Investec
Wealth & Investment

# Charity Matters

## Spring 2017

*Out of the Ordinary*

# Welcome

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Welcome to Charity Matters – Spring 2017. Much has happened since our last issue: Donald Trump unexpectedly became the 45th US President, Article 50 was triggered on 29 March, and within a month Theresa May had called a general election. Recent political events have been heavily influenced by the rise of populism, potentially ushering in a move away from low interest rates and austerity to a period of enhanced government spending.

The changing attitudes to monetary policy are explored in the first two articles of this issue. First, David Richardson looks at the role played by monetary and fiscal policy in the 1920s and 1930s during the Great Depression. Next, Darren Ruane, our Head of Fixed Interest, concentrates on more recent events and examines the ongoing consequences of quantitative easing as a response to the Global Financial Crisis of 2008.

The strong rise in markets since 2008 has meant that permanently endowed funds have seen strong growth in their assets but more modest growth in their income. James Minett explains how a total return approach to investing can help to maximise a charity's spending power in these circumstances.

Elsewhere, John Hildebrand examines the world of algorithmic and computer-based trading and considers how this method of investing is changing the investment world.

Neil Greenwood then explains the impact of MiFID II on charities and the actions that are required.

We also welcome Jacqui Lazare of Royds Withy King who looks at how charities can mitigate risk.

In this publication, our aim is to cover a range of topical issues that we feel are of relevance to charities. If there are any topics that you would like to be covered in future issues, please do not hesitate to get in touch.

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# Economics between the World Wars

**By: David J Richardson**
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At the end of the First World War there was some concern that western economies would suffer a slowdown as industry came off a wartime footing and economies tried to cope with the demobilisation of millions of military personnel. Whilst there was indeed a short recession in 1919 and 1920, the 1920s were characterised by a dramatic economic reflation and growth of new technologies, especially the motor car and electrical goods. The decade acquired the sobriquet of 'The Roaring Twenties', and the United States became the dominant force in world finance and economic affairs.

One of the consequences of the end of the Great War was that Germany proved unable to pay the punitive war reparations set by the Allies and the US came up with the Dawes Plan by which Wall Street effectively recapitalised the post war German

> "By the latter half of the decade prosperity was widespread but the warning signs were beginning to show."

economy. Stock markets soared and investors borrowed heavily to invest, putting up in some cases only ten percent of the value of their portfolios in margin. By the latter half of the decade prosperity was widespread but the warning signs were beginning to show. In the UK there was a general strike in 1926 and hyper-inflation was deliberately engineered in Germany to reduce the value of war reparations. This latter effect caused considerable political and social unrest and made the German electorate susceptible to extreme ideologies.

## Dow Jones Index

Source: Bloomberg

In the US the Federal Reserve warned of "excessive speculation" as early as March 1929 when the price-earnings ratio on the S&P Composite reached 33 times. There was a small stockmarket fall but the markets swiftly recovered. This had, however, exposed the shaky foundations of the stockmarket and on 29 October, 'Black Tuesday', the Dow Jones fell 12% and the Wall Street Crash was underway. The Dow fell 25% over the first two days. The knock-on effects on the world financial system were severe. Many US banks failed and the Dow Jones would not return to its September 3 1929 high until 23 November 1954.

The 1929 Wall Street Crash and the Great Depression which followed were by far the most traumatic financial crises of the twentieth century and economic historians still debate the causes of the latter. It is commonly held that the Great Depression was triggered by the Wall Street Crash but the causality is difficult to prove. Many key economic variables had already begun to turn down before investors became panic sellers of shares. Unemployment was rising, there was overproduction, particularly in farm produce and deflation in asset and commodity prices. The solutions proposed depended largely on the proposer's view of the cause.

> "The 1929 Wall Street Crash and the Great Depression which followed were by far the most traumatic financial crises of the twentieth century..."

Economists on the left of the political opinion tended to the view that the Great Depression was an extreme manifestation of the inherent volatility of markets. Government intervention in the form of infrastructure spending would stimulate economic demand and thus reflate the economy via a multiplier effect. Those more on the right of the spectrum favoured the explanation that this was merely a deep, extended cycle and that more steady market behaviour would resume in its own time. Intervention by governments would therefore be damaging to the free market system. A 'laissez-faire' approach was what was required otherwise government spending would 'crowd out' private investment.

Initially the former became the orthodoxy as proposed by Franklin D Roosevelt in the US via his New Deal and John Maynard Keynes in the UK. Gradually the situation eased and the public expenditure helped right the situation. This took place much more quickly in the UK via a programme of housebuilding in the 1930s and by the end of the decade unemployment in the UK was down to 9% having been above 15% in 1932. In the US there was more resistance to the New Deal from conservative politicians and recovery took longer, but by the advent of the US entry into the Second World War the recovery was more or less established.

By the 1960s the orthodox explanation for the Great Depression had shifted to Milton Friedman's thesis that monetary contraction was the main cause. The Federal Reserve allowed the US money supply to contract by a third between 1929 and 1932 and this caused a normal recession to turn into a Great Depression. This Monetarist view has been the established view for some fifty years now.

It is interesting to consider the Credit Crisis of 2008/9 in the light of this historical backcloth. The co-ordinated action of sharply contracted interest rates and extensive Quantitative Easing dramatically increased the money supply through the developed world and seems to have averted a repetition of the interwar years. It is worth noting that at current interest rates monetary policy, despite having had a hugely supportive role, is now somewhat akin to an archer who still has his bow, but who has used all of his arrows. We are now beginning to hear calls for traditional Keynesian style fiscal intervention.
Plus ça change.

# QE or not QE? That is the question

**By: Darren Ruane**
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> "In all, growth and inflation in many economies have been below potential and this has led to unrest (populism) in political arenas."

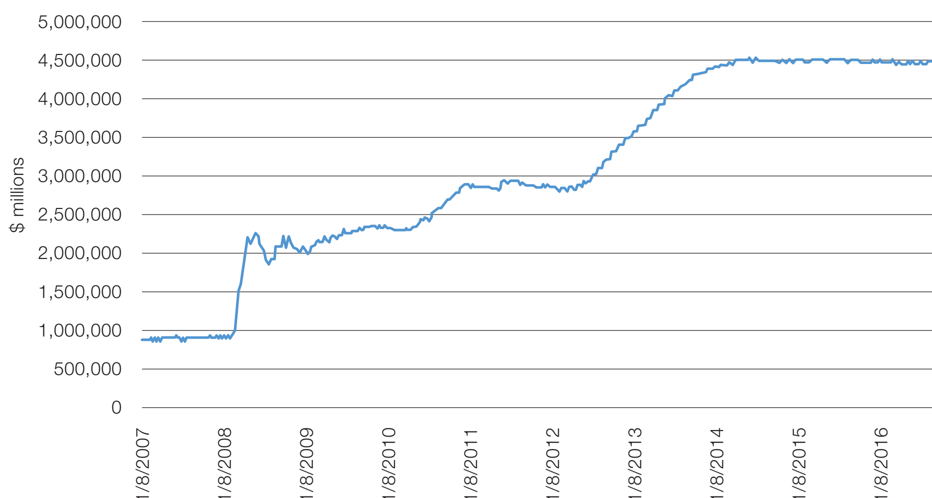
The Great Financial Crisis of 2008/9 (GFC) saw the deepest recession in the developed world economy since the Second World War. A financial recession is different to a normal recession in as much as the balance sheets of banks suffer a severe setback which precludes bank lending for many years. During a normal recession, banks suffer losses but they are not so large as to deter bank lending and banks become a major proponent of the rebound in economic growth. Following the GFC, many global banks vowed that it would never happen again. As a result regulators imposed new rules that involved banks raising substantial amounts of new capital to ensure that taxpayers would never again be liable for the mistakes made by bank executives. As a consequence, global bank lending volumes have been much lower than in the past.

Of course, there are other reasons behind the weak global growth and inflation of the post-crisis period. Government spending has been cut. Consumer spending has also been hit as consumers have responded to fears over high levels of unemployment and have looked to rebuild their savings. Business investment has been less buoyant than expected with many companies focussing on buying back shares in a bid to boost corporate earnings per share rather than undertaking investment in new capital. Emerging markets have also seen less growth since the GFC as their economies have become more industrialised and natural growth rates have slowed. In addition, inflation has been low in a weak economic environment with sizeable reductions in both oil and commodity prices over the past few years. In all, growth and inflation in many economies have been below potential and this has led to unrest (populism) in political arenas.

The problem for politicians and economic policymakers attempting to remedy these economic challenges has been the limited toolkit available to them. Politicians can usually respond to social unrest by spending more money. However, the low growth environment has led to limited availability of extra spending. As a result, the burden of stimulating growth and inflation has fallen at the door of central bankers.
The first tool of central banks is to reduce short term interest rates to close to or, in some circumstances, below 0%. This policy directly influences the decisions of some deposit holders to seek higher returns elsewhere to ensure the real value of their money does not decline. After that, a policy to cut long term interest rates through the purchase of government (and in some cases other) bonds has been used to lower the cost of capital for longer term interest rates. In the US, this policy has been helpful given that many householders take out 30 year mortgages partly based on the rate of the 30 year Treasury yield. Taken together, these policies are known as quantitative easing (QE).

QE has been credited with causing distortions in many markets and materially lifting the prices of various assets, including equities, bonds, property, stamps, fine art, vintage wine and classic cars. In many markets, the price of equities has risen by

## Total Assets of the Federal Reserve




Source: The Federal Reserve

a factor of three times since the lows of the GFC. Meanwhile, in some bond markets e.g. Europe and Japan, many bonds provide negative returns if held to maturity.

The fear for many investors today is that we may be facing an inflection point in global monetary policy. The US economy has enjoyed reasonable (if not very strong) economic growth for a number of years and its unemployment rate is at its lowest level of 4.7% since pre-GFC. As a consequence, the US Federal Reserve has started to raise interest rates, with three rises to 0.75%-1% from the lows of 0%-0.25% in place between 2009 and 2015. Some US policymakers have already started to discuss the possibility of reducing the $4.5 trillion balance sheet of the US Federal Reserve. In Europe, the policy of QE (bond purchases) has slowed from €80bn to €60bn and is expected to be brought to a close at the end of 2017. In the UK, the addition to QE after the Brexit decision is viewed by many commentators as a mistake, a decision taken with minimal data in the heat of the moment. The bottom line is that extra monetary stimulus from here seems unlikely and, as a result of populism, politicians are once again beginning to contemplate intervening directly in markets. Some of the policies of US President Trump would be a good example of this.

What does an inflection point in global monetary policy mean for investors? At long last, cash depositors in some countries (and especially the US) may start to see increases in the interest rates they receive. US 3 month LIBOR, one indicator of short term US rates, has risen from 0.6% to 1.2% over the past nine months. Core government bond prices in countries such as the US, UK and Germany could come under pressure if some of the buying impetus from central banks wanes. The outlook for equities should be positive if the reason for higher rates and less QE over time is further recovery to the global economy and subsequent better growth in corporate earnings. However, equity valuations are partly based on a discount factor provided by government bonds and it is argued by some that a withdrawal of QE could put pressure on the prices of all assets. In general, our expectations are that higher corporate earnings will allow equity prices to make new highs over the medium term, albeit the trajectory of returns may be lower than we have been accustomed to in the past.

# Electronic trading: Opportunities and risks

**By: John Hildebrand**
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Equity and bond markets have now been rising for over 8 years and according to most models are likely to produce lower returns going forwards. This can make any system promising double digit returns very attractive. With many hedge funds having found life more difficult in the recent past, the danger of succumbing to a new promise of strong returns is growing.
In the investment world we are closing in on the point where investors are placing more trust in computer programmes than in investment managers. This has importance for two reasons. The first is that the people who manage your money are managers not machines. The second is that there is a danger that people put trust in something with limited knowledge of what they might be investing in.

In previous articles we have noted that over half of trades in the market are now placed by passive funds such as exchange traded funds or by funds that are based on computer programmes. The latter is commonly known as algorithmic trading and is where orders are placed based on a pre-programmed automated system. Hence, we are already at the point where people are willing to place as much faith in a system as in an investment manager. So is this sensible?

Exchange traded funds, as long as they own the actual assets and are not larger than the markets they are meant to be replicating, provide a simple way to get the returns from the index. They tend to be liquid, low cost and provide a useful addition to the investments employed by most active managers. However, there are issues with exchange traded funds.
The return from them should be the index less fees and so they should underperform the index. They also invest in the companies that have been rising in value the most and so at the level of the economy or market may not allocate capital efficiently.

Investments based on algorithms also have their attractions. Computers can analyse data far faster than any investor which opens up fresh possibilities. They can monitor car parks in order to see how strong demand really is at various retail sites, or spot a flu epidemic by the number of times people google cough mixtures. More worryingly they are also being designed to capture Trump's tweets and then buy or sell on the back of them. In addition, computer programmes do not suffer from the behavioural problems that many investors are meant to suffer from, such as loss aversion or the lack of willingness to take a loss on an investment.

On the negative tack if a strategy based on an algorithm is very successful then other algorithms will be developed to do the same thing. To prevent this happening funds can become very secretive leading to further issues – do you know if the strategy has worked if you don't know what the strategy was in the first place and can you trust something if you do not understand it?

The well-known trader Nassim Taleb in his book, 'Fooled by Randomness', talks of a man who goes to his neighbour lamenting his foolishness and losses because he invested with a random firm who had written to him for the previous four months and continually got the direction of the market correct. His neighbour responded that he had had similar letters but that they had stopped when the firm had got it wrong. They realised that if an investment

> “If people are now going to place their faith in computer programmes they need to make sure they understand the proposed strategy and believe that it is repeatable.”

firm sent 5,000 letters saying the market would fall that month and 5,000 saying it would rise, half the people would be happy. If they continued to send half the successful people letters saying the market would rise and half that it would fall after 5 months there would be 300 people who might think the firm was worth following. So you need to know how that performance was generated and that the process is repeatable.

In 1998 Long Term Capital Management, after three very successful years, collapsed in spectacular fashion because the people who managed LTCM had too much faith in their systems and had failed to understand how leveraged they were and how dominant they were in certain markets.

If people are now going to place their faith in computer programmes they need to make sure they understand the proposed strategy and believe that it is repeatable. Whether people in the future will revere algorithms in the same way as they now follow Warren Buffet is too early to tell. What we know is that Warren Buffet is now happy to advise people to buy computer based exchange traded funds but it is understood he is less complimentary about algorithmic trading.

# Total Return Approach for permanently endowed charities

**By: James Minett**
Senior Investment Director
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A total return approach (TRA) to investing can be applied to the whole or any part of a charity's permanent endowment, if a formal resolution is passed by the Trustees.

At the beginning of 2014, the Charity Commission introduced new regulations under the Trusts (Capital and Income) Act 2013 which enabled permanently endowed charities to adopt a total return approach to investing without having to obtain prior consent from the Charity Commission. These new rules amended the Charities Act 2011, which had initially given permission to spend from both capital gains and income, providing that the Charity Commission gave their specific consent. This article will explain what a total return approach is and how permanently endowed charities can adopt it, and the associated benefits in doing so.

The primary step in adopting a TRA is for a charity to identify the assets which represent the original permanent endowment. As this might be a difficult exercise, particularly for charities with a long history, only a reasonable assessment needs to be made. Once the original principal has been established, it forms what is referred to as the Investment Fund, which is uplifted in value to allow for inflation (CPI, RPI or any appropriate price index). Any remaining value in the endowment (generated from previous capital gains and unspent income) is held as 'unapplied total return (UTR)'. This can be retained as 'unapplied total return' to be used in the future or spent as income to further the charity's aims, or reinvested into the permanent endowment. However, investment into the endowment must not exceed the proportionate increase in the price index since the TRA was applied, or since the date of the most recent reinvestment.

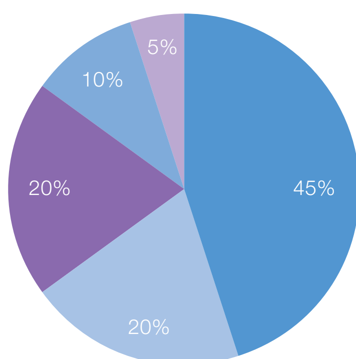
Should a charity require extra funds at any point in time, Trustees are permitted to spend from the Investment Fund (or inflation adjusted original endowment). However, this is capped at 10% of its value and is subject to recoupment.

The Charity Commission has produced supplementary guidance which gives information on how charities can apply these rules. We recommend that in addition to reading this guidance, charities interested in adopting a TRA should involve their accountants and lawyers, in order to make sure that they are acting within the terms of their governing instruments and are able to correctly identify the split of assets at the time of establishing a TRA, and maintain the records in the future.

### The imbalance between Capital Gains and Income since the Credit Crisis

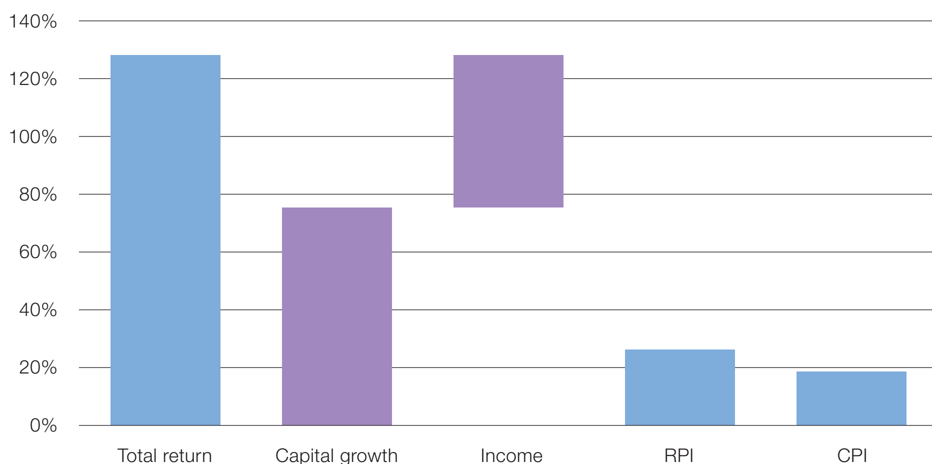
The years since the Credit Crisis have accentuated the imbalance between capital gains and income, as capital appreciation rates have been significantly higher than inflation or income growth. The accompanying charts illustrate the total return that would have been produced by an asset allocation of 65% equities and 35% other asset classes, based on index movements.

## Asset allocation




Source: Investec Wealth & Investment

## Total return generated vs RPI and CPI inflation March 2009 to December 2016




Source: Investec Wealth & Investment

### Key takeaways:

- 75.3% of the return was from capital growth, significantly ahead of CPI and RPI inflation which were 18.8% and 26.3% respectively.
- The return from income over this period has been 52.7%, but the income yield on a portfolio actually invested in this manner has fallen from 4.8% in March 2009 to 3.1% at the end of last year.
- The capital value of the endowment has increased in real terms by 4% above RPI inflation, providing a larger capital base from which to generate income, whilst the income actually generated in nominal terms has only risen by 12.5% due to the fall in yield, thereby not keeping pace with inflation.

### The benefits of a TRA

The benefit of a TRA is that it removes the requirement to distinguish between the returns generated from capital appreciation and from income, enabling permanently endowed funds to be invested more flexibly with a view to maximising total return. This can enhance a charity's spending power, thus increasing the potential level of annual distributions that can be made to its beneficiaries.

Apart from being able to more effectively manage the balance between income and capital gains, a total return approach to investment allows charities to consider a broader universe of investable assets. This can include Private Equity and Hedge Funds, which produce little to no income but have high growth potential. As bond yields have been driven to unprecedented lows due to the unconventional monetary policy measures employed by central banks, it has become increasingly difficult to deliver meaningful risk-adjusted income returns from fixed interest investments. Consequently, charities may find themselves having to invest in higher yielding but substantially riskier assets to satisfy their income needs. Whilst it is necessary to take on some risk to generate returns, if too much risk is taken this could be harmful to a charity.

> "... it offers various advantages which can help charities better manage the availability of capital for the needs of their beneficiaries."

### Conclusion

Managing the level of benefit between current and future beneficiaries and setting a level of annual distribution which is sustainable requires an assessment of a number of factors. This includes the size of the UTR, the income generated from the invested portfolio, the prospects of future capital gains and an evaluation of future volatility of markets. As a result, a total return approach is not suitable for every charity, but it offers various advantages which can help charities better manage the availability of capital for the needs of their beneficiaries. Whilst it is possible to revert back to the standard rules after following a total return approach, it is a complex process. Therefore, a decision to adopt a TRA requires careful consideration.

*Please bear in mind that the value of investments and the income derived from them can go down as well as up and that you may not get back the amount that you have put in.*

# Risk mitigation for charities and fiduciaries

**By: Jacqui Lazare**
Solicitor
Estate Planning & Charities
Royds Withy King

The increased scrutiny[1] and regulation of charities reminds us of the importance of good governance and how to ensure any risks are mitigated as much as possible.

Three key principles for good governance, and how to implement it, are: (1) risk management, (2) conflict of interest and decision making, and (3) due diligence. Proportionality is essential to the implementation of all these principles.

## Risk management

**There are five types of risk:**

- External – damage to your charity's reputation or changes in government policy.
- Financial – inadequate reserves or losing money through inappropriate investments.
- Governance – lack of relevant skills/ commitment from Trustees or a conflict of interests.
- Operational – lack of beneficiary welfare or safety.
- Compliance – poor knowledge of regulatory requirements regarding fundraising or operating vehicles.

**It is strongly recommended that Trustees have a risk management process in place. As part of the process, Trustees should consider:**

- their objectives and activities,
- outcomes to be achieved,
- external factors (e.g legislation/regulation),
- their reputation with major funders and supporters,
- past mistakes and problems faced,
- their operating structure, and
- comparison with similar charities.

**Trustees need to show they are prepared for key risks and to demonstrate what risk remains after action is taken. Strategies include:**

- transference – through use of a trading subsidiary or outsourcing,
- avoidance – by not taking up a contract or stopping an activity/service,
- limitation – establish reserves against loss of income,
- reduction or elimination – by establishing/ improving control procedures,
- sharing the risk – through a joint venture,
- insuring against risk – such as employers' liability, third-party liability, and
- accept risk as low probability/low impact and review annually.

## Case study

Recently we acted for a town festival where risk was mitigated by transferring it to a third party. The town decided to put on a rock concert. To do it themselves was within the auspices of their charitable objects; however, they did not have the experience and so, because of the potential financial loss they may have faced, we advised them to ring-fence the activity within a trading subsidiary.

Contracts were sent out, incorrectly, on the charity's headed paper. The concert operated at a loss which was paid for by the charity. Following the contract error, this amounted to inappropriate use of charitable funds.

Consequently, even where a risk is identified, and a strategy for dealing with it put in place, it can still fail. Here, not everyone understood the reason for using the trading subsidiary and the practical consequences which followed.

Risk management is not a one-off process and should be very much embedded within the running of the charity.

### Conflicts of interest and good decision making

It is not possible to make a good decision if a conflict is present. The guiding principle can be summarised as: anyone with a fiduciary duty has a duty to avoid a conflict of interest. Identifying conflict early on and taking steps to avoid or manage it is key. Often a risk can be created by a lack of paperwork but if there is a record of advice being taken, and the decision being taken as a result, the Trustees will be better protected.

**Trustees should:**

- Declare a conflict immediately. Having a standard agenda item at Trustee meetings helps this.
- Have a written policy setting out how to identify and disclose conflicts and help prospective Trustees identify possible conflicts. A number of charities have this in place.
- Follow any instructions regarding conflict in your governing documents.

**In addition, good decision making (principle summarised below) gives Trustees confidence their decisions are within the range a reasonable board would make:**

- Act within your powers.
- Act in good faith and in the interests of the charity.
- Be informed.
- Take account of all relevant factors.

### Due diligence

**The 'know your' principles are in line with FATF guidelines[2] and cover three main areas:**

### Know your donors

The abuses of money laundering, proceeds of crime and tax evasion are well known. Charities should be wary of requests for a return of part or all of a donation and be reasonably assured about the provenance of funds and any conditions attached to them. If concerned: check lists of financial sanctions targets and/or consider refusing the donation.

### Know your beneficiaries

This is particularly relevant to grant making charities. Trustees should ensure they: know who individuals are and that it's appropriate to provide assistance.

### Know your partners

Charities must be sure any working partner is appropriate, otherwise they may be able to abuse the funds paid to them, including assessing their reputation and legal status. It is good practice to have a partnership agreement in place.

Due diligence includes accounting for charity funds, helping Trustees meet their duty of prudence and maintaining donor confidence. Where a charity undertakes robust monitoring this may act as a deterrent of abuse.

In summary, following these principles should protect the actions charities and their Trustees take in running a charity.

[1] This flows from a number of regulatory schemes such as the new global standard of Automatic Exchange of Information (AEOI) and the impact of recent charity scandals including Kids Company and Cup Trust https://www.gov.uk/government/news/high-court-rules-cup-trust-gift-aid-claim-can-be-withdrawn.

[2] Financial Action Task Force Special Recommendation VIII, which states 'charities should make best efforts to confirm the identity, credentials and good standing of their beneficiaries and associates and undertake best efforts to document the identity of their significant donors.'

# MiFID II & MiFIR – A small summary of a big change

**By: Neil Greenwood**
MiFID II Manager
Investec Wealth & Investment

Approximately ten years ago the first Markets in Financial Instruments Directive (known as 'MiFID') was introduced across EU members to create a single and more competitive market in financial services. Shortly after it came into being we witnessed the financial crisis of 2008. This exposed weaknesses in the system, which led to 'MiFID II' and its accompanying regulation, The Markets in Financial Instruments Regulation ('MiFIR').

## So what's changing under MiFID II?

Building on the original MiFID foundations, the updated directive broadens the scope of financial instruments included and increases the reporting requirement for investment firms to both the regulator and the client.

## Client reporting

As well as requiring formal quarterly valuation reporting to clients, MiFID II brings new disclosure requirements on an annual and ongoing basis to illustrate the cumulative effect of costs and charges on the return of a portfolio. This includes charges applied by the financial institution for their services as well as costs associated with the financial instruments in which they invest.

## MiFIR

Unlike MiFID, which as a directive allows each jurisdiction to adapt what they do depending on the structure of financial services within the country in question, MiFIR, as a regulation, requires consistent implementation across member states and concentrates on clarity of reporting.

MiFIR focuses on what information relating to certain transactions undertaken needs to be reported to the regulator. Although this is already a requirement under the current MiFID regulations, the depth of reporting has increased considerably. A large number of additional fields are needed to allow greater transparency of the underlying investor details involved in a transaction and to show who has made the investment decision.

To comply with the new transaction reporting requirements, investment firms need to ensure they have the prescribed client information on their database and can identify the underlying investor and show who made the investment decision.
For individuals, this takes the form of a National Client Identifier (NCI) with the national insurance number being the NCI for UK clients. Companies (both public and private), pension funds, charities and unincorporated bodies are deemed to be entities and so will have to have a Legal Entity Identifier (LEI).

## What is an LEI?

An LEI is a 20 character global identifier allowing consistent and accurate identification of legal entities that are party to financial transactions. The LEI is unique and allocated to the entity, meaning the entity only has to apply for and maintain one LEI regardless of the number of financial relationships they may have.

From the 3 January 2018, financial institutions will no longer be able to transact in investments on behalf of entities who do not have a valid LEI.

## How to apply for an LEI

LEIs are issued by 'Local Operating Units' (LOUs) of the Global LEI System. Entities are able to apply directly via a LOU and will need to ensure the identifier is renewed on an annual basis. There is a charge levied by the LOU for application and renewal with certain supporting documentation required during the process. More detailed information can be found at the Global Legal Entity Identifier Foundation website.[1]

Due to the importance of the requirement, financial institutions can offer to apply for and renew LEIs on behalf of their entity clients. Investec Wealth & Investment will be pleased to assist with the application and annual renewal of LEIs on behalf of our charity clients. IW&I, as a bulk user, is charged at a discounted rate of £70 for applications and £60 for renewals plus VAT where applicable. This charge will be passed onto the charity and Investec Wealth & Investment will not be adding any additional charge for this service and will soon be writing to our charity clients about this.

## What to do now?

Charities need to ensure they have an LEI in place by either applying directly or through their financial institution in advance of the 3rd January 2018 deadline. Due to the number of entities who will be applying over the coming months it is advised that applications are not left until late in the year.

[1]www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei

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|---|---|---|---|---|---|
| **Bath** | 01225 341 580 | **Edinburgh** | 0131 226 5000 | **Liverpool** | 0151 227 2030 |
| **Belfast** | 02890 321002 | **Exeter** | 01392 204404 | **London** | 020 7597 1234 |
| **Birmingham** | 0121 232 0700 | **Glasgow** | 0141 333 9323 | **Manchester** | 0161 832 6868 |
| **Bournemouth** | 01202 208100 | **Guildford** | 01483 304707 | **Reigate** | 01737 224223 |
| **Cheltenham** | 01242 514756 | **Leeds** | 0113 245 4488 | **Sheffield** | 0114 275 5100 |

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*Out of the Ordinary*

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