

Trading and Reporting of OTC Derivatives



DOING BUSINESS

GMEI Utility – Level 2 data will be required starting May 1, 2017

> Summary

Currently the GMEI utility has been collecting Level 1 data for entities during the registration and renewal process. Level 1 data provides the answer to the question of “who is who” and includes the legal name of the entity, registered address and country of formation. Starting on May 1, 2017, GMEI utility will collect Level 2 data for every registration and renewal of Legal Entity Identifiers (“LEI”). Level 2 data provides the answer to the question of “who owns whom” and will allow for the identification of the direct and ultimate parents of a legal entity and vice versa. Clients who currently have an LEI will need to update their information when renewing their LEI. Level 2 data will be freely available for public authorities and market participants.

> Definitions

The “Ultimate Parent” and “Direct Parent” relationship is based on the **accounting** relationship rather than on the percentage ownership. The Ultimate Parent is the highest level legal entity preparing consolidated financial statements for the child entity. The Direct Parent is the lowest level entity preparing consolidated financial statements for the child entity. The child entity is expected to report the relationships with its parents.

The following relationships are not included in this phase for the collection of Level 2 data: joint ventures and other joint arrangements, investors having a “significant influence” in an entity (generally investments of more than 20% and less than 50% of the voting common stock or equity), structured entities and branches of an entity.

> Registration and Renewal

Distinct procedures apply for Direct and Ultimate Parents with or without an LEI. A child entity must disclose the LEI of its Direct and Ultimate Parents. In the case where the Direct and Ultimate Parents do not have an LEI, the child entity must disclose their information which includes legal name, legal address, headquarter address and business registration information.

In certain situations, an entity may not be able to report the parental relationship. An entity may opt out of reporting a relationship for certain reasons, including:

- i) the legal entity is not subject to preparing consolidated financial statements;
- ii) legal obstacles of a jurisdiction or contractual commitments prevent providing this information;
- iii) permission was not granted by the parent entity to provide or publish this information;
- iv) the publication of this information and disclosure of the information would be detrimental to the legal entity or the relevant parent.

For more information, visit www.gmeiutility.org.