

## **Consultation Document on Corporate Actions and Data History in the Global LEI System**

### **Executive Summary**

In 2016 the LEI Regulatory Oversight Committee (ROC) formed a working group under its Committee on Evaluation and Standards to evaluate how corporate actions affect the legal entity reference data recorded in the Global LEI System (GLEIS). After consultation with the Global LEI Foundation (GLEIF), Local Operating Units (LOUs) of the GLEIS, and the LEI ROC Private Sector Preparatory Group, the ROC has identified 17 corporate actions, listed in Table 1 of the present consultation paper, which impact data in the GLEIS, be it the reference data, relationship data or the substance of the entity itself. Some of these corporate actions are, at least in part, already covered by the data recorded in the GLEIS. However, the LEI ROC has identified possible improvements concerning the information that should be collected on these corporate actions, how the information should be obtained, and how the data should be arranged for later use. The relationship and reference data within the GLEIS should be granular enough to enable analysis and visualization of changes to an entity and its relationships with other entities, both from the present looking backward and from the date of an entity's entry into the Global LEI System looking forward to the present. This consultation document seeks input from the public on these possible improvements, mainly:

- Concerning changes in names, trading names, legal address, headquarter address, as well as the transformation of an international branch into a subsidiary (and conversely the transformation of a subsidiary into an international branch) and some changes affecting funds, it is proposed to (i) **provide a history of data record changes due to corporate events and actions that can easily be searched by end-users of the GLEIS** and (ii) add to the LEI reference data the **effective date of the change** (as opposed to when the change is recorded in the system). The same proposal would apply for some of the new elements proposed in this document.
- Concerning mergers, the GLEIS currently provides easy access to information on the successor of a merged entity, and it is proposed to facilitate the retrieval of **predecessor entities**.
- Concerning **complex acquisitions** (reverse takeovers), views are sought on which LEI should survive, and whether registrants should have the option of choosing.

- The creation of a **spin-off relationship** is envisaged, the reporting of which could be optional. Views are sought on this possibility, as well on whether a materiality threshold should apply.
- It is envisaged to **clarify the definition of inactive entities** to adequately capture entities that are still legally in existence but have no operations. This clarification may support a better classification of entities that have currently a lapsed status.
- Views are also sought on whether a specific data element should be added to signal that an **entity is under liquidation**.
- Concerning corporate actions that result in the disappearance of the reporting entities (mergers, dissolution) and therefore may not be reported by the entity, it is proposed to implement **alternative sources and methods to update the information** (such as corporate action data feeds). This proposal could help detect cases where **entities currently appearing as “lapsed” are actually inactive or expired**. Such an approach could also help to improve the overall timeliness and quality of data in the GLEIS by creating a cost effective way for LOUs to be notified of potential changes and to elicit updates to LEI records by the affected entities (through the process of self-registration).

**Responses to the consultation should be sent to [leiroc@bis.org](mailto:leiroc@bis.org) by COB 29 September 2017, using the attached questionnaire (see Annex 1).**

## **Introduction**

There is no single and complete definition of “corporate action” that is globally accepted among companies, equity and debt issuers, investors, regulators, and other stakeholders. Each of these parties brings their own viewpoints and interests to bear on the concept of “corporate action.” In general, corporate actions include any type of event that yields a material change for a company or holders of its debt or equity. Although corporate actions include a broad range of types, this consultation document focuses only on corporate actions that directly affect the LEI reference or relationship data (Level 1 entity “business card” information and Level 2 entity parent information, respectively), including corporate actions that affect the legal perimeter or material composition of an entity, and ultimately how those actions affect the historical information maintained within the Global LEI System (GLEIS). Other corporate actions that currently do not affect LEI records, such as the payment of a cash dividend, are not considered here.

For policy or research purposes, the LEI Regulatory Oversight Committee (ROC) believes it is also important to be able to trace the relationships among entities through time (including when a relationship starts or ceases to exist). These corporate actions often figure prominently in constructing meaningful time series analysis of individual company and industry structures. The relationship and reference data within the GLEIS should be granular enough to enable analysis and visualization of changes to an entity, both from the present looking backward and from the date of an entity’s entry into the Global LEI System looking forward to the present.

## **Statement of Purpose**

The purpose of this consultation paper is to present an implementable framework for addressing corporate actions that may affect the reference and relationship data in the LEI records, including those that may affect the legal perimeter or material composition of an entity, and to define the type of information that should be requested and an appropriate means of tracking such changes over time. It includes a discussion of the particular set of corporate actions that the ROC believes may directly affect the data within the GLEIS and a set of questions addressed to interested parties about their views on the approach that should be taken to address corporate actions and define the relevant entity history.

## **Background/Overview**

“Corporate actions” generally comprise a broad spectrum of actions that range from actions that have little to no effect on the legal perimeter of an entity or its material composition to actions that change both the legal perimeter and the material composition and ownership structure of an entity. For example, some corporate actions like a change of address affect only the LEI reference data for an entity or the basic identification of that entity’s relationships with other entities. In contrast, the legal perimeter or material composition of an entity may change over

time by virtue of corporate actions incorporating previously independent entities through mergers and acquisitions, spinning off parts of itself as independent entities, or expiring.

The GLEIS currently includes specific standards and rules for how to change the LEI reference data for corporate actions that result in the expiry of an entity. Unfortunately, even in this seemingly straightforward scenario, there is no globally agreed definition of what it means for an entity to expire. For example, in some jurisdictions, an entity may be considered to expire and become an entirely new entity if it is sold by one organization to another, in some cases in combination with other changes, while in other jurisdictions it is treated as if it is the same entity simply with a new owner<sup>1</sup>. Although the existing LEI reference data structure does allow a link pointing to a relevant successor entity, the fundamental question of persistence of an entity and its LEI is open to question in such cases. Its answer depends upon the legal or regulatory treatment of the respective corporate action in the given jurisdiction. Moreover, while it may make sense to express the history of entities in terms of survivorship to support proper reassignment of legal and financial responsibilities, this approach may be less helpful for a user of the data who is attempting to construct the past history of an entity and other aspects of an organization to which it may have belonged.

There are other open questions about the treatment of mergers and spinoffs, and how such information should be reflected in the data so as to facilitate use. The cases where entities remain fixed and only their ownership changes are conceptually straightforward, but there may also be degrees of structural change below that where the change is considered sufficiently material to be relevant for the GLEIS. For example, if an entity spins off half (or one-fourth or one-tenth) of itself into an independent entity, would it be important to signal this fact and to provide a link between the entity spinning off and the entity spun off?

Historical data on such corporate actions might serve a variety of purposes. There may be entity-specific reasons to track the path of an entity through time, for example for audit purposes. There may be broader time-series analytical purposes for which accounting for compositional changes in entities may make large differences, for example in the ability to distinguish organic growth from growth through acquisitions. There are also issues related to the quality and

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<sup>1</sup> Concerning the impact of a change in ownership on the continuity of an entity, see for instance, United Nations Economic Commission for Europe, Guidelines on Statistical Business Registers, 2015 ([https://www.unece.org/fileadmin/DAM/stats/publications/2015/ECE\\_CES\\_39\\_WEB.pdf](https://www.unece.org/fileadmin/DAM/stats/publications/2015/ECE_CES_39_WEB.pdf)), chapter 7.3, Handling births, deaths and linkage changes of statistical units, which is itself based on the Chapters 12, 13, 14, 15 and 16 of the Business Registers Recommendations Manual (Eurostat, 2010) and on Chapter 4 of the Manual on Business Demography Statistics (Eurostat – OECD, 2007). These guidelines consider that an enterprise continues if at least two of the three following characteristics remain essentially the same: controlling legal unit, economic activity, and location. “A change of ownership is where a new legal unit takes over the production activities of an existing enterprise. This event by itself does not affect the continuity of the enterprise and, therefore, should not cause the birth or death of an enterprise. However, a change in ownership typically results in the death of an administrative unit and birth of another one. Thus, in practice, for small enterprises that are maintained entirely by data from an administrative source, a change of ownership may well result in the death of an enterprise and the birth of another one”

integrity of the LEI data that turn on a clear decision about when an entity may be considered “the same” at various points in time.

The ROC seeks to confirm what information should be collected on corporate actions, how the information should be obtained and how the data should be arranged for later use. The ROC would also like to understand the needs of those who would use corporate action data as part of the GLEIS, including how collection of such information would help users understand the organizational structure of an entity and its history between the time when the entity came into existence and the most recent time<sup>2</sup>. Combining the understanding of what information should be collected with the understanding of how users would handle the information will help guide the ROC on the standards for information and data structures in the GLEIS.

Therefore, a working group of the ROC’s Committee on Evaluation and Standards was created to look into how corporate actions might potentially affect the LEI reference and relationship data in the GLEIS, while preserving the core principles in the ROC Charter<sup>3</sup> and the GLEIS High-Level Principles<sup>4</sup> (e.g., the principles of self-registration and exclusivity of LEIs), and what additional steps may be appropriate. The working group’s mandate included addressing the following topics:

1. An inventory of corporate action types relevant for the GLEIS;
2. Persistence of an entity under a corporate action that materially alters the legal perimeter of an entity, under various standards globally;
3. Options for addressing such corporate actions through standardization or additional elements of reference data; and
4. High-level analytical needs for data on entity history.

The remainder of this consultation document focuses on describing the corporate actions that the ROC believes affect either the basic business card data that can be used to uniquely identify an entity or the ownership, legal perimeter or material composition of an entity, and the steps necessary to reflect such information usefully within the GLEIS. Prior to this public consultation, the ROC conducted a pre-consultation with the Global LEI Foundation, the Local Operating Units (LOUs) of the Global LEI System, and the LEI ROC Private Sector Preparatory Group. Their collective feedback helped to shape the proposed approach. Comments or suggestions of interested parties are invited through a series of questions collected at the end of this document (see Annex 1).

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<sup>2</sup> Note that there is no intention to reflect the entire history of relevant corporate actions for all entities in the GLEIS. The ROC proposes that the standard be to collect and store corporate action data on an on-going basis starting as of a future date. The ROC does not propose that the standard be to ask entities to report past corporate actions.

<sup>3</sup> [http://www.leiroc.org/publications/gls/roc\\_20121105.pdf](http://www.leiroc.org/publications/gls/roc_20121105.pdf)

<sup>4</sup> [http://www.fsb.org/publications/r\\_120608.pdf](http://www.fsb.org/publications/r_120608.pdf)

## **Corporate Actions and Uses of Corporate Action Data**

As noted above, corporate actions are events that bring material changes to an entity. They can be as simple as an address or name change, or can become significantly more complex as they relate to mergers, acquisitions and liquidations. Depending on the local jurisdiction where the entity is located or legally incorporated, these corporate actions affect both the status of the entity and its relationship with other entities. Because of this range of complexity, there are many challenges to the users of entity data that relate to how the information is captured and shared. Users trying to assess the risks associated with a particular entity could have challenges understanding the complexity of the organization when the scope and volume of corporate actions that took place throughout the history of the entity are significant.

Table 1 on page 7 lists the corporate actions the ROC believes are relevant to the information maintained in the GLEIS. In the following discussion, we address separately the effects of corporate actions on the LEI reference data or relationship data from those that affect the legal perimeter or material composition of an entity. The two overlap in that some corporate actions that affect the legal perimeter or material composition of an entity also affect the information currently or prospectively maintained on relationships or information about the current status of an entity. Many of the corporate actions in Table 1 would already be reflected in the GLEIS once a record is brought up to date following the actions; some actions would be new information captured in the GLEIS and are discussed at greater length later in this consultation.

- **Question 1: Have any important corporate actions that may affect the ownership, legal perimeter or material composition of an entity and/or the reference or relationship data in the GLEIS been omitted from Table 1?**
- **Question 2: How would you rank the priority in the context of the GLEIS of the proposed corporate actions in Table 1?**

## **Corporate Actions that Affect the LEI Reference Data or Relationship Data**

Some corporate actions have a direct implication for changes in the LEI reference data; for example, changes in legal name, address, or legal form require updates to the corresponding reference data items, and cessation of operations of an entity would require that an update to the reference data be provided on entity expiry. Other corporate actions may have an effect on the relationship data associated with an entity; for example, the sale of an entity from a corporate structure would require a change in that entity's parent data in the GLEIS. The fourth and fifth columns of Table 1 detail the proposed changes in the LEI reference data or relationship data as a result of each corporate action considered, whether the action affects the legal perimeter or material composition of an entity or not. We consider separately the question of whether there are relevant issues in optimizing the historical data for use. Note that the corporate actions that only impact the relationship data (i.e., the provision of the direct and ultimate accounting

consolidating parent) would be subject to the opt-out provisions that already exist for Level 2 data<sup>5</sup>.

- **Question 3: Do the changes described in Table 1 sufficiently characterize the effects of the corporate actions on the GLEIS reference and relationship data? Please note any additional unique data needs not already reflected in the table that would help to identify or verify each action. What would you like to see as an end-user of the data?**

**Table 1: Corporate Actions that Impact the Reference and Relationship Data in the GLEIS**

Corporate Action Type	Description of Corporate Action Type	Effect on Issued LEI(s)	Effect on Reference Data	Effect on Relationship Data	Effect on History
1) Name Change	Entity changes from one legal name to another with no additional organizational action.	None.	New legal name updates old legal name in the reference data.	None.	The old legal name is kept in historical files and appears as well (in CDF 2.0) in the active record; the new name is reflected in the active record. In addition to the date of the change in the system, which is already recorded (but not assigned to a specific change in the record), <i>it is proposed to (i) provide a history of data record changes due to corporate events and actions that can easily be searched by end-users of the GLEIS and (ii) add to the LEI reference data the effective date of the change in the name of the entity.</i>
2) Trading Name Change	Entity adds, changes, or removes a trading/brand name as an addition to the legal name.  Note: A trading name change may not be considered a corporate action across all jurisdictions.	None.	The legal name remains unchanged, with the possible addition of the trading name in OtherName data field.	None.	The new or changed trading name is reflected in the active record. In addition to the date of the change in the system, which is already recorded (but not assigned to a specific change in the record), <i>it is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
3) Change of Legal Address (same for Headquarters Address)	Entity changes its legal or headquarters address, including possibly moving from one country to another.	None.	The legal address is updated in the reference data.	None.	The old legal address is kept in historical files, and the new address is reflected in the active record. In addition to the date of the change in the system, which is already recorded (but not assigned to a specific change in the record), <i>it is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
4) Merger (case 1)	Two or more entities merge in their entirety to form a new entity.  [Example: Entity A merges with entity B to create a new entity C.]	A new LEI will only be allocated to the newly formed entity. The LEIs of both the merged entities will become inactive.	The LEI (or name) of the newly formed entity is added as the successor entity in the reference data of the merged entities' LEI records.	The merger would affect any relationship records involving A and B: these relationships would become inactive and be replaced by a relationship record for C <sup>6</sup> .	Currently, the successor entity's LEI (or name) appears in the records of the entities that became inactive, but the name of the "predecessor" of an entity requires a search of the entire database. Users will need to be able to trace backward and forward pre- and post-merger in the history data. <i>It is proposed to facilitate the retrieval of predecessor entities.</i>

<sup>5</sup> The opt-out provisions are described in the "Consultation document on collecting data on direct and ultimate parents of legal entities in the Global LEI System," [http://www.lei.org/publications/gls/lou\\_20150907-1.pdf](http://www.lei.org/publications/gls/lou_20150907-1.pdf).

<sup>6</sup> For mergers, see GLEIF, State transition rules for Relationship Record CDF version 1.1, 30 November 2016, sections 3.13 and 3.14 (child/parent merging, retiring and is acquired).

Corporate Action Type	Description of Corporate Action Type	Effect on Issued LEI(s)	Effect on Reference Data	Effect on Relationship Data	Effect on History
5) Merger (case 2: absorption)	An entity B is fully absorbed into another entity A. No new entity is formed.	The LEI of the absorbing entity (if any) does not change; however, the LEI of the absorbed entity will become inactive. As the absorbing entity is the successor to the contract between the LOU and the absorbed entity, it may submit an update for the absorbed entity.	The LEI (or name) of the absorbing entity is added as the successor entity in the reference data of the absorbed entity.	The merger would affect any relationship record of the child entities of entity B. The relationship data would need to be updated to reflect a new parent, entity A.	Same as case 4 above.
6) Acquisition (change of control)	An entity A acquires another entity B from entity C and consolidates it under applicable accounting standards.	The LEIs of A, B, and C do not change. There is an outstanding question whether under national law entity B is considered to be a new entity and may therefore be eligible to receive a new LEI.	Changes to names and addresses are possible during acquisitions.	A new relationship record is created for the relationship between A and B. The existing relationship record between B and C becomes inactive.	The date of the end of previous relationship, and the date of the start of the new relationship are recorded in the respective relationship records, in addition to the date of update and date of source documents.
7) Reverse Takeover	The same day and in rapid succession, an entity A acquires entity B, entity B absorbs entity A, and entity B changes its name into entity A's original name.	The options for how to treat this case are discussed in more detail on page 11. Under either option, no new LEI will be allocated. However, in option (i) the LEI of the absorbed entity (A, i.e., the acquirer) will become inactive, whereas in option (ii) the LEI of the acquired entity (B) becomes inactive. Regardless of treatment, the historical data should clearly link the expired and active LEI records.	<i>Feedback is sought on the two options: should such a corporate action be treated as either (i) a combination of three corporate actions described on page 11 (acquisition, absorption, and name change), or (ii) as a merger of B into A? Should the GLEIS rule choose between the two, or should the option be left to registrants? Please respond to Question 5 in Annex 1.</i>	Under option (i), the acquisition would result in a new relationship record, perhaps with a duration of 1 minute, with entity B's LEI record pointing to entity A's LEI record. In rapid succession, entity A's LEI record would be expired through the absorption action and then point to the surviving entity B's LEI record. Under option (ii), entity B's expired LEI record would point to entity A's surviving LEI record.	<i>Feedback is sought on the two options: should such a corporate action be treated as either (i) a combination of three corporate actions described on page 11 (acquisition, absorption, and name change), or (ii) as a merger of B into A? Should the GLEIS rule choose between the two, or should the option be left to registrants? Please respond to Question 5 in Annex 1.</i>
8) Demerger/Spinoff (case 1)	A legally indistinct division B of entity A is established as a legally distinct subsidiary of entity A.	A new LEI can be allocated to the new entity, and the parent entity's LEI will be unaffected.	None for entity A. Entity B's reference data will be newly established.	A new relationship record is created for the relationship between A and B.	<i>It is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
9) Demerger/Spinoff (case 2)	A legally indistinct division B of entity A is established as a subsidiary (i.e., a separate legal entity) and sold the same day to entity C.	A new LEI can be allocated to the new entity B.	<i>Feedback is sought on two options: should such a corporate action be treated as either (i) a combination of two corporate actions (demerger/spinoff and acquisition), or (ii) a spinoff relationship between entity B and entity C?</i>	Under option (i), the demerger/spinoff would result in a new relationship record created for the new relationship between A and B, perhaps with a duration of 1 minute, before the relationship becomes almost immediately inactive. A new relationship record would be created to reflect the new relationship between entities B and C. Under option (ii), the interim step described above would simply be eliminated, with the same end result in the relationship record between entities B and C.	<i>Feedback is sought on two options: should such a corporate action be treated as either (i) a combination of two corporate actions (demerger/spinoff and acquisition), or (ii) a spinoff relationship between entity B and entity C?</i>
10) Demerger/Spinoff (case 3)	A legally indistinct division B of entity A is sold to entity C.	None.	Changes to names and addresses are possible during spinoffs.	Currently not relevant as sub-entities (other than branches below) are not recorded in the	No effect on history.

Corporate Action Type	Description of Corporate Action Type	Effect on Issued LEI(s)	Effect on Reference Data	Effect on Relationship Data	Effect on History
				LEI system. <i>Should nevertheless a spinoff relationship be recorded between A and C, if such a relationship is created?</i>	
11) Acquisition of an international branch	Head office entity A acquires international branch B from head office entity C.	None.	Changes to names and addresses are possible during such acquisitions.	A new relationship record is created to reflect the new relationship between A and B. The existing relationship record between B and C becomes inactive.	The implementation of relationship records will provide information similar to case 6) above.
12) Transformation of an international branch into a subsidiary	Head office entity A incorporates its foreign branch B into a subsidiary.	None.	There will be a change in legal form and entity type for foreign branch B. There could also possibly be a change in its name.	A new relationship record is created for the parent relationship between A and B. The existing international branch relationship record between A and B becomes inactive.	<i>It is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
13) Transformation of subsidiary into an international branch	Parent entity A absorbs its foreign subsidiary B and establishes it into a branch.	None.	There will be a change in legal form and entity type for foreign subsidiary B. There could also possibly be a change in its name.	A new relationship record is created for the international branch relationship between A and B. The existing parent relationship between A and B becomes inactive.	<i>It is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
14) Bankruptcy / Liquidation / Voluntary Arrangement / Insolvency	An entity is declared in financial failure, but continues to exist.	The LEI remains valid until the company is dissolved or declared closed.	None.	To the extent this affects the control by the parent, it may impact the relationship record	<i>Feedback is sought on whether a specific data element should be added to signal that an entity is under liquidation?</i>
15) Dissolution of an entity, including international branches and subsidiaries	An entity ceases to exist.	The LEI remains but becomes inactive.	The entity expiration reason is updated to reflect "dissolved."	Any relationship record associated with the entity expires.	<i>It is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>
16) Break-up	An entity A ceases to exist but is replaced by two new entities B and C.	The LEI of entity A remains but becomes inactive. New LEIs are issued for entities B and C.	The entity expiration reason for entity A is updated to reflect "dissolved."	Any relationship record associated with entity A expires. New relationships are created for entities B and C as relevant.	<i>Should entities B and C both appear as successor entities, or should the GLEIS seek to identify a main successor, and apply a spinoff relationship to the other entity?</i>
17) Umbrella fund changes its legal structure to a stand-alone fund <sup>8</sup>	An umbrella fund changes its structure to a stand-alone fund. The activities of a sub-fund of the former umbrella are all transferred to the new stand-alone fund. As it is a change from the sub-fund level to the fund level, the stand-alone fund should request a new LEI.	The stand-alone fund would be issued a new LEI; the LEIs of the umbrella fund and its subfunds would be made inactive.	The LEI (or name) of the newly formed stand-alone fund is added as the successor entity in the reference data of the LEI records of the umbrella fund and its subfunds.	Any relationship records associated with the umbrella fund and subfunds expire.	<i>It is proposed to provide data history and effective dates as described in (i) and (ii) in case 1.</i>

<sup>7</sup> In some jurisdictions, there is a requirement that the legal name of an entity in liquidation should reflect that fact, but as this is in the local language, this is not necessarily understood by users.

<sup>8</sup> The term "umbrella fund" is used in many jurisdictions to indicate funds that have several sub-funds or compartments but there are no legal definitions of 'umbrella fund', to the best of our knowledge. For the purpose of this consultation only, an umbrella fund may be defined as an investment fund with sub-funds/compartments. In the EU, for example, these sub-funds/compartments are separate parts of a common fund vehicle, subject to fund rules in their own right and having their own investment objective in accordance with Arts. 49 ff. of the UCITS Directive. Stand-alone funds are defined, again for the purpose of this consultation only, as funds that have no sub-funds or compartments.

- **Question 4: Feedback is sought on the questions raised in Table 1:**
  - a) Proposal to (i) provide a history of data record changes due to corporate events and actions that can easily be searched by end-users of the GLEIS and (ii) add to the LEI reference data the effective date of the change for cases 1, 2, 3, 8, 12, 13, 15 and 17 (name change, trading name change, change of legal address and headquarters address, demerger/spinoff, transformation of an international branch into a subsidiary, transformation of subsidiary into an international branch, dissolution of an entity, and umbrella fund changing its legal structure to a stand-alone fund).**
  - b) Proposal to facilitate the retrieval of predecessor entities for cases 4 and 5 (mergers).**
  - c) Whether an indicator of a spinoff relationship should be added in case 8.**
  - d) Two options to address a demerger/spinoff as described in case 9 as either (i) a combination of two corporate actions (demerger/spinoff and acquisition) or (ii) a spinoff relationship between two entities.**
  - e) Whether a spinoff relationship should be recorded when legally indistinct sub-entities are bought/sold as described in case 10.**
  - f) Whether a specific data element should be added to signal that an entity is under liquidation as described in case 14.**
  - g) Whether in the case of a breakup as described in case 16 the two entities resulting from the breakup should appear as successor entities, or whether the GLEIS should seek to identify a main successor, and apply a spinoff relationship to the other entity.**

### **Corporate Actions that Affect the Legal Perimeter or Material Composition of an Entity**

Some corporate actions may move the entire substance of an entity into the legal perimeter of another entity (e.g., mergers of various sorts), some may move a material fraction of an entity within a legal entity to a different entity status (e.g., a spinoff), and some may cause the local authority to view an entity as an entirely new entity. In addition, there may be situations in which an entity has not been formally dissolved, but remains inactive or dormant for an indefinite and open-ended time.

Where there are simple mergers of entire entities, the GLEIS already captures information about that event; the record containing the reference data of the entity that is merged into another is marked as “expired” and the LEI of the successor (or surviving) entity is entered into that record. In addition, the collection starting in May 2017 of data on direct and ultimate parents of legal entities will increase the ability of the GLEIS to track changes, such as those described in cases 6, 11, 12 and 13 in Table 1.

Some mergers may be relatively complicated, and in many practical applications elsewhere, the determination of the survivor entity has been contentious. For example, there might be a reverse takeover, where in rapid sequence an entity A acquires entity B, B absorbs A, and B changes its name to A. There are at least two approaches to addressing such a situation that seem feasible:

- (i) Use a combination of three successive corporate actions already capable of being captured in the GLEIS<sup>9</sup>—acquisition, absorption, and name change. This approach would provide the most accurate chain of legal events, even if some of the elements, such as a very brief parent relationship between A and B before the absorption, would be published as “history” from the start, given the fact that publication of the current GLEIS history file typically occurs only once a day. In this case, strictly following the logic would determine that the surviving entity has the original name of entity A and the LEI of entity B. However, this logical conclusion could give the inconvenient impression that A had acquired a new LEI.
- (ii) Treat the overall operation as a merger of B into A. This treatment might better reflect the economic logic. In this case, the surviving LEI would be the one originally associated with entity A.

It might be possible to address such situations further by collecting additional information or to allow some flexibility for the entities involved or the local authorities or conventions in how the action should be understood and captured in the GLEIS.

- **Question 5: What is the best approach for the GLEIS to address complex mergers where there is a meaningful question about which entity is the survivor? Should there be some element of flexibility or choice, or should there be strict rules around how such actions are processed and reflected in the reference and relationship data?**

An entity may either sell a part of itself to another entity (such as a business line, including contracts with staff, customers, leases of office space, assets, etc.) or establish a business line or some legally indistinct portion of itself as a separate legal entity within its own company structure. An entity may also reconfigure itself so as to separate the ownership of some part of itself, but continue to exert meaningful control through other means. Although the GLEIS can record the creation of a new entity, it does not currently have the ability to fully trace the

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<sup>9</sup> See Relationship Record format in the GLEIS, <https://www.gleif.org/en/about-lei/common-data-file-format/relationship-record-cdf-format#>, to be implemented by 1 May 2017.

historical connections among the original and new entities, except perhaps the demerger/spinoff case described in line 8 of Table 1, where the relationship between the company and its newly created subsidiary can be fully recorded within the relationship record.

Tracking the connections between entities in a spinoff could facilitate analysis of entities over time for a variety of purposes, including analysis of financial time series data where large changes in the data can occur across time periods as a result of spinoffs. However, there may be some level of materiality below which such changes are not of practical interest, or where the mechanics of tracking such changes impose excessive costs or have implications for the feasibility of validating the data in a meaningful way. However, defining and gaining general consensus around such a threshold – and verifying it against available sources during the validation process – may be difficult. For example, should the metric be based on a percent of assets or income, a fraction of staff, or some other measure? One option, for the start, would be to leave recording such fractional changes in entities as optional, but recommend recording such changes that affect a certain percentage of assets, income, or staff of the entity spinning off a business line. Another option would be to capture all spinoffs regardless of materiality, so long as those spinoff relationships can be adequately verified using acceptable sources. Additional data might be requested to describe the “origin” of spinoffs.

- **Question 6: To what extent should the GLEIS track spinoffs of business lines? Which entity is best placed to report a spinoff relationship?**
- **Question 7: What concept of materiality, if any, should be considered relevant for reporting spinoffs? Should the GLEIS capture all publicly verifiable spinoffs regardless of materiality, or is there a minimum materiality threshold that could reasonably be established and objectively measured? Should spinoff reporting be optional?**

The exclusivity of LEI assignment to an entity is a core principle for the GLEIS: once an entity is assigned an LEI, it should never be allowed to obtain or be identified by another LEI. However, there is sometimes a vexing ambiguity about whether an entity remains “the same” at two different points in time. For example, in some jurisdictions the simple transfer of ownership of an entity with no accompanying changes in the substance of the entity causes the entity to be treated as a new entity. The GLEIS has either the option in such cases of defining persistence itself or relying on local official sources to define persistence. If the latter option is chosen it would be important to ensure that the LEI reference data for the original entity clearly notes the expiry of that entity and that a new LEI for the new incarnation of the entity is provided.

- **Question 8: Should the ROC define an explicit policy on when an entity should be treated as “the same” over time, should it accept the decision of official sources in the country of the legal address of the entity, or something else? What do you see as the relative advantages and disadvantages of these options?**

Sometimes there is ambiguity about whether an entity has truly expired. Currently, the GLEIS defines this status as follows:

*“It has been determined that the entity that was assigned the LEI is no longer legally registered and/or operating, whether as a result of:*

- 1. Business closure*
- 2. Acquisition by or merger with another (or new) entity*
- 3. Determination of illegitimacy”<sup>10</sup>*

However, there are other cases where the entity has taken no step to terminate its legal existence, but it has no meaningful economic activity and no possibility of future activity; some entities may obtain an LEI but never begin operation, such as in the case of a fund that fails to raise sufficient capital to begin operation. One LOU reported cases of sub-funds which requested an LEI and have been approved by the regulator, but eventually were never launched. Such entities might be considered “dormant”, although where fund registration was a condition of the existence of the entity, those LEIs could be considered annulled (which would appear in the registration status). A “dormant” entity may be less likely to renew its LEI registration on the appointed due date, and currently any entity that fails to renew its LEI registration is treated as “lapsed”. More finely defining these two categories might be helpful, both in providing more meaningful information to users of the GLEIS and in providing a clearer basis for LOUs in pursuing renewals of lapsed LEIs. One way to accomplish this goal may be to simply use the existing “inactive” entity status with the absence of an entity expiration date and clarify, in the current definition of the “inactive” entity status, that “no longer operating” and “business closure” may correspond to situations where an entity is still legally in existence but has no meaningful economic activity. This would require defining “meaningful economic activity” and identifying what information LOUs could use to determine and validate whether an entity is in a “dormant” status and when it entered (or exited) dormancy. A potential definition could include:

- the entity has been reported as “dormant” in the OECD country by country reporting of constituent entities of large multinational enterprises<sup>11</sup> or
- an official status of inactive, but legally existing entities, is recognized in the jurisdiction of the entity.

The inactive status could in practice be reported, on behalf of the entity, by the manager of an inactive fund or the parent entity of an inactive subsidiary. It would result in a “retired”

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<sup>10</sup> See LEI Data File Format 1.0 [http://www.leiroc.org/publications/gls/lou\\_20140620.pdf](http://www.leiroc.org/publications/gls/lou_20140620.pdf), p. 21; see also LEI Common Data File Format 2.1, section 2.3.56 (<https://www.gleif.org/en/about-lei/common-data-file-format/lei-cdf-format#>).

<sup>11</sup> The “dormant” classification is for instance used for describing the various constituent entities of large multinational enterprises subject to the OECD country by country reporting as part of their initiative on Base Erosion and Profit Shifting (BEPS) (see: [http://www.keepeek.com/Digital-Asset-Management/occd/taxation/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report\\_9789264241480-en#page37](http://www.keepeek.com/Digital-Asset-Management/occd/taxation/transfer-pricing-documentation-and-country-by-country-reporting-action-13-2015-final-report_9789264241480-en#page37)).

registration status for the LEI, in accordance with the current definition (“entity that has ceased operation, without having been merged into another entity”)<sup>12</sup>.

**Question 9: Would the clarifications above concerning the use of the “inactive” entity status and “retired” registration status be appropriate? Do you have examples of cases where jurisdictions officially categorize legally existing entities as inactive, and if so, what source(s) could be used to validate this status?**

### **Collection and Use of Effective Dates**

In most cases presented in Table 1, current GLEIS practice would be to record when data were modified in the LEI database, which may not necessarily reflect the date when the corporate action actually occurred, or when it became legally effective. Further, while the contracts between LOUs and entities require changes that affect the reference data to be reported promptly, there can be a lag in the reporting. As such, users cannot rely only on the date when the change was made in the GLEIS to reflect the date the corporate action actually happened, especially if there are significant reporting lags. Collection of effective dates (when corporate actions become effective) would have the following benefits:

- Better informs users that rely on the actual date of a change;
- Allows tracking the speed of updates to records;
- Supports the role of the GLEIS as a source of reliable reference data for use by both regulators and the private sector; and
- Supports the reconciliation of different databases showing the same changes occurring on potentially different dates.

At the same time, such changes in practice rarely come without a cost. If LOUs follow the pattern of validation established for other GLEIS data, they would need to take additional steps to ensure the accuracy not just of the data reported as changes, but also the actual date when the change became effective. In addition, current modes of data arrangement and display would need to be reconsidered.

- **Question 10: Do the benefits of collecting actual dates of changes in relevant entity attributes, legal perimeter or material composition (“effective dates”) outweigh the costs? Are there important use cases that would not be possible if effective dates are not available in the LEI data?**

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<sup>12</sup> See LEI Common Data File format V2.1, section 2.3.66.

## Optimising the Historical Data for Use

Following the ROC endorsement in 2014 of a common data format (CDF) specified in XML for reporting Level 1 data, all operational LOUs have adopted this structure for publication of data for the entities whose LEI records they maintain. The content and form of the CDF are organized around the needs of Level 1 identification, including a set of status flags relevant to the state of the entity and the data in the record; the formal model for Level 1 history is still under development. A common data model for Level 2 data has been developed by the GLEIF, in consultation with the ROC and other stakeholders.

As currently structured, the publicly available history of the GLEIS data is available as a series of “delta files”. In principle, any changes in attributes may be tracked by parsing through the complete set of such files. However, it can be very cumbersome to extract such information for the basic reference data. Expiry of an entity and its successor (when there is one) are given in the reference data, but to track backwards from the survivor to the predecessor, it would generally be necessary to search the entire space of LEI reference data. The collection of Level 2 relationship data poses potentially even more complicated problems for defining a workable and comprehensive model of history.

A variety of options are available for managing history. It is important to note that making historical data more easily accessible to an end-user does not necessarily require that LEI registrants provide additional information; existing data could be offered in a different form to facilitate historical analysis. For example, the GLEIF, LOUs, or other third parties could already make both historical and point-in-time data available through a user interface. However, if the set of corporate actions addressed in the GLEIS expands beyond straightforward mergers or dissolutions currently covered or multiple approaches to entity survival or other aspects of history are accommodated, additional data would almost certainly be required as well.

While changes in entity reference data concerned with names and addresses appear relatively simple, changes in the legal perimeter or material composition that would support constructing comprehensive histories of entity relationships may have multiple facets and be more complex. Thus, it may be sensible to think of managing the two classes of changes separately. Whatever model or models are developed, the structure must be extensible to a range of corporate actions affecting the legal perimeter or material composition of an entity.

- **Question 11: Should the GLEIS develop a comprehensive model for history of entity data as well as for the history of the entity and its relationships? If so, what is the preferred means of expressing such a structure?**
- **Question 12: What user requirements would you foresee for a system to search and view historical entity data? Is there any approach to presenting entity history to end-users, whether in the public or private sector, that you can point to as an “industry standard” or one that implements “good practices”?**

## **Data Collection and Validation**

### **a. Collection**

Self-registration is a central principle in the collection of LEI data; in general, the entity registering (or its authorized agent) must provide the data directly to the LOU that will issue its LEI. The ultimate responsibility for data accuracy falls upon the registrant. The rules of the system, however, specify that the LEI reference data should be validated by the LOUs, using public official sources, and private legal documents where public sources are inadequate.

LEI reference data must be validated at the time of registration, entities have an obligation to update their information when there are relevant changes, and for a record to be considered active, it must be revalidated at least annually. In addition, the system is open to data challenges from any user, and those challenges must be resolved.

In order to optimize the usefulness of the GLEIS with respect to corporate actions, a different or more intensive process may be needed to cope with the timely collection, validation and maintenance of historical LEI data related to changes in the legal perimeter or material composition of an entity. Although it remains the case that an entity has the responsibility to update all parts of its information (i.e., self-registration), the incentive to comply may be lacking in some cases, especially when the entity ceases to exist, with a potentially detrimental effect on the timeliness and quality of the data in the GLEIS. Although LOUs have an incentive to follow up with entities that do not perform the annual renewal of their registration, they may lack sufficient incentive to do the research necessary to establish that an entity has ceased to exist (such as through a merger or dissolution), unless there is a specific data challenge to that effect.

LOUs will also not necessarily be aware of the existence of corporate actions that would require an update to an entity's reference and relationship data in the absence of self-disclosure by the affected entity. In cases such as these, it may be desirable to develop alternatives that can alert LOUs in the GLEIS to the fact that a corporate action has occurred to an LEI under its maintenance, such as systematic checks based on relevant business registries and regulatory registries. For example, a possible solution could be to create a central service at the GLEIF to extract and make available relevant information from commercial or regulatory corporate action data feeds for certain types of corporate actions that would impact the LEI reference and relationship data. Such an approach could help to improve the overall timeliness and quality of data in the GLEIS by creating economies of scale and a cost effective way for LOUs to be notified of potential changes and to elicit updates to LEI records by the affected entities (through the process of self-registration subject to the existing exception for updating the entity status or registration status of an LEI with a lapsed record to reflect that the entity is longer active or

merged or retired<sup>13</sup>; automatic updates to the information in the GLEIS from such data feeds is not envisioned).

This approach also presents potential complications or barriers to adoption, including the potential to increase costs in the GLEIS in the short-term, and the implementation of any such system may become too complex or complicated to justify its long-term potential usefulness. If it is difficult to discern which entities in the data feeds are also tracked in the GLEIS, the approach could be prone to errors. To implement this approach with sufficient reliability at a reasonable cost, it would seem to be necessary to match automatically entities in the GLEIS with information in the data feed, which could be facilitated if:

- the data feed contains the LEI of the entity,
- the data feed uses the business registry number recorded in the Global LEI System, or
- another reliable mapping exists between the identifier in the data feed and the LEI.

The coverage, completeness, quality, and timeliness of the various public and private sources of corporate action data may also vary widely. Nonetheless, the ROC believes that the concept of leveraging corporate action data feeds is worth exploring in greater depth.

There is no intention to reflect the entire history of relevant corporate actions for all entities in the GLEIS. The ROC proposes that the GLEIS would collect and store corporate action data on an ongoing basis starting as of a future date that is yet to be determined. The ROC does not propose that the GLEIS would ask entities to report corporate actions that occurred prior to that future implementation date.

- **Question 13: What do you see as the pros and cons of the proposed approach to leveraging corporate action data feeds? What sources (both public and private/commercial) would you recommend or not recommend?**
- **Question 14: In cases where an entity has ceased to exist without reporting that information to the GLEIS, what would be the appropriate alternative sources and methods to capture this information? Are there ways to incentivize the prompt reporting by the entity to the LOU of other corporate actions, as foreseen in the Global LEI System, to maintain high quality reference data and data history?**<sup>14</sup>

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<sup>13</sup> As noted in section 2.4 of the document *State Transition Rules for LEI-CDF V2.0* available at <https://www.gleif.org/en/about-lei/common-data-file-format/lei-cdf-format/lei-cdf-format-version-2-1>, “If the RegistrationStatus is LAPSED, the LEI reference data MAY still be updated in the Entity section (e.g.EntityStatus)”. Similarly, sections 3.18 and 3.19 specify that following a LEI-CDF record lapsing, the Managing LOU may become aware that the legal entity is acquired and no longer active or merged or retired and reflect that change in the LEI-CDF record.

<sup>14</sup> See Master Agreement between the GLEIF and LOUs, Appendix 5 on LOU contract requirements, §11: “Each contract between the LOU and a Legal Entity shall comprise provisions at least regarding [...] obligation of the Legal Entity to promptly submit any changes regarding any aspect having an actual or potential influence on the LEI and/or LE-RD”.

- **Question 15: How timely should the GLEIS attempt to be in capturing information on corporate actions affecting the legal perimeter or material composition of an entity?**

**b. Validation**

In general, we are only considering here changes to information already recorded in the GLEIS, and the sources to be used for validation would be the ones already defined by the ROC for Level 1 (“business card” information, including the existence of the entity, its name and address) or Level 2 (parent information, international branches). However, establishing a new “spinoff” relationship would raise the question of the appropriate sources to validate this relationship. As a first approach, it would seem that sources similar to those identified for establishing parent relationships could be used. As explained below, these sources may or may not be publicly available, depending on the country. It is proposed that both publicly available and non-publicly available sources may be used for validation, but that the type of sources used would be disclosed. Although it is envisaged at this stage only to record information that could be made public, the fact that the source used for validation is not public does not necessarily imply that the information is itself confidential.<sup>15</sup>

**Financial statements** could be a key source to validate a spinoff relationship, especially if the significance of the spinoff is measured based on accounting definitions (such as the impact on assets or income). It could also support the validation of successor entities after a merger. However, financial statements are not updated in real time, and thus cannot be used for validating changes happening in between annual or quarterly reports.

**Other documents supporting the preparation of consolidated financial statements** might be available between annual financial statements, for instance when mergers and acquisitions require the intervention of external auditors.

**Regulatory filings** may also provide public information on corporate actions, via regulatory disclosures applying to listed entities or reporting requirements applying to financial institutions (for instance, reporting in the US by bank holding companies on controlled entities, published in the National Information Center (NIC) database, maintained by the Federal Reserve<sup>16</sup> or “current” reporting requirements for corporate actions).

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<sup>15</sup> For instance, an entity may choose to voluntarily share with LOUs documents supporting the preparation of consolidated financial statement, which may be more timely or more detailed than the published financial statements (e.g., because materiality thresholds apply to disclosures of entity names in such statements). On the other hand, confidential regulatory filings would not be available to LOUs for validation in most cases, unless this is authorised by the applicable jurisdictional framework and provided voluntarily by the registrant.

<sup>16</sup> See <http://www.ffiic.gov/nicpubweb/nicweb/nichome.aspx>. The reporting instructions can be found here: [http://www.federalreserve.gov/reportforms/forms/FR\\_Y-1020141031\\_i.pdf](http://www.federalreserve.gov/reportforms/forms/FR_Y-1020141031_i.pdf)

**Other sources** exist, such as data vendors, but their information is generally proprietary, may have been collected from a variety of sources, with different definitions or levels of validation or quality; the indirect nature of the source might not allow the information to be flagged appropriately. Although such sources should not be used as primary validating information, they may be helpful in identifying corporate actions that have not been reported by the registrant or detected through the challenge process, as discussed in section (a) above.

- **Question 16: What should the standard be for validating spinoffs? Where external validation is not possible, what should be the possibility of using entity-provided information?**

### **Business Model for Capturing Corporation Actions in the GLEIS**

Implementation of additional information on corporate actions and supporting history must be capable of being introduced into the GLEIS without imposing undue burden on registrants, excessive costs on registrants or LOUs, or risks of introducing destabilizing complexity for the GLEIS.

For the LEI reference and relationship data, an entity registers and the LOU validates and publishes data, addresses updates or challenges, and annually revalidates the data; the cost to any entity at a given LOU is approximately the same, regardless of whether the entity is easy or difficult to validate, unless the LOU has negotiated a bulk discount for some entities. The LOUs also provide the funding of the GLEIF via a portion of the LEI fees, and the GLEIF publishes LEIs and LEI reference and relationship data consolidated across all LOUs.

In principle, the existing business model covers updates from corporate actions that affect the basic reference or relationship data. For corporate actions affecting the legal perimeter or material composition of an entity, two main approaches could be envisaged:

- a) If LOUs collect information from entities on their corporate actions and validate this information based on publicly available documentation that is easily accessible or on entity-supplied information, and if the number of such sources needed is a sufficiently limited number, the business model may not differ greatly from the model supporting the collection of reference and relationship data.
- b) In some situations, it may be unlikely that the entity would step forward with information about its corporate actions—for example, in the case where an entity is legally dissolved. In this case, it would be necessary to determine whether the most efficient way to obtain the necessary information would be for the GLEIF or the LOUs to monitor corporate actions feeds, as discussed above, or some other practice. If LOUs were then obliged to resolve potential changes identified in the same manner as challenges in the current system, this approach may not have large implications for costs.

Staying as close as possible to the current business model might be the best way to gain the experience necessary to begin. In any event, specifying this area will require more extensive consultation with the GLEIF and the LOUs.

- **Question 17: Are there any alternative approaches that are not outlined in this paper that would be necessary to support the long-term collection and maintenance of corporate actions on the LEI reference and relationship data and entity history?**

## **Conclusion and Next Steps**

This consultation paper presents an implementable framework for addressing corporate actions that affect the reference and relationship data in the LEI records, including those that affect the legal perimeter or material composition of an entity, and attempts to define the informational parameters and an appropriate means of tracking such changes over time. The paper focuses only on the particular set of corporate actions that the LEI ROC believes directly affect the data within the GLEIS. The ROC invites public feedback on this consultation paper through a set of questions in Annex 1 addressed to interested parties about their views on the approach that should be taken to addressing corporate actions and defining the relevant entity history. A final report will be published by the ROC after all the responses to this consultation have been fully considered. An implementation timeline for any change in ROC policy will be communicated in the final report, although such a change is not envisaged until 2019 at the earliest.

- **Question 18: What other input should the ROC consider with respect to the framework presented in this consultation paper?**
- **Question 19: Are you aware of any confidentiality or legal prohibitions that may impact the collection of corporate action information in the GLEIS? If so, please describe them in as much detail as possible?**

## **Table of Abbreviations**

CDF – Common Data Format  
GLEIF – Global LEI Foundation  
GLEIS – Global LEI System  
LEI – Legal Entity Identifier  
LOU – Local Operating Unit  
NIC – National Information Center  
ROC – Regulatory Oversight Committee  
XML – eXtensible Markup Language

# Consultation Document on Corporate Actions and Data History in the Global LEI System

## Annex 1: Questionnaire for the public

**THIS ANNEX IS ALSO AVAILABLE IN WORD FORMAT HERE:**

[www.leiroc.org/publications/Annex\\_1\\_Consultation\\_Document\\_on\\_Corporate\\_Actions\\_and\\_Data\\_History.docx](http://www.leiroc.org/publications/Annex_1_Consultation_Document_on_Corporate_Actions_and_Data_History.docx)

Please type your answers into the attached questionnaire and send it to leiroc@bis.org by COB 29 September 2017. Where possible, please specify the reasons for the preferences expressed or the details of any trade-offs you see.

The responses to the questionnaire will be shared within the ROC membership and with the GLEIF. **Unless participants check the box below, responses will also be made public on the LEI ROC website.** If participants check the box, neither participants' identity nor any specifically identified reference to their opinion will be made public without their express consent. However, the responses themselves may be quoted or aggregated on an anonymised basis. A standard confidentiality statement in an email message or requests for confidential treatment other than the box below will not be treated as a request for non-disclosure.

<b>Identification of the respondent and confidentiality</b>
<b>Respondent:</b> <b>Name and email of a contact person:</b> <input type="checkbox"/> <b>Please check this box if you object to the publication of your responses to this questionnaire.</b>
<i>Please specify here as needed if there are specific response(s) that should not be quoted:</i>
<b>Question 1: Have any important corporate actions that may affect the ownership, legal perimeter or material composition of an entity and/or the reference or relationship data in the GLEIS been omitted from Table 1?</b>
<i>Please insert your response here:</i>
<b>Question 2: How would you rank the priority in the context of the GLEIS of the proposed corporate actions in Table 1?</b>
<i>Please insert your response here:</i>
<b>Question 3: Do the changes described in Table 1 sufficiently characterize the effects of the corporate actions on the GLEIS reference and relationship data? Please note</b>

**any additional unique data needs not already reflected in the table that would help to identify or verify each action. What would you like to see as an end-user of the data?**

*Please insert your response here:*

- **Question 4: Feedback is sought on the questions raised in Table 1:**
  - a) **Proposal to (i) provide a history of data record changes due to corporate events and actions that can easily be searched by end-users of the GLEIS and (ii) add to the LEI reference data the effective date of the change for cases 1, 2, 3, 8, 12, 13, 15 and 17 (name change, trading name change, change of legal address and headquarters address, demerger/spinoff, transformation of an international branch into a subsidiary, transformation of subsidiary into an international branch, dissolution of an entity, and umbrella fund changing its legal structure to a stand-alone fund).**
  - b) **Proposal to facilitate the retrieval of predecessor entities for cases 4 and 5 (mergers).**
  - c) **Whether an indicator of a spinoff relationship should be added in case 8.**
  - d) **Two options to address a demerger/spinoff as described in case 9 as either (i) a combination of two corporate actions (demerger/spinoff and acquisition) or (ii) a spinoff relationship between two entities.**
  - e) **Whether a spinoff relationship should be recorded when legally indistinct sub-entities are bought/sold as described in case 10.**
  - f) **Whether a specific data element should be added to signal that an entity is under liquidation as described in case 14.**
  - g) **Whether in the case of a breakup as described in case 16 the two entities resulting from the breakup should appear as successor entities, or whether the GLEIS should seek to identify a main successor, and apply a spinoff relationship to the other entity.**

*Please insert your response here:*

**Question 5: What is the best approach for the GLEIS to address complex mergers where there is a meaningful question about which entity is the survivor? Should there be some element of flexibility or choice, or should there be strict rules around how such actions are processed and reflected in the reference and relationship data?**

*Please insert your response here:*

**Question 6: To what extent should the GLEIS track spinoffs of business lines? Which entity is best placed to report a spinoff relationship?**

*Please insert your response here:*

**Question 7: What concept of materiality, if any, should be considered relevant for reporting spinoffs? Should the GLEIS capture all publicly verifiable spinoffs regardless of materiality, or is there a minimum materiality threshold that could reasonably be established and objectively measured? Should spinoff reporting be optional?**

*Please insert your response here:*

**Question 8: Should the ROC define an explicit policy on when an entity should be treated as “the same” over time, should it accept the decision of official sources in the country of the legal address of the entity, or something else? What do you see as the relative advantages and disadvantages of these options?**

*Please insert your response here:*

**Question 9: Would the clarifications above concerning the use of the “inactive” entity status and “retired” registration status be appropriate? Do you have examples of cases where jurisdictions officially categorize legally existing entities as inactive, and if so, what source(s) could be used to validate this status?**

*Please insert your response here:*

**Question 10: Do the benefits of collecting actual dates of changes in relevant entity attributes, legal perimeter or material composition (“effective dates”) outweigh the costs? Are there important use cases that would not be possible if effective dates are not available in the LEI data?**

*Please insert your response here:*

**Question 11: Should the GLEIS develop a comprehensive model for history of entity data as well as for the history of the entity and its relationships? If so, what is the preferred means of expressing such a structure?**

*Please insert your response here:*

**Question 12: What user requirements would you foresee for a system to search and view historical entity data? Is there any approach to presenting entity history to end-users, whether in the public or private sector, that you can point to as an “industry standard” or one that implements “good practices”?**

*Please insert your response here:*

**Question 13: What do you see as the pros and cons of the proposed approach to leveraging corporate action data feeds? What sources (both public and private/commercial) would you recommend or not recommend?**

*Please insert your response here:*

**Question 14: In cases where an entity has ceased to exist without reporting that information to the GLEIS, what would be the appropriate alternative sources and methods to capture this information? Are there ways to incentivize the prompt reporting by the entity to the LOU of other corporate actions, as foreseen in the Global LEI System, to maintain high quality reference data and data history?**

*Please insert your response here:*

**Question 15: How timely should the GLEIS attempt to be in capturing information on corporate actions affecting the legal perimeter or material composition of an entity?**

*Please insert your response here:*

**Question 16: What should the standard be for validating spinoffs? Where external validation is not possible, what should be the possibility of using entity-provided information?**

*Please insert your response here:*

**Question 17: Are there any alternative approaches that are not outlined in this paper that would be necessary to support the long-term collection and maintenance of corporate actions on the LEI reference and relationship data and entity history?**

*Please insert your response here:*

**Question 18: What other input should the ROC consider with respect to the framework presented in this consultation paper?**

*Please insert your response here:*

**Question 19: Are you aware of any confidentiality or legal prohibitions that may impact the collection of corporate action information in the GLEIS? If so, please describe them in as much detail as possible?**

*Please insert your response here:*

## **Annex 2: Corporate Actions with No Impact on an LEI Record**

The ROC does not consider the following corporate actions to have any impact an LEI record.

**Source:** <http://corporate-actions.net/events/index.html>

- |   |   |
|---|---|
| 1. Assimilation (equities)                  | 20. Dutch Auction (equities)                          |
| 2. Bonus Issue (equities)                   | 21. Odd Lot Tender (equities)                         |
| 3. Bonus Rights (equities)                  | 22. Rights Auction (equities)                         |
| 4. Cash Dividend (equities)                 | 23. Rights Issue (equities)                           |
| 5. Class Action (equities)                  | 24. Subscription Offer (equities)                     |
| 6. Delisting (equities)                     | 25. Tender Offer (equities)                           |
| 7. General Announcement (equities)          | 26. Voluntary Exchange/Optional Conversion (equities) |
| 8. Initial Public Offering (equities)       | 27. Conversion of Convertible Bonds (bonds)           |
| 9. Mandatory Exchange/Conversion (equities) | 28. Coupon Payment/Interest Payment (bonds)           |
| 10. Par Value Change (equities)             | 29. Early Redemption (bonds)                          |
| 11. Scrip Dividend (equities)               | 30. Lottery (bonds)                                   |
| 12. Scrip Issue (equities)                  | 31. Partial Redemption (bonds)                        |
| 13. Stock Dividend (equities)               | 32. Final Redemption (bonds)                          |
| 14. Stock Split (equities)                  | 33. Optional Put (derivatives)                        |
| 15. Return of Capital (equities)            | 34. Warrant Exercise (derivatives)                    |
| 16. Reverse Stock Split (equities)          | 35. Warrant Expiry (derivatives)                      |
| 17. Cash Stock Option (equities)            | 36. Warrant Issue (derivatives)                       |
| 18. Buy-back/Repurchase Offer (equities)    |   |
| 19. Dividend Reinvestment Plan (equities)   |   |

**Source: SWIFT Corporate Action Event Types and Codes**

- |   |                           |
|---|---------------------------|
| 1. Capital Gains Distribution                     | 15. Maturity Extension    |
| 2. Consent Offer                                  | 16. Odd Lot Tender        |
| 3. Partial Defeasance/Pre-refunding               | 17. Optional Dividend     |
| 4. Cash Dividend                                  | 18. Other Event           |
| 5. Change   | 19. Partial Call          |
| 6. Consent & Exchange                             | 20. Pay in Kind           |
| 7. Conversion                                     | 21. Put Redemption        |
| 8. Decrease in Value/Return of Capital            | 22. Redemption            |
| 9. Default Distribution                           | 23. Redemption of Rights  |
| 10. Dividend Reinvestment                         | 24. Remarketing Agreement |
| 11. Dutch Auction/Bid Tender                      | 25. Reverse Stock Split   |
| 12. Exchange                                      | 26. Rights Distribution   |
| 13. Full Call                                     | 27. Rights Subscription   |
| 14. Interest Payment (with and without principal) | 28. Scrip Dividend        |
|   | 29. Stock Dividend        |

- |                              |   |
|------------------------------|---|
| 30. Stock Spinoff            | 42. Exchange Option                           |
| 31. Stock Split              | 43. General Meeting                           |
| 32. Tender                   | 44. Increase in Value                         |
| 33. Tax Reclaim              | 45. Installation Payment                      |
| 34. Trading Status: Delisted | 46. Pari-passu Assimilation                   |
| 35. Unit Separation          | 47. Priority Offer                            |
| 36. Warrant Exercise         | 48. Redenomination                            |
| 37. Warrant Distribution     | 49. Subscription Offer                        |
| 38. Attachment               | 50. Smallest Negotiable Unit                  |
| 39. Bonus Issue/Bonus Rights | 51. Suspension of Corporate Action Privileges |
| 40. Coupon Stripping         | 52. Trading Status: Suspended                 |
| 41. Drawing                  |   |

**Source: ISO 20022**

- |   |   |
|---|---|
| 1. Active Trading Status (ACTV)                                 | 28. Stock Dividend (DVSE)                                     |
| 2. Attachment (ATTI)  | 29. Exchange (EXOF)   |
| 3. Repurchase Offer (BIDS)                                      | 30. Call on Intermediate Securities (EXRI)                    |
| 4. Bonus Issue (BONU)   | 31. Maturity Extension (EXTM)                                 |
| 5. Put Redemption (BPUT)  | 32. Warrant Exercise (EXWA)                                   |
| 6. Capital Distribution (CAPD)                                  | 33. Increase in Value (INCR)                                  |
| 7. Capital Gains Distribution (CAPG)                            | 34. Interest Payment (INTR)                                   |
| 8. Capitalisation (CAPI)  | 35. Liquidation Dividend (LIQU)                               |
| 9. Non USTEFRAD Certification (CERT)                            | 36. Full Call (MCAL)  |
| 10. Change (CHAN)   | 37. Odd Lot Sale Purchase (ODLT)                              |
| 11. Class Action Proposed Settlement (CLSA)                     | 38. Other Event (OTHR)  |
| 12. Consent (CONS)  | 39. Pari Passu (PARI)   |
| 13. Conversion (CONV)   | 40. Partial Redemption with Nominal Value Reduction (PCAL)    |
| 14. Company Option (COOP)                                       | 41. Prefunding (PDEF)   |
| 15. Credit Event (CREV)   | 42. Pay in Kind (PINK)  |
| 16. Decrease in Value (DECR)                                    | 43. Instalment Call (PPMT)                                    |
| 17. Detachment (DETI)   | 44. Partial Redemption without Nominal Value Reduction (PRED) |
| 18. Bond Default (DFLT)   | 45. Interest Payment with Principal (PRII)                    |
| 19. Trading Status Delisted (DLST)                              | 46. Priority Issue (PRIO)                                     |
| 20. Drawing (DRAW)  | 47. Final Maturity (REDM)                                     |
| 21. Cash Distribution from Non-Eligible Securities Sales (DRCA) | 48. Redenomination (REDO)                                     |
| 22. Dividend Reinvestment (DRIP)                                | 49. Remarketing Agreement (REMK)                              |
| 23. Disclosure (DSCL)   | 50. Intermediate Securities Distribution (RHDI)               |
| 24. Dutch Auction (DTCH)  | 51. Rights Issue (RHTS)                                       |
| 25. Cash Dividend (DVCA)  | 52. Shares Premium Dividend (SHPR)                            |
| 26. Dividend Option (DVOP)                                      | 53. Smallest Negotiable Unit (SMAL)                           |
| 27. Scrip Dividend/Payment (DVSC)                               |   |

- 54. Stock Split (SPLF)
- 55. Reverse Stock Split (SPLR)
- 56. Trading Status Suspended (SUSP)
- 57. Tender (TEND)

- 58. Tax Reclaim (TREC)
- 59. Worthless (WRTH)
- 60. Withholding Tax Relief Certification (WTRC)

# **Corporate Actions and Data History Working Group**

## **Members List**

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