



**Centrální depozitář
cenných papírů**

Changes to the allocation and maintenance of LEIs

Verze č.2

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As of April 1, 2022, changes to the rules for the maintenance and assignment of LEIs set by the LEI ROC and GLEIF are in effect. The new rules can be found here:

https://www.leiroc.org/publications/gls/roc_20201229.pdf

https://www.leiroc.org/publications/gls/roc_20181030-1.pdf

https://www.leiroc.org/publications/gls/roc_20190520-1.pdf

Overview of changes:

1) LEI services will now be available only to users registered in the My Depository portal. Instructions on how to apply for or extend an LEI can be found here:

https://www.cdcp.cz/wp-content/uploads/LEI_Assignment.pdf

https://www.cdcp.cz/wp-content/uploads/Update_LEI-LEI_validity_extension.pdf

2) Entity Category - now you must select the Legal Entity Category in the LEI application:

- General
- Branch
- Fund
- Sole proprietor
- International organization
- Resident government entity
 - Central government
 - State government
 - Local government
 - Social Security

3) Date of incorporation of the legal entity/company = date of incorporation as shown in the public register

4) Detailed description of the relationship structure for the person category Fund / Fund - new relationship types:

- Fund management entity (mandatory relationship)
- Umbrella structure (optional relationship, only if relevant)
- Master-Feeder structure (optional relationship, only if relevant)

5) Changes to legal entity and corporate action data - these changes must now be entered and supported by relevant documents



Frequently asked questions:

Which Entity Category should I choose?

- **General** - a category for a legal entity that is not an investment fund, an individual entrepreneur, a branch, a government entity or an international organisation.
- **Branch** - a category for a legal entity that is a permanent branch of a foreign legal entity and is registered in the publicly accessible commercial register of that jurisdiction. It is an entity without legal personality, i.e. all legal relations are entered into by the foreign (parent) company. It is only possible to apply for an LEI for a spin-off if the foreign (parent) company that is the founder has also been assigned an LEI code.
- **Fund** – a category of person for legal entities that are standard investment funds. The Fund category does not include trust funds. Further information on Fund type entities can be found below.
- **Sole proprietor** – a category for a legal entity that is operated/owned by one person and there is no legal distinction between the assets and liabilities of the owner and the business entity.
- **International organization** – a category for a legal person that is an entity established under an international agreement or other arrangements for the purpose of providing non-market services or financial intermediation on an international basis. The organisation has its own international personality, i.e. it acts on its own behalf through internally established governing bodies.
- **Resident Government Entity** – a category for a legal entity that is a non-market entity that is part of a central, state or local government, or a social security fund or a non-profit institution controlled by a government.

A state-owned but independent general legal entity or fund that is not part of or controlled by a public authority does not belong to the category Government Entity, but rather to the category General or Fund.

You must also fill in a subcategory for the category Resident Government Entity:

- **Central Government** - Central administrative bodies with national competence and non-profit organisations controlled by them. E.g.: ministries
- **State Government** - Administrative bodies in a federal state system that exercise their powers at a level lower than central and higher than local. These are the administrative bodies that exercise their fiscal, legislative and executive powers in the territory of the states into which the country may be divided. In some countries, especially small ones, individual states and state governments may not exist. For example: the federal states in Germany or Austria.
- **Local Government** - Local government as separate administrative units. The scope of authority is generally much smaller than that of central or state governments and they may not be authorized to impose taxes or fees on their residents. For example: counties, cities or municipalities.



- **Social Security** - Social security systems covering all or a substantial part of society and are imposed and controlled by public authority. Social security systems are social security systems if they are organisationally separate from other public activities, hold their assets and liabilities separately and act in financial transactions on their own account. E.g.: health insurance companies, the Social Security Fund, etc.

When can I choose the entity category Fund?

The Fund entity category should be specified if you are requesting an LEI for a standard investment fund. If you are requesting an LEI for a trust fund, for example, select the General entity category.

What are the types of relationships in fund management?

- **Fund Manager (obligatory relationship)** - a legal entity that manages an investment fund, where the management of the investment fund is the management of the assets of the fund, including investments on behalf of the fund, and the management of the risks associated with such investments. The investment fund manager is usually an investment company. The fund manager may also be the fund itself if the fund is self-managed.
- **Umbrella structure (if applicable)** - An umbrella investment fund is an investment fund with one or more sub-funds, where each sub-fund has its own investment objectives, separate investment policy and strategy, separate assets, separate investors and separate responsibilities between the sub-funds.
- **Master-Feeder structure (if applicable)** - a relationship where a subordinated standard fund (feeder fund) invests exclusively or almost exclusively in another fund (e.g. US mutual funds, EU UCITS) or in several funds that have identical investment strategies (in the case of the latter, if the situation qualifies as a master-feeder relationship under applicable laws and regulations, e.g. some alternative investment funds in the EU), referred to as a master fund or master funds. Only indicate the master-feeder structure if this relationship is organised in the legal documentation of the subordinated fund. Do not indicate relationships where the fund's assets are invested in several other funds (fund of funds structure)

All relationships between funds require a relationship start date. This is the date on which the fund entity commenced its relationship with its management entity.

Is it necessary for the Fund Manager (or Umbrella Structure / Master - Feeder structure) to be assigned an LEI?

Yes. Before issuing an LEI for a fund, the Fund Manager (or Umbrella Structure / Master - Feeder Structure) must already have an LEI assigned. The only exception to this requirement is where a self-managed fund applies for an LEI.



Does the LEI application need to be filled out with information about the direct parent and ultimate parent company?

Yes, in addition to fund relationships, users must also provide information on the direct consolidated parent and the ultimate consolidated parent. In general, a common scenario will be that there is no actual direct/final consolidated parent for the funds and therefore the form will automatically default to: No, Do not specify direct/final parent, Reason: Non consolidating.

There has been a change in the legal entity. What types of events should I report?

Official changes to company details - changes should be documented by an extract from the public register:

- **Change of legal name**
- **Change of business name or operating name of a legal entity**
- **Change of legal address**
- **Change of headquarter**
- **Change of legal form**

Corporate actions - changes in the company structure:

- **Bankruptcy** - is a legally defined process by which a legal entity that is unable to pay its debts to creditors can discharge its debts partially or completely. After a court order is imposed on the debtor, the debtor declares bankruptcy.
- **Liquidation** - a legal procedure leading to the termination of a legal entity's business, i.e. to the dissolution and winding up of the company in cases where the company is not over-indebted. If the company is over-indebted (assets are lower than liabilities), it is necessary to file an insolvency petition and initiate insolvency proceedings. The liquidation of a legal entity is mainly used in a situation where the company appears to be no longer necessary for business and it is desirable to have it deleted from the commercial register.
- **Insolvency** - If a debtor has multiple creditors to whom he is unable to pay his debts, he should resolve this situation through insolvency proceedings. In these proceedings, an insolvency trustee is appointed for the debtor, whose task is to resolve the debtor's insolvency within the limits of the debtor's assets and income - usually by selling off the assets and paying the debts of secured creditors and, depending on the amount of the proceeds, paying the debts of unsecured creditors proportionally.
- **Dissolution** – Dissolution of a company (without a successor company) - voluntary termination of a legal entity.
- **Mergers and Acquisitions** - The consolidation of legal entities or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, asset purchases and



management buyouts. In both cases, it involves the combination of multiple companies into a single entity in an effort to achieve mutual synergies. In the case of a merger, it is a mutual agreement between similarly sized companies that conclude that together they will increase their chances of achieving their goals more quickly. Both companies will become equal partners in the new company. An acquisition, on the other hand, is a situation where one company decides to buy out another company. Unlike a merger, an acquisition is not necessarily a friendly operation. Companies usually do not have an equal footing in the new entity after the transaction closes. The outcome is the same for both transactions, but the relationship between the companies differs depending on the type of merger.

- **Acquisition Branch (for entity category Branch)** - A legal entity buys a branch of another legal entity.
- **Absorption** - A form of merger in which two or more companies merge into an "existing company". In the case of dissolution by merger, only one company remains active and the other legal entities involved are dissolved.
- **Voluntary Arrangement** - A procedure that allows a legal entity to settle its debts by paying creditors only part of the amount it owes them or agreeing with creditors on another way to settle its debts.
- **Transformation Branch to Subsidiary (for entity category Branch)** - A branch is transformed into a subsidiary of a legal entity. Transfer of all assets and liabilities of the legal entity in relation to the branch to the new subsidiary.
- **Transformation Subsidiary to Branch** - A subsidiary of a legal entity is transformed into a branch. The transfer of all assets and liabilities of the subsidiary to the branch plant in exchange for the transfer of securities of the legal entity to which the branch plant belongs.
- **Transformation umbrella to standalone fund (for entity category Fund)** - Change of legal form from a legal entity fund structure with one or more sub-funds to a legal entity fund structure without sub-funds.
- **Breakup** - A split is a corporate action in which one company splits into two or more independent, separately managed companies.
- **Reverse takeover** - A reverse takeover is a takeover of a larger publicly traded company by a smaller private company. It involves a complex series of events including takeover, absorption and name change.
- **Spinoff** - A special case of a spin-off in which the shareholders of the original entity are compensated for the loss of value of the original entity through shares of the new entity or through a dividend.
- **Demerger** - A form of corporate restructuring in which the business activities of a legal entity are split into one or more components; it is the opposite of a merger or acquisition.