



Updating The Global LEI Initiative

December 2020

The Global Legal Entity Identification Foundation (GLEIF) has been reporting statistics on the Legal Entity Identifier (LEI) since January, 2016 and on the LEI's Relationship data since May, 2017. We are pleased to bring you this Research Note on annual, month-end and year-to-date LEI issuance based on [GLEIF's December 7, 2020 Global LEI Data Quality Report](#) and FIG's historical LEI database. These LEI statistics follow immediately after our commentary below.

Registered LEIs have reached 1.756 million vs last month's 1.735 million. The monthly averages of newly issued LEIs per month this year is now 19,264 and the average monthly lapsed LEI rate is 18,049. A [climbing lapsed rate](#) (now at 32.1% vs. last month's 31.5%) has caused the number of lapsed LEIs to exceed newly issued LEIs for the second month in a row. Lapsed LEIs will continue to impact the reliability of the quality of the reference data associated with each LEI.

Regulatory compulsion was once thought to be the answer to full global adoption. Now, with the regulatory initiative of compelling LEI global adoption stalled and prospects for global adoption far into the future, a new [Validation Agent](#) role has been introduced by GLEIF. This new entity is to evolve from a voluntary effort to pilot financial institutions willingness to validate credentials of its clients and introduce them to a LOU for obtaining a LEI.

This past month [JPMorgan \(JPM\) was approved as the first Validation Agent](#). The Validation Agent role was introduced to accelerate LEI registrations following consultation with GLEIF's Globally Important Financial Institutions (GIFI) Relationship Group. This group is comprised of representatives of large banks, global asset management firms, insurance companies, and other financial institutions (FIs). Many of these GIFI Relationship Group members, as is JPM, are also Global Systemically Important Financial Institutions (G-SIFIs). These institutions have had a unique status among regulators since the financial crisis. These are the ones that can spread the contagion of systemic risk. Observing systemic risk was and still is the main objective for the LEI initiative among regulators.

The Validation Agent will assist LOUs (JPM is referring the client-validated data to DTCC's LOU) by validating client's legal identity and associated reference data. We still think it would be reasonable to add a requirement to first have a Validation Agent's complete set of LEIs recorded with renewed reference data and complete relationship data. This requirement would be of great importance to regulators who would then benefit from the ability to aggregate financial transactions of these large financial institutions, especially G-SIFIs.

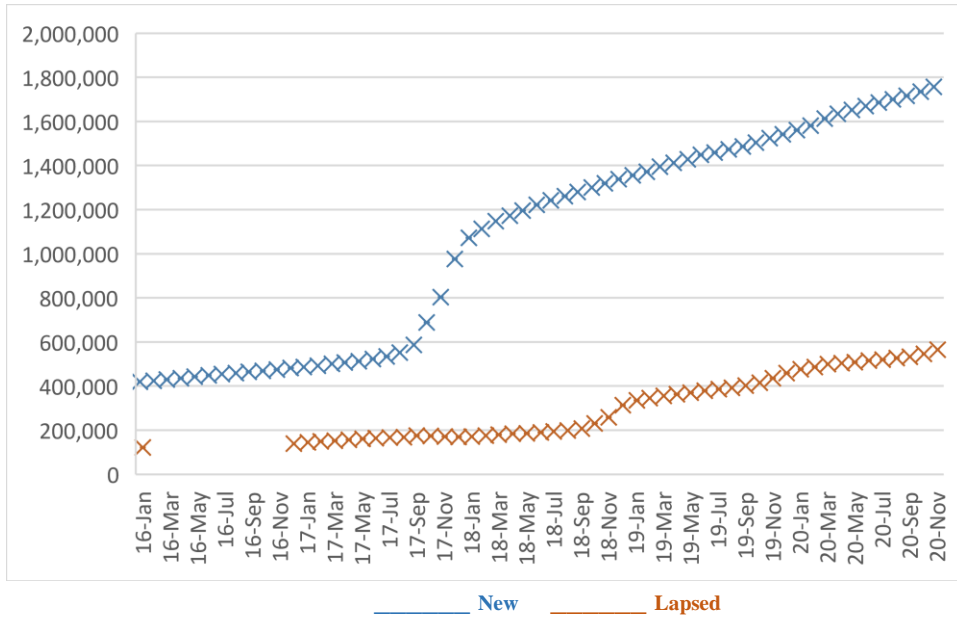
The next financial institution to become a Validation Agent may be Citibank. It too is a G-SIFI. It was exclusively cited in the [FSB's LEI Peer review](#) as a global institution that had led the way in registering LEIs for all its own subsidiaries. It had long sought ways to incent their clients to obtain a LEI. The head of GLEIF's newly established US office was Citi's former data standards go-to person. The [new office was established to accelerate LEI issuance in US based institutions](#) which lags European country's issuance. It also was established to advocate for more direct mandates in US regulations for obtaining and renewing LEIs.

A few issues that intrigues this author is how multiple Validation Agents will 'compete' and how clients will make singular or multiple decisions as to who to use as its Validation Agent. Clients are not exclusive in their business dealings with any one financial institution. Also, clients have had the option of using any LOU, some have a requirement to register their LEI in their own country. How can this work when, for example, JPM refers its clients exclusively to DTCC's LOU?

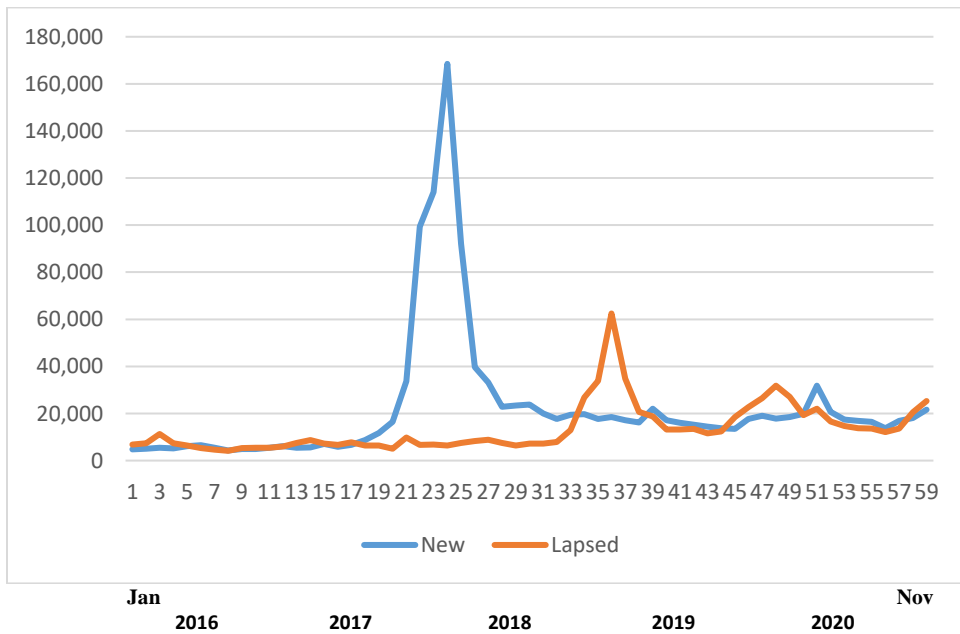
LEI Issuance and Lapsed LEIs – Year-to-Year Comparison	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end
Total LEIs issued at Year-end	481,522	975,741	1,337,925	1,542,037
Total Lapsed LEIs issued at Year-end	139,461	169,778	313,915	459,436
Lapsed rate	29.0%	17.4%	23.5%	29.8%
Year-to-Year Monthly Average Comparisons				
Newly Issued	4,976	40,237	29,987	16,652
Lapsed	6,300	7,134	16,422	19,802
Net LEI Increase/Decrease	-1,324	33,103	13,565	-3,150
Year-to-Year Relationship Data				
Number of Immediate & Ultimate LEI Parent Records	n/a	88,198	152,318	208,139
Number of Unique LEI s Reporting both Parent Relationships	n/a	51,944	89,826	119,637
Number of Immediate & Ultimate LEI Parent Exception Records	n/a	1,067,968	2,156,909	2,519,418
Number of LEIs with Complete Parent Information	n/a	572,818	1,146,554	1,341,015

January – Oct 2020 Month-end LEI Issuance and Renewal (Lapsed) Data	Jan 2020 Month-end	Feb 2020 Month-end	Mar 2020 Month-end	Apr 2020 Month-end	May 2020 Month-end	June 2020 Month-end	July 2020 Month-end	Aug 2020 Month-end	Sep 2020 Month-end	Oct 2020 Month-end	Nov 2020 Month-end
Total LEIs issued at month-end	1,560,689	1,580,862	1,613,119	1,634,150	1,652,111	1,668,996	1,685,721	1,699,629	1,715,820	1,735,040	1,756,978
Total Lapsed LEIs at month-end	476,637	486,546	498,917	503,522	507,993	514,724	520,459	527,626	532,761	546,546	564,253
Lapsed rate	30.5%	30.8%	30.9%	30.8%	30.7%	30.8%	30.9%	31.0%	31.0%	31.5%	32.1%
Monthly Average Comparisons											
Newly Issued	18,447	19,864	31,839	20,655	17,383	16,798	16,511	13,800	16,832	18,109	21,676
Lapsed	27,045	19,365	21,996	16,636	14,746	13,752	13,584	12,099	13,598	20,499	25,228
Net LEI Increase/decrease	-8,598	499	9,843	4,019	2,637	3,046	2,927	1,701	3,234	-2,390	-3,552
January – Oct 2020 Month-end Relationship Data	Jan 2020 Month-end	Feb 2020 Month-end	Mar 2020 Month-end	Apr 2020 Month-end	May 2020 Month-end	June 2020 Month-end	July 2020 Month-end	Aug 2020 Month-end	Sep 2020 Month-end	Oct 2020 Month-end	Nov 2020 Month-end
Number of Immediate & Ultimate LEI Parent Records	210,886	212,877	215,655	216,185	217,548	219,369	221,011	222,577	224,222	225,173	227,462
Number of Unique LEI s Reporting both Parent Relationships	120,961	122,046	123,529	123,803	124,558	125,587	126,554	127,403	128,312	128,878	130,164
Number of Immediate & Ultimate LEI Parent Exception Records	2,553,656	2,592,289	2,653,260	2,693,406	2,739,020	2,761,054	2,792,972	2,819,191	2,850,989	2,886,841	2,927,493
Number of LEIs with Complete Parent Information	1,357,419	1,376,589	1,407,147	1,426,894	1,444,800	1,461,023	1,477,032	1,490,407	1,506,751	1,524,235	1,544,567

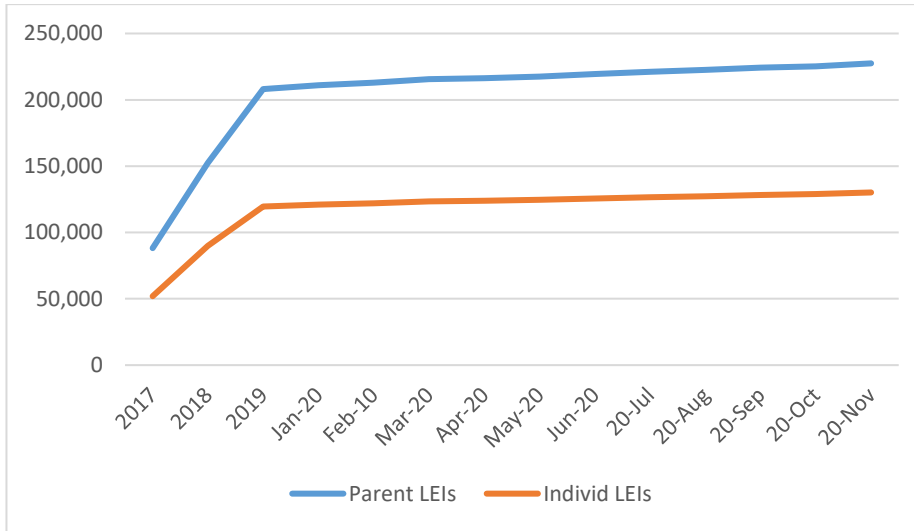
Total LEIs Issued vs. Lapsed LEIs



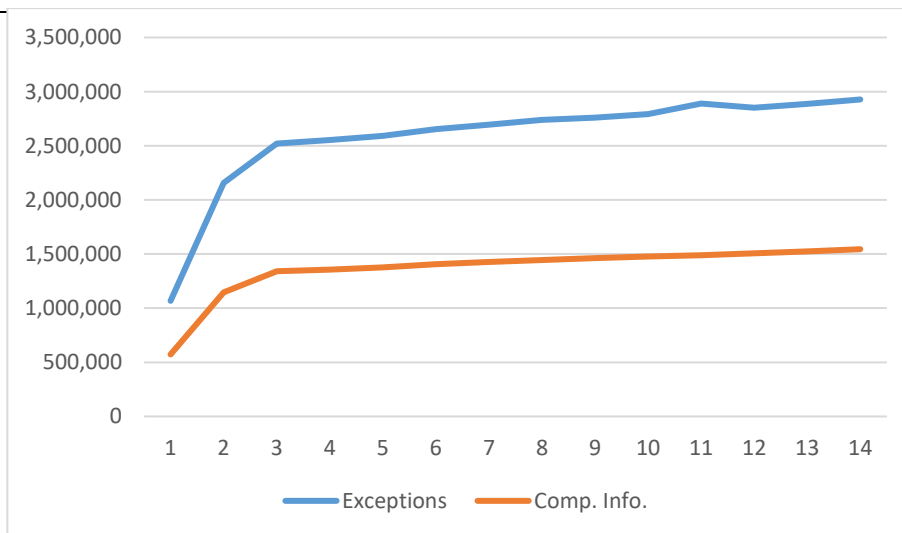
Monthly Newly Issued vs. Newly Lapsed LEIs



No. of Immediate & Ultimate Parent LEI Records vs
Number of Unique LEIs Reporting Both



No. of Immediate & Ultimate LEI Parent Exceptions
vs.
No. of LEIs with Complete Parent Information



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