



The Global LEI Initiative – Will Expanding the Ecosystem Accelerate LEI issuance?

December, 2022

The LEI is but a small step in the global data standards landscape yet a giant leap forward for financial transparency.

TABLE OF CONTENTS

Extending the Ecosystem of the LEI	2
Statistics on LEI Issuance, Renewals and Parent LEIs	2
For further Information	3

www.financialintergroup.com

Copyright © 2022 Financial InterGroup.

All rights reserved

Extending the Ecosystem of the LEI

The executives at the Global Legal Identifier Foundation (GLEIF) are on a mission to extend the use of LEIs beyond its initial capital and financial derivatives markets to an expanding array of other markets, primarily those in the digital commerce and commercial trade space. In doing so it is building out a vast infrastructure consisting of intermediaries, mainly large financial institutions and technology companies, that add functionality and services on top of a rather simple 20-character legal entity identifier (LEI).

Continuing its global efforts, regulators in the financial industry and digital commerce trade associations are pursuing additional mandates to compel LEI registration. Among the recent most prominent initiatives:

- The US Congress awaits a vote on mandating the LEI for use by all financial institutions reporting to US financial regulatory agencies.
- The US Customs & Border Protection agency recently initiated a pilot in the use of three ID's, the DUNS number, GS1's GLN code and the LEI for tracking the commercial trade supply chain.
- The Financial Crimes Enforcement Network ("FinCEN") has finalized rules to allow the LEI along with the TIN (Tax ID Number) and DUNS number to be used to identify companies' beneficial ownership.
- The Bank of England and the Financial Conduct Authority recently received their Post-Trade Task Force recommendations which included the earlier use of the LEI in the post-trade life-cycle.
- The European Systemic Risk Board (ESRB) sees the potential of the LEI to become the identifier of the global economy, suggesting its use beyond finance to business-to-business transactions

Statistics on LEI Issuance, Renewals and Parent LEIs

The increase in LEI registration this month was 20,372, more in line with the average month's historical rate. Last month's 42,021 was an anomaly as 24,461 was accounted for by the Chinese's LOU, the Beijing National Institute of Financial Standardization Co., Ltd., who extended themselves to reach their promised goals for issuance. However, this month's Chinese LEI issuance tapered off significantly, with only 951 LEIs issued (106,010 as of month-end November vs 105,059 as of month-end October). Without extraordinary efforts, historically consistent 20,000 monthly issued LEIs will not achieve long-term goals for LEI issuance of 20 million by 2027.

Also, a steadily increasing lapsed rate, now 36.0%, the highest historical lapsed rate, is also undermining data quality goals for the LEI. A continual rising lapsed rate signals potential for deteriorating quality of the LEI data. Renewing LEIs should be a regulatory priority.

The below charts summarizes the progress of LEI Data initiatives based on GLEIF's Dec. 8, 2022 Global LEI Data Quality Report and FIG's historical LEI database

Monthly LEI Issuance & Non-renewed (Lapsed) LEIs	2021 Year-end	Jan 2022 Mo-end	Feb 2022 Mo-end	Mar 2022 Mo-end	Apr 2022 Mo-end	May 2022 Mo-end	Jun 2022 Mo-end	Jul 2022 Mo-end	Aug 2022 Mo-end	Sep 2022 Mo-end	Oct 2022 Mo-end	Nov 2022 Mo-end
Total LEIs issued at Year/Mo-end	2,038,661	2,050,428	2,080,671	2,102,303	2,122,684	2,140,911	2,160,543	2,178,013	2,192,958	2,210,965	2,252,986	2,273,333
Total Active LEIs at Year/Mo-end	1,954,190	1,973,745	1,992,796	2,012,137	2,031,394	2,048,905	2,067,636	2,084,134	2,097,901	2,114,480	2,155,295	2,174,634
Total Lapsed (non-renewed) LEIs	690,397	706,066	719,726	729,095	740,759	751,507	761,029	767,140	777,296	788,240	804,649	818,187
Non-renewed rate – issued LEIs	33.9%	34.3%	34.6%	34.7%	34.9%	35.1%	35.2%	35.3%	35.4%	35.7%	35.7%	36.0%
Non-renewed rate – active LEIs	35.3%	35.8%	36.1%	36.2%	36.5%	36.7%	36.8%	36.8%	37.1%	37.3%	37.3%	37.6%
Newly Issued	30,777	21,767	20,243	20,963	19,137	18,471	19,632	17,482	14,933	18,007	42,021	20,372
Relationship Data												
Number of Immediate & Ultimate LEI Parent Records	264,013	266,408	268,297	320,093	333,405	342,956	350,565	359,702	369,167	380,750	389,945	398,356
Number of Unique LEIs Reporting both Parent Relationships	123,079	123,438	123,786	123,798	123,923	125,509	124,965	125,534	125,842	126,972	128,002	128,193
Number of Immediate & Ultimate LEI Parent Exception Records	3,468,286	3,508,031	3,546,379	3,585,611	3,625,804	3,662,597	3,700,038	3,735,325	3,763,817	3,796,982	3,878,688	3,917,013
Number of LEIs with Complete Parent Information (includes those reporting exceptions)	1,786,117	1,863,483	1,874,328	1,895,012	1,915,565	1,934,544	1,953,881	1,972,415	1,986,779	2,011,867	2,053,680	2,273,731

Yearly Comparison LEI Issuance & Non-renewed (Lapsed) LEIs	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end	2020 Year-end	2021 Year-end
Total LEIs issued	481,522	975,741	1,337,925	1,542,037	1,777,458	2,038,661
Total Active LEIs						1,954,190
Total Lapsed (non-renewed) LEIs	139,461	169,778	313,915	459,436	585,029	690,397
Non-renewed rate /issued LEIs	29.0%	17.4%	23.5%	29.8%	32.9%	33.9%
Non-renewed rate /active LEIs						35.3%
Newly Issued	4,976	40,237	29,987	16,652	19,364	30,777
Relationship Data						
Number of Immediate & Ultimate LEI Parent Records	n/a	88,198	152,318	208,139	230,755	264,013
Number of Unique LEIs Reporting both Parent Relationships	n/a	51,944	89,826	119,637	132,096	123,079
Number of Immediate & Ultimate LEI Parent Exception Records	n/a	1,067,968	2,156,909	2,519,418	2,965,315	3,468,286
Number of LEIs with Complete Parent Information (includes those reporting exceptions)	n/a	572,818	1,146,554	1,341,015	1,563,458	1,786,117

For further Information



Allan D. Grody

Financial InterGroup - USA

New York, New York USA

Tele. +1 917 414 3608

Email agrody@financialintergroup.com

www.financialintergroup.com

Copyright © 2022 Financial InterGroup.

All rights reserved