



The Global LEI Initiative – Another Turn in the Road

August, 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

Rebranding of Mission	2
Summary of this year’s Monthly Issued, Renewed and Relationship Data; and Prior Years’ Annual Data.....	3
Statistics on LEI Issuance, Renewals and Parent LEIs.....	3
For further Information.....	4

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Rebranding of Mission

This month, the Global Legal Entity Identifier Foundation announced a rebranding of its mission – from identifying financial market participants exclusively to identifying participants in digital commerce universally. As I have pointed out in past Research Notes, the LEI initiative was first and foremost an exercise in stabilizing the financial system after the financial crisis. The LEI and its standards of hierarchies of ownership and control was to be the foundation upon which risk could be aggregated consistently and the contagion of systemic risk detected and thwarted.

The approach we favored was to start with the largest global financial institutions, they did business with upwards of 95% of all financial market participants. This effort was actually initiated by us as a private sector initiative along with twelve (12) global financial institutions, technology companies and platform providers prior to the financial crisis.

The large financial institutions ultimately became identified as Global Systemically Important Financial Institutions (G-SIFIs). New capital rules were imposed on G-SIFIs. Our private sector initiative was swept up in regulators' crisis solutions and the G20's financial stability initiatives. We were asked to sit on advisory committees where we proposed to simultaneously impose a "no-LEI no business" rule for these giant institutions. They, in turn, would be compelled to impose this same rule on their clients and their counterparties.

The LEI initiative, however, took a different approach. It was separated into two (2) phases - a Phase 1 requiring each financial market participant, when directed by each participant's own sovereign regulator, to obtain a unique legal entity identifier (the LEI). The stability and risk component of the initiative, the Relationship data component, was left to a second phase. A standard for risk and control hierarchies of ownership and control was considered too difficult and was dropped in favor of accountant's consolidation rules.

To date, too many regulatory mandates to compel the registering of a LEI across too many sovereign countries are stalling the LEI's ability to uniquely identify each financial market participant. Also, too many exceptions are allowing Relationship Data collection to stall. And, finally, the risk and data aggregation initiative ([BCBS239](#)) of the Basel Committee on Banking Supervision has also stalled, even though it has been focused initially on the G-SIFI banks.

Given the goal of 20 million LEIs registered by 2017, and the reality of a slow slog in universal adoption of the LEI for financial market participants, it is no wonder that the FSB has given its approval to expand into other areas. Into the payments area ([FSB explores options to promote broader adoption of the Legal Entity Identifier \(LEI\) in cross-border payments](#)) and digital commerce ([A tale of transformation: GLEIF's rebrand speaks to a vital future in organizational identity](#)). It is a chance to secure the success of registering LEIs. While worthwhile new goals, these goals certainly stray from the original mission of first achieving the original goal of systemic risk management across financial institutions.

Summary of this year’s Monthly Issued, Renewed and Relationship Data; and Prior Years’ Annual Data

This year’s seven-year monthly issuance mark is consistent with other months and the longer-term rate, with the new monthly average LEI issuance rate at 19,907. Registered LEIs in total reached 2,178,013.

The overall lapsed (non-renewal) rates are stabilizing as well. Total non-renewed LEIs to total issued LEIs was 35.2% this month. A recent metric, the lapsed rate based upon comparison to active LEIs, stands at 36.8%.

Relationship data, the recording of registrants having reported LEIs for one or both ultimate or intermediate parent, was 359,702 this month, representing 125,534 unique LEIs. These relationships are critical to performing risk analysis as such analysis requires aggregating transaction data up through the hierarchies of control and ownership of parent and child LEIs.

Relationship data also records exceptions for opting-out of identifying a parent LEI. This month, there was a total of 3,735,325. This number has been relatively stable over time, increasing at 2 X monthly issuance. These exception statistics indicate parents are either non-existent (solo legal entities with no parent) or have parents but are opting out of registering parents under permitted accounting consolidation exceptions.

Statistics on LEI Issuance, Renewals and Parent LEIs

These charts summarize progress of LEI issuance and its corresponding Relationship Data initiative based on [GLEIF’s August 7, 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
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
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
Total Lapsed (non-renewed) LEIs	690,397	706,066	719,726	729,095	740,759	751,507	761,029	767,140
Non-renewed rate – issued LEIs	33.9%	34.3%	34.6%	34.7%	34.9%	35.1%	35.2%	35.2%
Non-renewed rate – active LEIs	35.3%	35.8%	36.1%	36.2%	36.5%	36.7%	36.8%	36.8%
Newly Issued	30,777	21,767	20,243	20,963	19,137	18,471	19,632	17,482
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
Number of Unique LEIs Reporting both Parent Relationships	123,079	123,438	123,786	123,798	123,923	125,509	124,965	125,534
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
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

Yearly Comparison LEI Issuance & Non-renewed (Lapsed) LEIs	2016	2017	2018	2019	2020	2021
	Year-end	Year-End	Year-end	Year-end	Year-end	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

Note:

In 2016 the GLEIF began recording LEIs and in 2017, LEI Relationship data, in its databases. Since 2016 the GLEIF has been publishing statistics on LEI issuance and renewals, and since May, 2017, on LEI Relationship data.

For further Information



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