing market transparency.
- Demand for valuation of transactions risks using the information on legal entity which is kept in global database.

In order to accomplish these tasks G20 took the decision to create global legal entity identification system, which should not only identify participants of financial transactions but to value financial risks of such transactions using information on legal entity kept and updated on a regular basis in GLEIS. G20 appointed Financial Stability Board to develop financial infrastructure which shall accomplish the tasks under ROC supervision.

1.3 Structure of oversight bodies



1.4 LEI implementation roadmap

1.4.1 General information

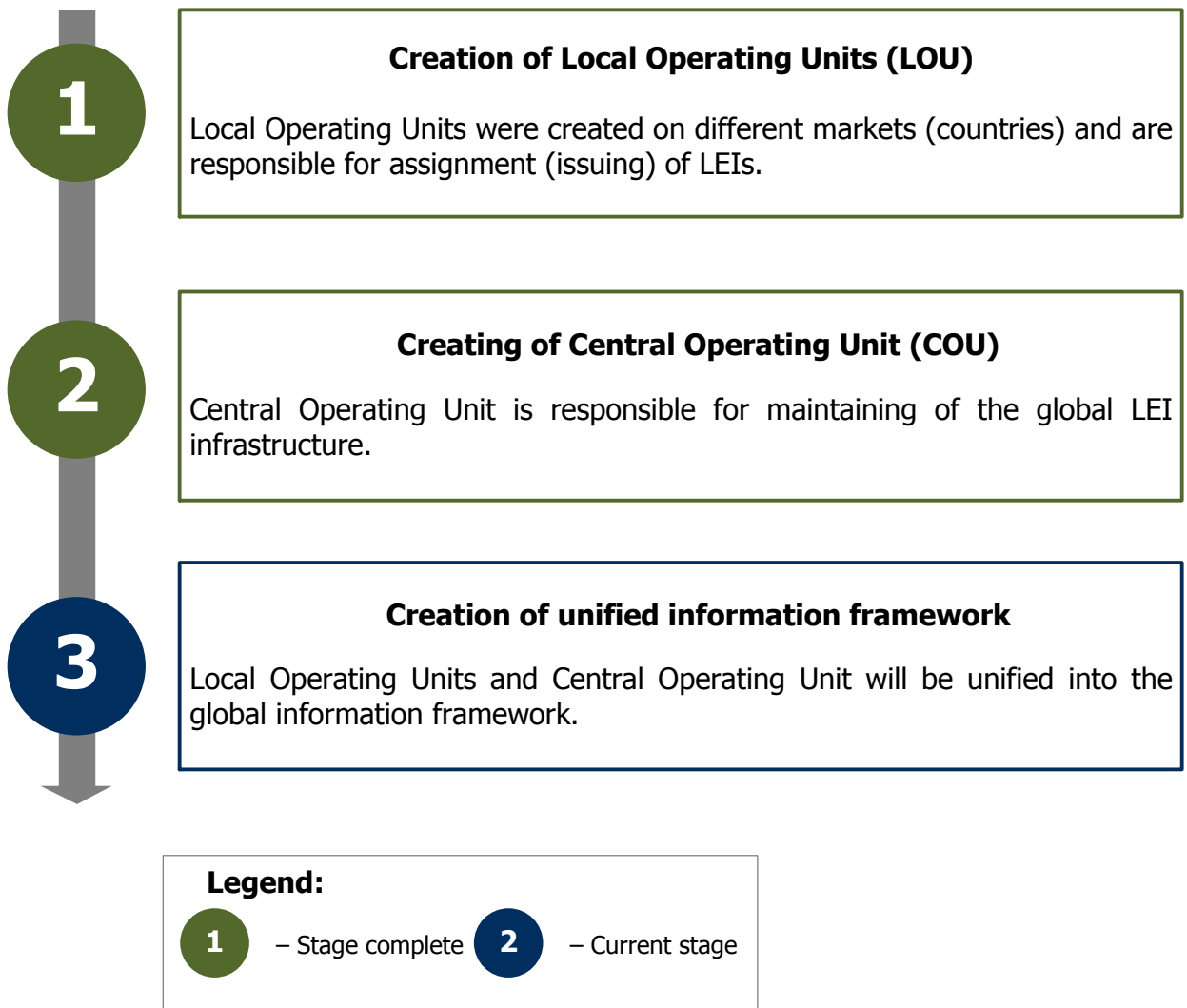
It is possible to split the initiative for global legal entities identification system and LEI implementation in three stages.

During **the first stage** several pre-local operating units were created in several countries (e.g. United Kingdom, Germany, France, USA etc.) which started LEI assignment process. Functions of Local Operating Unit for the Russian Federation is held by National Settlement Depository.

At **the second stage** Central Operating Unit (COU) was created, tasked with maintaining the global LEI infrastructure. In July 2015 Global LEI Foundation, which received COU functions, was established in Switzerland.

It is planned that at **third stage** a single information framework will be created between COU and all pre-local operating units accredited by COU.

The scheme below shows brief information about each stage of LEI implementation:



1.4.2 LEI in Russia

National Settlement Depository is the only organization in Russia with the pre-Local Operating Unit status and is responsible for issuing and verification of LEI to market participants.

NSD acquired pre-LOU status with support of governmental bodies participating in ROC under the project for global legal entity identifier system (GLEIS) creation.

NSD obtained pre-LOU status in the following stages:

01.01.2013	ROC assigned NSD with a 4-digit prefix and pre-LOU status
18.10.2013	NSD as pre-LOU launched service for pre-LEI assignment.
27.12.2013	NSD received ROC approval as a globally endorsed pre-LOU following all principles applied to pre-LOU.

This means that all LEIs issued by NSD are recognized by all market participants and regulators globally.

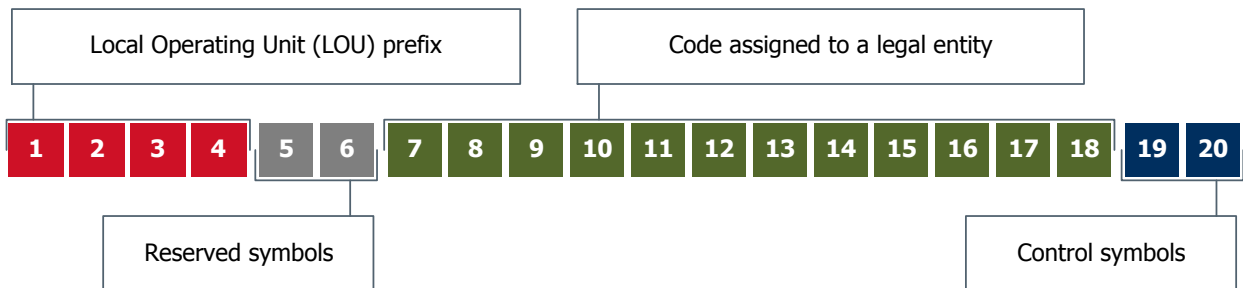
At this moment and in accordance with the legislation of the Russian Federation LEI is required:

- For entities exercising rights on securities in accordance with Federal Law 218-FZ dated 21.07.2014. See [the press-release](#) for the additional details.

- When submitting information on OTC trades to the trade repository in cases legal entity is a professional market participant listed in the paragraph 1.1 of the Bank of Russia's Directive 3253-U. [See this link](#) for the additional information.

1.5 Identifier structure and composition of disclosed information

Legal Entity Identifier consists of 20 symbols and looks as indicated on the scheme below:



12 symbols from 7 to 18 are a digit-letter combination which is formed by random digit method.

! NSD's prefix as a Local Operating Unit is 2534.

When information on issued LEI is disclosed the following information is published on legal entity:

- Official name of the legal entity in accordance with the founding documents (i.e. Articles of association or else) and/or business register;
- The address and the country of legal formation;
- The address of the headquarters of the legal entity;
- Unique national identifier issued by national register of companies or other competent body authorized for legal entities registration; (the unique number of the Russian Unified State Register of Legal Entities for Russian companies);
- LEI code;
- Code status;
- Date of issue (last verification or expiration date with indication for expiration reason).

1.6 LEI verification importance

In order to keep LEIs database up to date on local and international level each LEI requires mandatory yearly verification which is done by LEI owner's request at the Local Operating Unit where LEI is serviced.

The need for verification arises in the first place from the necessity to provide actual information on LEI's owner to its counterparties and other market participants.

In case legal entities did not verified its LEI on a set term, LEI status is listed as LAPSED in local and international databases. It may attract attention from the governmental bodies and cause distrust and an apprehension in doing business from the legal entity's counterparties.

2. ISSUE, VERIFICATION AND RECEIVING LEI FOR SERVICING

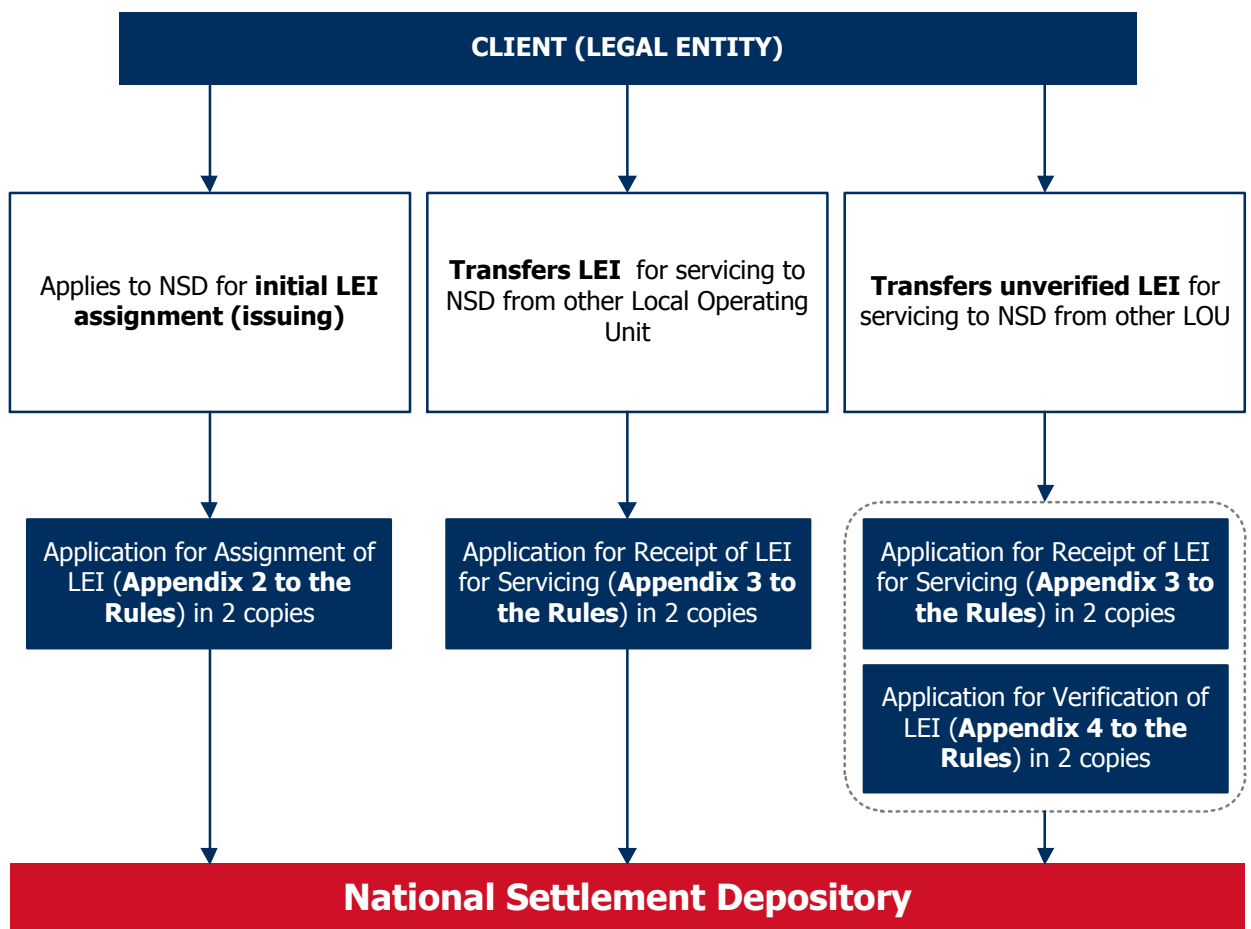
2.1 General information

NSD as a Local Operating Unit is responsible for **issue, verification and receiving LEI for servicing**, in cases such codes were issued by any other Local Operating Units

Any legal entity, resident or non-resident of the Russian Federation, may receive LEI at NSD.

In order to become an NSD's client, legal entity should adhere to the [Rules for the Provision of Services related to Assignment and Verification of the Legal Entity Identifier by National Settlement Depository](#) (hereinafter – the Rules).

On the scheme below three possible scenarios for becoming NSD client:



At the same time with provision of one of the mentioned above Applications² client provides NSD with a set of founding documents in accordance with [the list](#) published at NSD's website.

In case client adhering to the Rules has other agreements with NSD, new set of founding documents is not required. However, it may be required from the client to update some of the documents already provided to NSD.

! In case of any questions related to the set of founding documents please [contact us](#).

² Second copy of the Application is returned to the client with a receiving stamp from NSD.

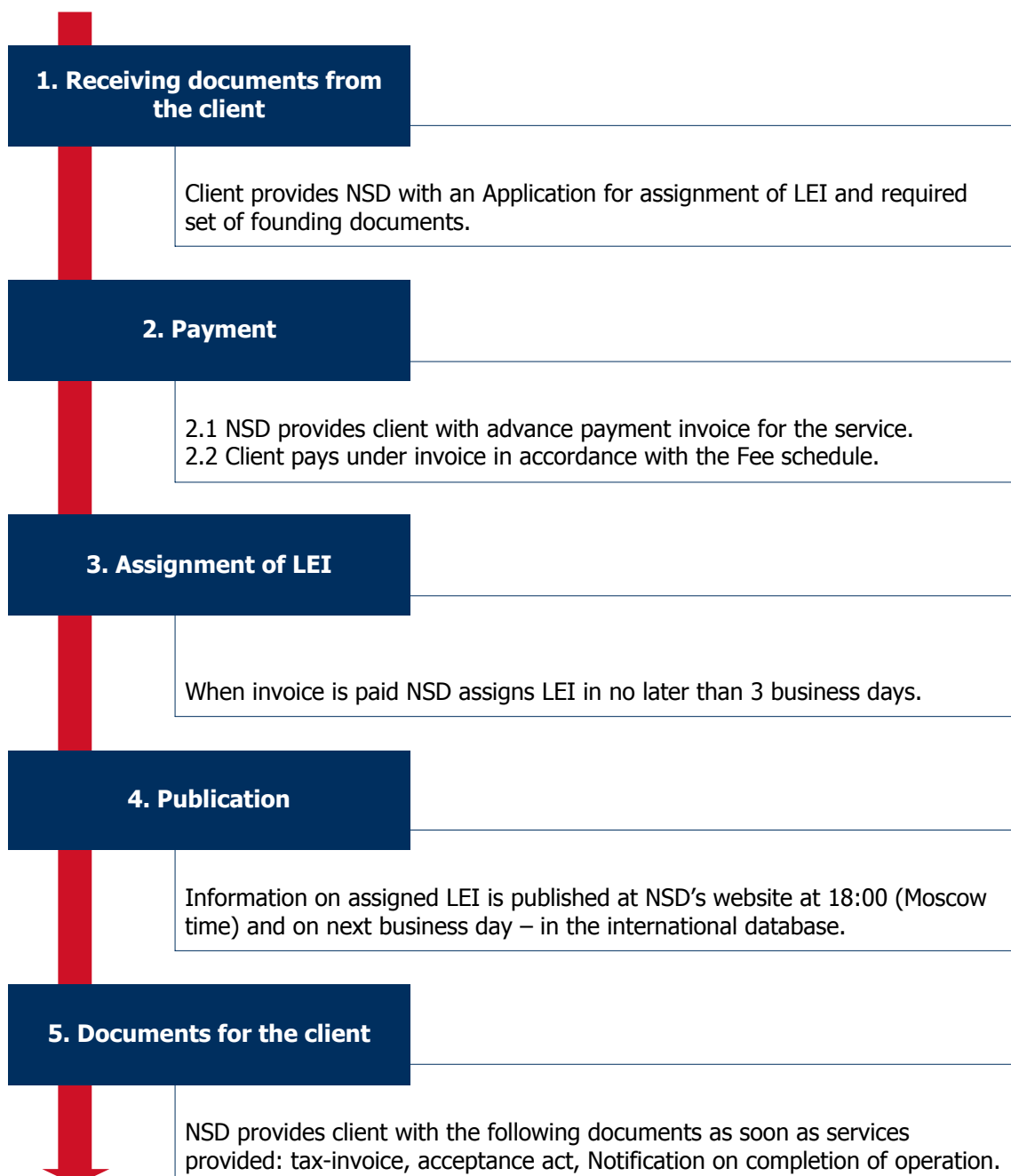
2.2 Feature of LEI assignment

Assignment (issuing) of LEI is done on the basis of the relevant client's **Application** prepared in accordance with Appendix 2 to the Rules.

After the service is paid by the client (see the relevant section of this User Guide for details) NSD checks that no LEI was previously issued for the client in the [GLEIF international database](#).

In no later than 3 business days since the payment for the code assignment is received NSD issues LEI and provides client with the Notification on completion of operation (Appendix 7 to the Rules).

In case NSD found in the GLEIF database that client already has LEI issued by other Local Operating Unit, NSD rejects the LEI issue to the client by sending the Notification of Refusal to Assign LEI (Appendix 6 to the Rules). Payment for the service is not returned to client by NSD.

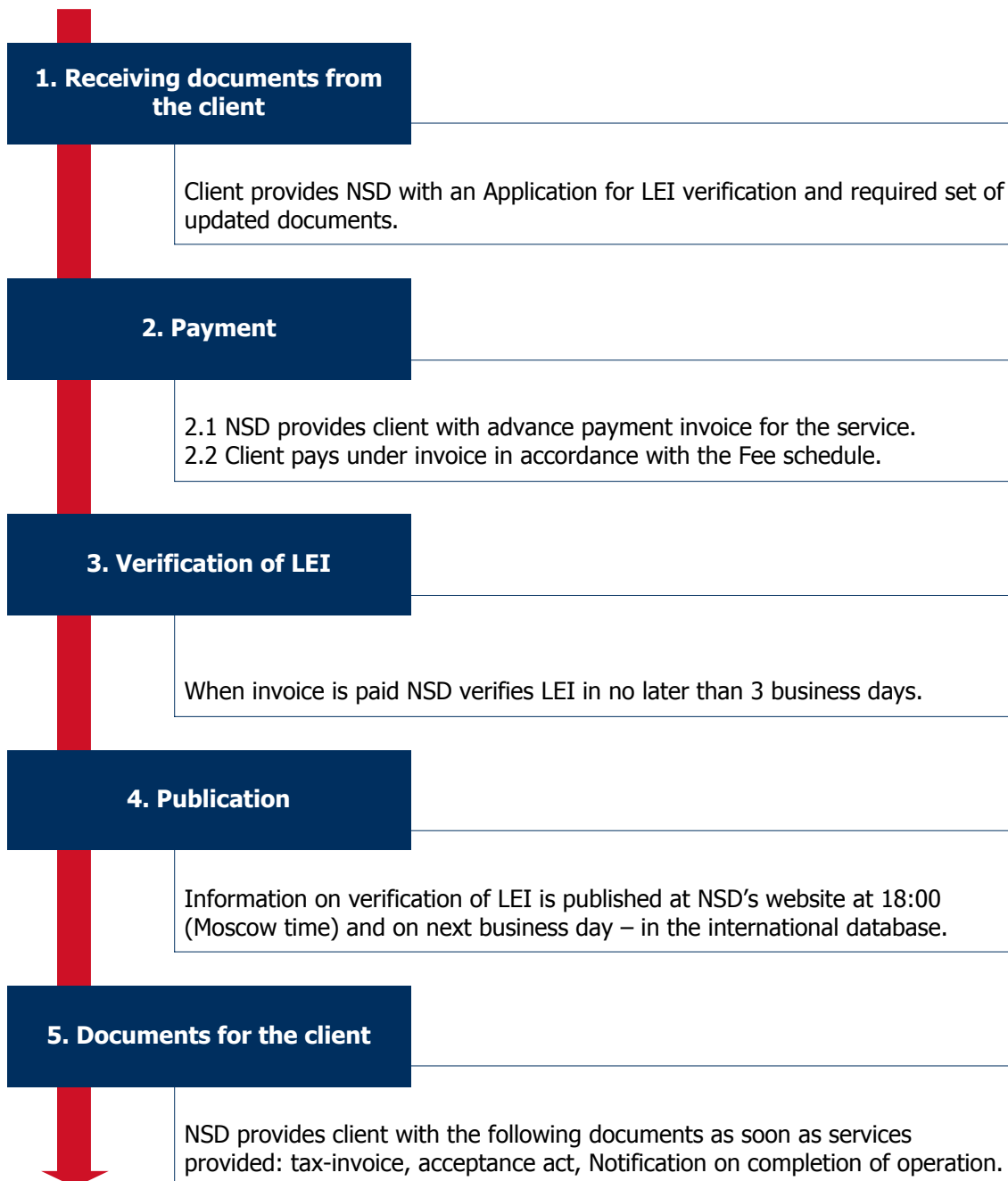


2.3 Features of LEI verification

! In accordance with policies and requirements issued by ROC, FSB and G20 in order to keep LEI in the actual state a **yearly verification (renewal)** procedure is required.

In order to renew LEI client submits the appropriate [Application and changes into the founding documents](#) previously provided as determined by the Rules.

As soon as client paid for the service and no later than in 3 business days NSD verifies LEI. Verification is considered as provided as soon as [information is published](#).



2.4 Features of receiving LEI for service in NSD

In order to transfer LEI from any other LOU to NSD client submits the [Application for Receipt of LEI for Servicing](#) and adheres to the NSD's Rules.

After this NSD independently interacts with the pre-LOU who is servicing client and maintaining its LEI at the present moment (hereinafter – transferring pre-LOU).

Client will only receive a request from the transferring pre-LOU in order to give its approval for LEI transfer to NSD.

Receiving of LEI for servicing is free of charge. In case client's LEI requires verification (code has a LAPSED status), client also submits to NSD [Application for LEI verification](#) and pays for the services in accordance with [the Fee schedule](#).

Otherwise the service is the same as LEI [assignment](#) or [verification](#) procedure.

Receiving LEI for servicing at NSD takes 5 – 7 business days and in most cases depends on procedures of the transferring LOU.

3. FEE SCHEDULE AND PAYMENT FEATURES

3.1 General information

The following Fee schedule of payment for NSD Services related to Assignment and Verification of LEI is established at NSD (VAT is not included):

6 000 RUB	For the services of assignment of LEI	Charged during services of LEI assignment
3 000 RUB	For the service of verification of LEI	Charged during the yearly verification

Receiving LEI for servicing at NSD **is free of charge**.

In case lapsed LEI is received by NSD client pays for the verification service.

! Please note that payment for NSD's services for LEI assignment and verification is paid by client in advance in accordance with NSD's invoice.

3.2 Billing and payment features

NSD bills client in advance of providing services in 2 business days from the moment when either [Application for assignment or verification](#) is received.

Client shall pay under the invoice in no later than 10 business days from the date the invoice is received. Assignment or verification services, as well as services of receiving lapsed LEI provided by NSD in case the **payment for services is made in full**.

Tax invoice and acceptance act are sent to the client no later than in 5 business days since the service is provided.

! In case after payment for the services of LEI assignment is received NSD found that client submitted a request for LEI assignment and/or already received LEI in other Local Operating Unit, the service is considered as provided and NSD does not reimburse the paid amount to the client.