



## **Financial companies in Slovakia will be more transparent**

Press Release

Bratislava, 24 March 2022

**Natural persons or legal entities that carry on trade or other business activity and are responsible for transactions with financial instruments have to obtain so called LEI code (Legal Entity Identifier). This code ensures unique identification of entities world-wide and provides for quality of the reference data. Identification by the LEI code is mandatory not only for the issuers of securities, but also for credit and financial institutions, funds, including pension funds, fund managers, insurance companies, as well as each entity legally or financially responsible for financial operations. The news is, that from March of this year, the classification of organisations with allocated LEI code will be improved. Centrálny depozitár cenných papierov SR (CDCP SR), who allocates the codes in Slovakia, was granted authorisation to allocate the LEI code also to unit trusts.**

This is possible due to new accreditation to allocate LEI codes, that CDCP SR obtained from the GLEIF (Global Legal Entity Identifier Foundation). Goal of this new arrangement is more detailed and reliable database of information on entities with allocated LEI. The changes apply to three major areas. The first area concerns the government bodies. The identification as a „government body“ was sufficient until now. According to the latest rules these entities have to be identified more precisely, i.e. in compliance with the methodology for the System of National Accounts 2008 (SNA 2008). This means that basic structure will divide the entities into central government bodies, government bodies, regional government bodies and social welfare bodies.

The second area impacted by changes are unit trusts. Here also is enhanced the structure of data reported to the GLEIF, i.e. data that are available to the general public. So far, the LEI entity had to identify itself only as „a unit trust“ entity type. Now will be identified and published the fund manager and also a type of the fund (e.g. a fund or a sub-fund).

The third important area is implementation of standardised events for companies. Here the amendments concern the class of events known as „Corporate Actions“. This way the public will be informed on events as the change of a business name, change of designation, change of a legal form and many other. To ensure unique identification of the events, these will be numbered and reported.

### **Required accreditation**

Current changes will impact unit trusts the most. In fact, the reason for accreditation for allocation of the LEI to funds is a set of enhancements, consisting of extended volume of acquired data and more sophisticated identification of the LEI entities.

*„With regard to extensive changes in the structure of data on the unit trusts maintained by the central depository and reported to the GLEIF, the GLEIF decided that all LOUs (Local Operating Units) allocating LEI codes to the unit trusts have to complete additional accreditation concerning the funds,“* states Ľubomír Demčák, the Head of Issue Department of CDCP.

### **Impact to LEI entities**

Centrálny depozitár cenných papierov SR has to apply the new changes from 24 March 2022. Impact to the organisations is that they will be asked to supplement additional information during their next regular renewal of the LEI code. Adding of the information will be a condition for renewal of the LEI code validity. *„Some required data, e.g. date of establishment of the fund/company, will be suggested by our web application in order to make the renewal of LEI code more simple,“* states Ľubomír Demčák.

The purpose for implementation of these changes is to acquire better and more detailed view on a structure of the LEI entities data. Outside the Slovak jurisdiction, for instance, occurred cases where the LEI entity classified as a unit trust didn't comply with the requirements in order to be listed as a fund. Mentioned changes shall enhance verification of data on the LEI entities and thanks to that the GLEIF database will be more accurate and reliable. These changes will appreciate everybody who uses the GLEIF database, i.e. the general public, mainly at the capital market.

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GLEIF - the Global LEI Foundation – was established in June 2014 as not-for-profit organisation overseen by the Regulatory Oversight Committee (ROC) with goal to act as the operational arm of a global LEI system supporting the implementation and use of the LEI. GLEIF mandates and monitors the Local Operational Units involved to the GLEIS (Global Legal Entity Identifier System). The GLEIF also provides for the technical infrastructure necessary to unify publicly available information on LEI disclosed by the Local Operational Units.

Centrálny depozitár cenných papierov SR, a.s. (CDCP SR) is stable company operating on the capital market for 30 years. CDCP SR is performing activities of a central depository under the authorisation issued by the National Bank of Slovakia. CDCP SR is the central depository according to the Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. CDCP SR provides services to issuers of book-entry and paper-form securities, to participants, owners of accounts and other groups of entities.