

*The Market newsletter addresses topical matters concerning interpretations, regulation, as well as supervisory findings relating to listed companies' disclosure obligation, financial reporting enforcement, securities trading and insider issues. Articles other than those pertaining to IFRS enforcement will appear mainly in English. The newsletter is published by FIN-FSA's Supervision of Markets and Conduct of Business Department.*

## In this newsletter, we discuss the following topics:

■ Topical matters at ESMA	1
■ Requirement to use LEI code is extended	1
■ Events for listed companies	3

## Topical matters at ESMA

### Guidelines related to the Benchmarks Regulation

ESMA invites comments on guidelines related to the Benchmarks Regulation that apply to administrators of significant benchmarks and supervised financial sector entities acting as contributors. Comments should be submitted by 30 November 2017.

### Guidelines related to suitability assessments

ESMA invites comments on a draft guideline related to suitability assessments in accordance with the Markets in Financial Instruments Directive (MiFID II). Comments should be submitted by 13 October 2017.

### Level 2 regulation related to the Prospectus Regulation

ESMA is currently considering the comments it received in response to its invitation to comment on Level 2 regulation related to the Prospectus Regulation. ESMA is due to submit its advice related to Level 2 regulation to the Commission in March 2018.

## Requirement to use LEI code is extended

Revised EU securities regulations (MiFID II, MiFIR and EMIR) will require, in the future, that legal entity customers are identified with an international LEI code (Legal Entity Identifier) in transaction reporting of financial instruments to the Financial Supervisory Authority and in EMIR reporting related to derivatives trading. In transaction reporting, private customers will be identified with a Finnish personal identification number or corresponding foreign identification number.

Entities must have an LEI code

- in EMIR reporting related to derivatives trading of financial instruments from 1 November 2017 and
- in transaction reporting of financial instruments (MiFID II, MiFIR) from 3 January 2018.

If an entity does not obtain an LEI code, it will not, in the future, be able to execute financial instrument transactions or derivative contracts. Without an LEI code, investment service providers and trading parties in derivative contracts will not be able to report entities' securities transactions. Entities will not, in the future, be able to use an identifier other than an LEI code.

### Securities transaction reporting

Investment service providers' transaction reporting requirement will apply to all financial instruments that are admitted to trading in a regulated market or, in Finland, in a multilateral trading facility (MTF, defined by the MiFID). In the future,

the MiFIR will also require reporting of transactions with financial instruments admitted to an organised trading facility (OTF, defined by the MiFID II).

Investment service providers will prepare for the information system changes required by the regulation and will require their legal entity customers to have an LEI code. The size or purpose of a transaction is not a criterion in entities' need to have an LEI code – all transactions subject to the requirement must be reported. If an entity does not have an LEI code, transactions cannot be reported, so a legal entity customer's order also cannot be accepted for execution.

In addition to transaction reporting requirements, investment service providers will also be able to demand an LEI code from their legal entity customers merely on the basis of a customer relationship associated with a service package. This is a contractual matter between service providers and legal entity customers, where service providers must assess what information in total the services in question require the legal entity customers to provide.

### Investment funds

The transaction reporting requirement will not apply to subscription and redemption of unlisted investment fund units or shares. Entities will not need an LEI code for these transactions. On the other hand, trading of listed investment fund (ETF) units or shares will fall within the scope of transaction reporting, in which case entities will need an LEI code in these transactions.

### LEI code

LEI code is international legal entity identifier, which is also becoming more commonly used elsewhere than in the financial sector. LEI codes are global and they can be obtained from authorised Local Operating Units (LOU) in many countries. In Finland, LEI codes are issued and administered by the Finnish Patent and Registration Office (PRH).

In Finland, an LEI code can be obtained from the PRH by

- an entity (e.g. limited company or limited partnership) entered in the Trade Register
- a foundation entered in the Foundation Register
- some other entity (e.g. investment fund or public law entity) that has a Business ID.

Further information about obtaining an LEI code is available on the [PRH website](#).

Global maintenance of LEI codes is managed and supervised by [GLEIF](#) (Global Legal Entity Identifier Foundation), which is headquartered in Switzerland. GLEIF's work is overseen, in turn, by [LEI ROC](#) (Regulatory Oversight Committee), which was established by the Group of Twenty (G-20) nations and on which the Financial Supervisory Authority is also represented.

LEI codes are public and they can be browsed on the [Open LEIs website](#).

### For further information, please contact:

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## Events for listed companies

An information event on listed companies' financial reporting will be organised on 27 November 2017, 30 November 2017 and 4 December 2017. Invitations to the event will be sent electronically, closer to the date of the event, to listed companies' finance managers and other stakeholder representatives.

The invitations are intended for two persons; therefore, staff members responsible for financial reporting or the disclosure obligation are urged to be in contact with their respective finance managers in order to register for the event via the relevant link.

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