

The buck stops with ASIC and LEI



Strategy.

Action.

Results.

Business is being halted for the finance industry with some brokers blocking fund owners and derivatives traders who don't have a Legal Entity Identifier (LEI), the 20-digit code recently enforced by ASIC. LEI Reporting Entity rules have come into effect as of 1 October 2019. Since then, brokers have been requesting confirmation of LEIs, or alternate entity identification, to settle open positions or initiate new trades. A leading online trading provider has advised clients, "If you don't provide us with a valid LEI you will not be able to enter into OTC Derivative Transactions and we may be required to suspend your account and may close any open positions." One of the country's largest issuers of LEIs is GS1 Australia, which has reported a significant influx of requests over the past week. Marcel Sieira, head of customer engagement at GS1 Australia, said, "we have observed a major increase in LEI applications in September and October". Only organisations that have successfully passed the Global Legal Entity Identifier Foundation (GLEIF) accreditation process are entitled to issue LEIs. International not-for-profit association, GS1 AISBL is an accredited issuer and operates locally through GS1 Australia. Over 1.2 million LEIs have been issued internationally and 17,000 identifiers have been issued to date in Australia. LEIs are required for the purpose of identifying counterparties that are legal entities (including those in trusts) in ASIC transaction reports. "The purpose of LEIs is to deliver transparency and security in entity identification among financial parties, which also enables traceability of the transactions," Mr Sieira said. Entities trading in the following products in Australia may need LEIs: . Foreign exchange (FX) . Commodities . CFDs (Contract for Differences) . Futures, options, swaps and forwards . Interest rate securities . Equities and credit derivatives . Legal entities that require LEIs include: . Companies . Managed funds, self-managed super funds and APRA regulated super funds . Family trusts and corporate trusts Sophie Gerber, CEO and co-founder of Traction Fintech, a derivative transaction reporting service for Australian and overseas traders, said, "For those operating their trading accounts in the name of an Australian company or a trust, they should contact their broker immediately to ensure there have been no restrictions placed on their account and their trades." "Foreign companies and trusts have their LEI deadline in March 2020 so there will be further work and alerts to clients by brokers and OTC derivative issuers to meet that requirement. Further relief recently provided by ASIC in relation to LEIs is quite specific and targeted, so we encourage people to continue operating under the European maxim of "no LEI, no trade," Ms Gerber said. More information can be found at www.gs1au.org/lei. End About GS1 Australia GS1 Australia is the Australian member of GS1, a not-for-profit global organisation that develops and maintains the most widely used supply chain standards in the world and a leader in facilitating efficient international business. GS1 Australia currently serves 22 industry sectors and supports more than 20,000 members nationally to improve supply chain efficiency and cost effectiveness by adopting best practice GS1 global standards. For more information visit www.gs1au.org or follow the company on LinkedIn and Twitter. If you would like to interview Marcel Sieira, please contact Tracey Kelly-Jenkins. GS1 Australia Media Contact Tracey Kelly-Jenkins Marketing Program Manager T: (03) 8581 5982 or 1300 227 263 E: Tracey.Kelly-Jenkins@gs1au.org

Contacts

Wendy McWilliams

03 9803 2588

mailto: wendy@wmcpr.com.au