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2020 At a Glance: Trends & Industry Developments that will shape 2020

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In a DerivSource feature, we speak to experts in the areas post-trade, regulatory compliance and collateral management about what trends or market developments they believe will shape the coming year for their firms and the wider industry. Read on for insight into what lies ahead for 2020 including the LIBOR transition, EMIR 2.2. UMR, FRTB and more.

LEIs – Predictions for the Identifier in 2020

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The LEI is a universally unique identifier to be issued to every financial market participant in the global financial supply chain. The LEI is intended as the means to aggregate financial transactions across financial enterprises and to observe the buildup of unobserved risk across globally connected financial firms.



Significant progress has been made since the LEI was first proposed in 2010:

- the issuance of LEI codes on over 1.5 million legal entities to date
- publication of studies showing significant savings to the financial industry in adapting the LEI fully, such “full adoption” projected at between 40 – 200 million LEIs

- the creation of a Golden copy database of LEIs and a delta file for LEI updates; search capabilities and an API to access LEI data; and a visualization tool to access relationship data
- the initiation of mapping of ISIN (International Securities Identification Numbers) and BIC (Bank Identification Codes) codes to LEIs
- demonstration of electronic representation of LEIs in XBRL financial reports and use of LEIs for use in secure electronic certifications
- demonstration of Blockchain for use in LEI registration
- issuance of follow-on consultations on corporate (legal) actions, fund relationships and government entities

In 2020 these activities will dominate the LEI efforts:

- Since regulatory compulsion has fallen short of full adoption of the LEI, new models for issuance has been proposed. Financial entities will be solicited to register their clients/counterparties. The largest multi-national entities' will be solicited to register LEIs for their own complete organizational hierarchies.
- New models for the complete identity of legal entities and their immediate and ultimate parent will be explored as the complete hierarchy of LEI's must be registered to meet risk management objectives
- Further work on Blockchain prototype will be conducted
- Promotion of the LEI's benefits will dominate 2020

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