



**NATIONAL
SETTLEMENT
DEPOSITORY**
MOSCOW EXCHANGE GROUP

**LEGAL ENTITY IDENTIFIER (LEI):
REASONS FOR IMPLEMENTATION, BENEFITS
AND CODE RECEIVING PROCEDURES**

REASONS FOR LEI IMPLEMENTATION

The following reasons exist for implementation of unified international codification standards:

Data exchange formats
unification between
financial markets
participants

Simplification of
counterparty searching
procedures



Higher market
transparency

Valuation of transactions' risks
by using information about
company stored in the global
legal entity identification
system

LEI INITIATORS AND OVERSIGHT AUTHORITIES

INITIATORS OF LEI IMPLEMENTATION

Countries participating in the G20



OVERSIGHT

Financial Stability Board (FSB)



Regulatory Oversight Committee (ROC):
regulates LEI issuing processes and oversees maintenance of the Global LEI System (GLEIS)

LEI IMPLEMENTATION TIMELINE

1

Launch of the pre-Local Operating Units (pre-LOU) and temporary GLEIS

Pre-Local Operating Units are created and responsible for pre-LEI issuing on several local markets

2

Creation of the Central Operating Unit (COU)

Central operating unit shall be responsible for Global legal entity identification system (GLEIS) operations and its maintenance.

3

Creation of the GLEIS global infrastructure

Merging the pre-Local Operating Units and Central Operating Unit into the unified information network where pre-LOUs shall obtain permanent LOU statuses and all issued pre-LEI codes shall become LEIs

1ST STAGE OF LEI IMPLEMENTATION

1

Launch of the pre-Local Operating Units (pre-LOU) and temporary GLEIS

27 pre-LOUs endorsed by ROC issue pre-LEI codes

As of 7 October, 2015:

- Over 390 000 codes are issued
- to legal entities across 195 countries

Pre-LOUs are created in different countries: USA, Germany, France, Great Britain, Japan, Saudi Arabia, Poland, Czech Republic, Argentina, Australia etc.

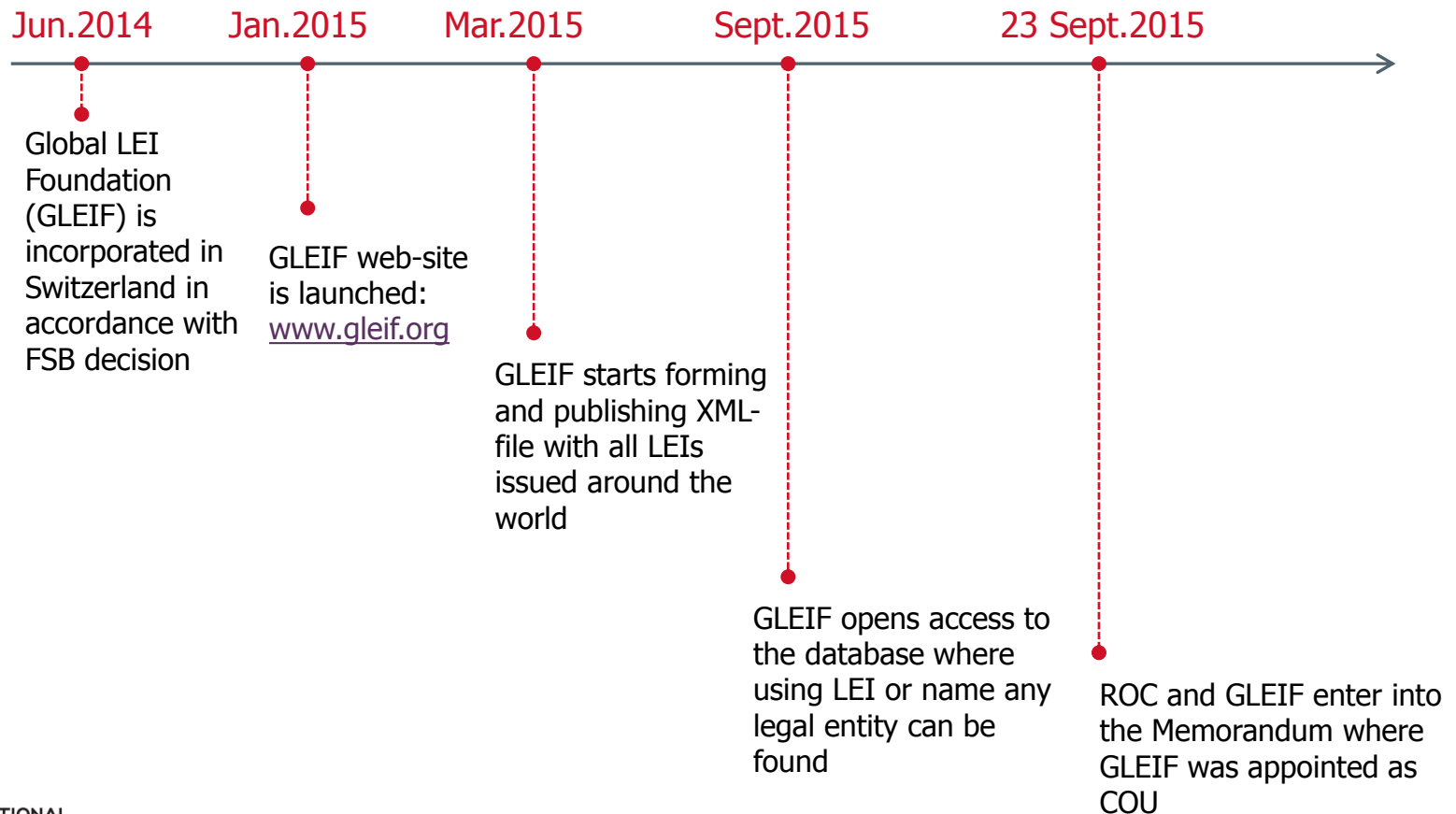
In Russian Federation **National Settlement Depository** holds the status of the pre-Local Operating Unit.



2ND STAGE OF LEI IMPLEMENTATION

2

Creation of the Central Operating Unit (COU)



FROM TEMPORARY SYSTEM TO GLEIS

Memorandum between ROC and GLEIF ended the transition period



- ROC stopped granting pre-LOU status
- ROC authorized GLEIF to perform LOUs accreditation and to regulate letters activities
- ROC holds control functions over GLEIF as well as regulatory functions of the latter as well as the whole GLEIS.

3RD STAGE OF LEI IMPLEMENTATION

3

Creation of GLEIS global infrastructure

3rd stage of LEI implementation started in October, 2015:

GLEIF launched LOU accreditation process

CANDIDATES:

- All pre-LOUs
- Any entity seeking to become a Local Operating Unit

ACCREDITATION RESULTS:

- Accreditation Certificate
- Annual re-accreditation

Detailed information on accreditation procedures is published on www.gleif.org website.



LOU RESPONSIBILITIES AND SERVICES

PROVIDED TO LEGAL ENTITIES:

1. LEI issuing
2. Yearly LEI renewal
3. Ensuring LEI codes transfer from / to other LOU

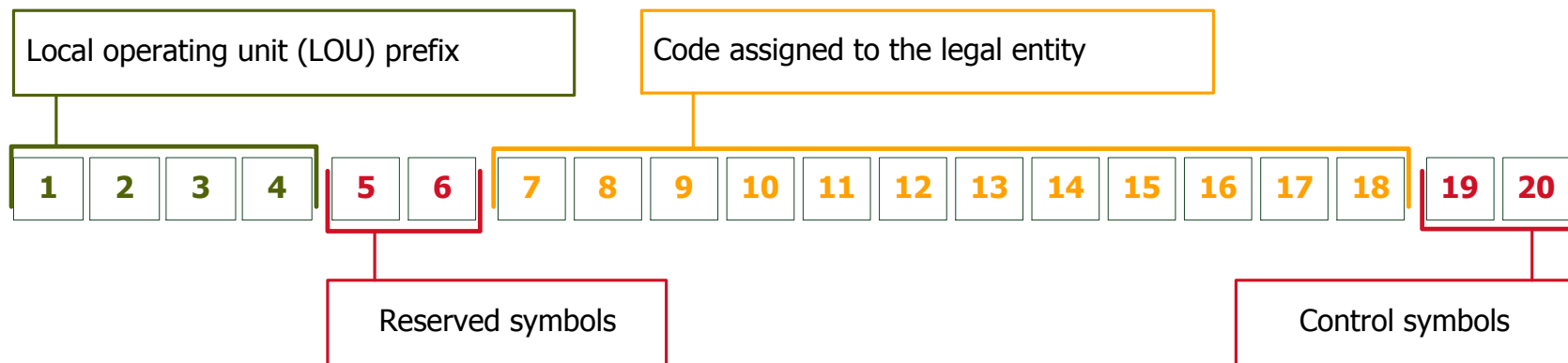
PROVIDED TO GLEIF:

1. Issue LEI only at the legal entity's (or its authorized person's) request
2. Client's details verification using official information sources
3. Eliminate duplication of codes
4. Create XML-file with changes in LEI on a daily basis
5. Provide services on a cost recovery basis.
6. Pay yearly license fee for every issued LEI
7. Pass yearly GLEIF accreditation



STRUCTURE OF LEI

Legal Entity Identifier is made of **20 symbols** and has the following structure:



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

12 symbols from 7th to 18th digit is an alphanumeric code which is created using a random digit method.

DATA DISCLOSED WITH THE CODE

ISO 17442 is an international standard which defines basic format and general principles of LEI issuing, as well as scope of information on legal entity which should be available with the code.

MANDATORY DATA disclosed about legal entity with LEI code:

- Official name as recorded in the founding documents (charter or else) and/or in the business register
- Address and country of legal formation
- Address of legal entity headquarter
- National code issued by the national registrar of companies or other competent body responsible for legal entities registration
(for Russian legal entities - the unique number of the Russian Unified State Register of Legal Entities)
- LEI code
- Code status
- Date of LEI issue (latest verification date / expiration date with reason of expiration)

BENEFITS OF LEI

Access to the US and EU financial markets:

LEI is mandatory for reporting by these countries residents and in such cases LEI of the counterparty is also required regardless of counterparty's place of origin

More transparency on international markets:

Following ISO 17442 standard company complies with the G20 financial market transparency requirements and guidelines which makes it more reliable from the counterparties/regulators point of view

USING LEI ON THE RUSSIAN MARKET

WHEN
DISCLOSING A
LIST OF HOLDERS
ELIGIBLE TO
PERFORM RIGHTS
ON SECURITIES



In accordance with the Federal Law by 21.07.2014 №218-FL*, an international identification code is required for identification of Russian nominee, foreign nominee or foreign company authorized by their clients **to perform latter rights on securities**

WHEN
REPORTING TO
TRADE
REPOSITORY



In accordance with the Bank of Russia's Directive 3253-U, LEI is required for **professional market participants** listed in the clause 1.1 of the Directive and for **Reporting agents****

* - «On some additions or updates into the few Regulations of the Russian Federation

** - Additional information is available [on NSD's website](#).



NSD AS RUSSIA'S PRE-LOU

National Settlement Depository acquired pre-LOU status with the support from Russian authorities, participating in ROC's effort for creation of GLEIS

1 March, 2013



ROC assigned to NSD a 4-letter prefix and pre-LOU status

18 October, 2013



NSD began providing pre-LOU services by issuing pre-LEI codes

27 December, 2013



ROC approved NSD as globally endorsed pre-LOU by confirming that NSD is following all pre-LOU principles

From this date codes, issued by NSD, are recognized by regulators, market participants and pre-LOUs from other countries



NSD'S SERVICES AS PRE-LOU

Market participants, regardless of country of origin, are able to use NSD's services by joining the NSD's **Rules for the Provision of Services related to LOU** by providing:

➔ **Application for Assignment of Pre-LEI/LEI**

or

➔ **Application for Receipt of Pre-LEI/LEI for Servicing**

With the Application client also provides founding documents to NSD*

For LEI renewal (verification) client provides NSD with:

➔ **Application for Verification of Pre-LEI/LEI**

* In case client entered into other agreements with NSD only changes to the previously provided documents should be supplied. Information on scope of required documents is available on NSD's website: <https://www.nsd.ru/en>.

FEES

The following fees are set for NSD's services related to LEI issuing and verification:

SERVICE:	FEE, EXCLUDING VAT:
1. Execution of functions of the Local Operating Unit:	
1.1. Assignment of pre-LEI/LEI	6 000 RUB
1.2. Verification of pre-LEI/LEI	3 000 RUB

CONTACTS

Client Services department:

Tel.: +7 (495) 956-27-90/91/92/93; (495) 956-09-40;
(495) 745-81-45; (495) 234-48-65

E-mail: sales@nsd.ru

NSD: Russian pre-LOU: www.lei-code.ru/en/

GLEIF – Central operating unit: www.gleif.org/en

Regulatory and oversight authorities:

G20: <http://www.g20.org/>

Financial Stability Board: <http://www.financialstabilityboard.org/>

Regulatory Oversight Committee: <http://www.leiroc.org/>

Address:

12, Spartakovskaya St., Moscow 105066, Russia



THANK YOU!



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 - The ability to attract new customers on the domestic market and in foreign jurisdictions
 - The ability to increase the offer of products in foreign jurisdictions
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