



The Global LEI Initiative – A 2021 Year-end Report and a Look Back on its History

January 2022

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

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Reflections on the LEIs 12 years of gestation and six years of implementation

The origins of a standardized legal entity identifier (LEI) grew out of the Lehman bankruptcy, the participating event in the 2008 financial crisis. Previous attempts to standardize the identity of participants in financial transactions failed, principally because there was no central authority compelling such an initiative and too many competing, self-serving interests.

The consequences of decades of inaction resulted in a near melt-down of the global financial system. Neither regulator or counterparty could identify with any accuracy what their exposure to the bankruptcy of Lehman Brothers was. Each of Lehman's nearly 6000 entities were disbursed globally and was known by different codes in each counterparty or regulators computer system that recorded the transactions done with Lehman. Also, each counterparty or regulator aggregated these entities differently to calculate Lehman's total risk exposure. Finally, it was recognized that for such an initiative to succeed it would have to be globally applied as Lehman and others of their ilk were global institutions transacting business across all states, provinces, countries and regions.

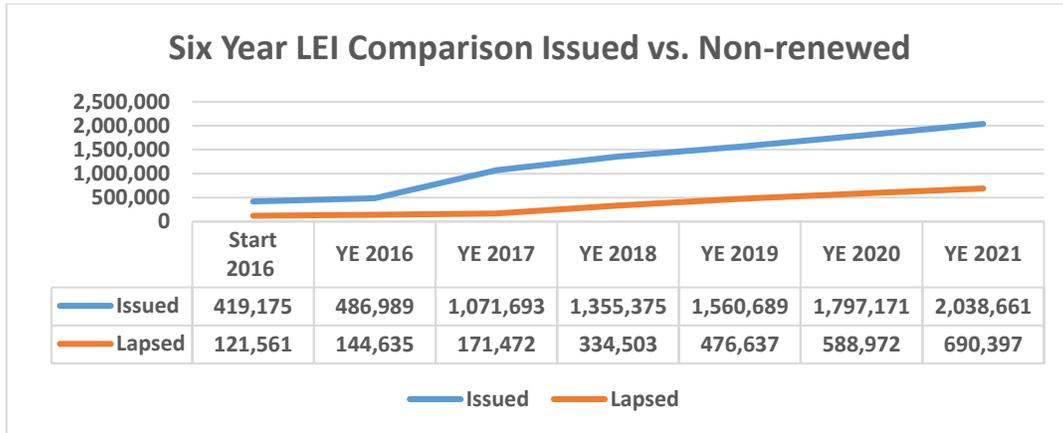
From 2008 through 2010 consultations were had between regulators, industry trade associations, individual financial institutions, academics and recognized data management and risk management experts. The first set of regulations ushering in the new awareness of data standards as a means to managing risk was taken up in the US. A series of consultation papers sponsored by the CFTC, SEC, and the newly established Office of Financial Research was issued and responded to during 2010. In parallel, global institutions, the G20 and its Financial Stability Board issued consultations on a vast array of new data standards, including the LEI. Thereafter, the Global LEI Foundation and its supervisor, the Regulatory Oversight Committee (ROC), was organized and began its organizational and implementation activities.

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. This Research Note summarizes progress of LEI issuance and its corresponding Relationship Data initiative based on [GLEIF's Jan 7, 2022 Global LEI Data Quality Report](#) and FIG's historical LEI database.

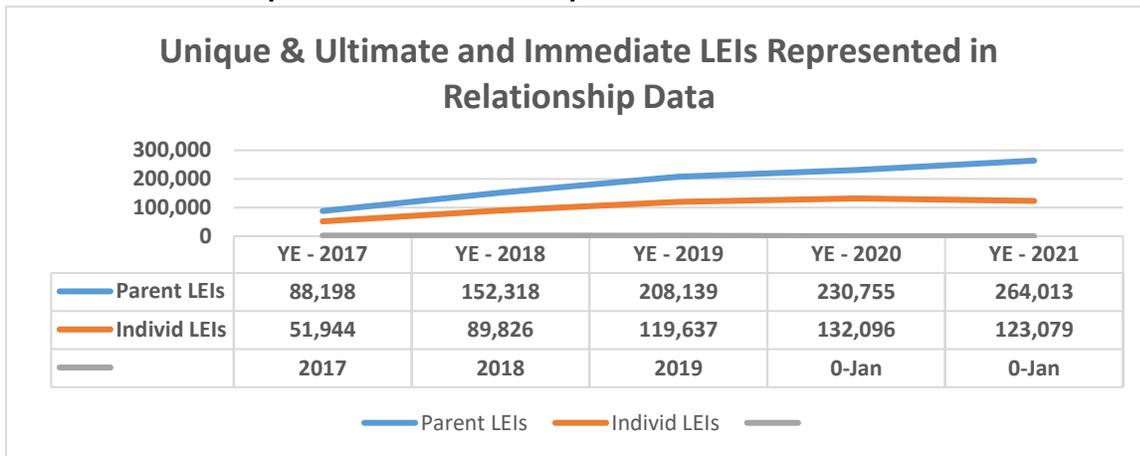
This past year, 2021, was a breakthrough year for the LEI initiative with 2 million LEIs registered at year end (2,038,661). That milestone followed the nearly doubling of LEI issuance in the first two years of the GLEIF's implementation efforts, reaching 1 million at the end of 2017 (1,071,693) and, again doubling, after four more years. In this same six-year period the non-renewed (Lapsed) LEI population increased nearly fivefold, from 121,561 to 690,397. Non-renewed LEIs remain stubbornly fixed at about one-third of all issued LEIs (33.9%) from its 2016 starting mark at 29.0%.

Relationship data tripled in the 2017 to 2021 period, from 88,198 to 264,013. This was represented by nearly 2 /12 times the number of unique LEI registrants that reported their ultimate and immediate parents, 123,079 in 2021 up from 51,944 in 2017. The balance of the remaining LEI registrants which were issued a LEI invoked an allowed exception to reporting of either one or both parents (3,468,286). Of those, 1,768,117 unique registrants either reported some exception or reported their parent's LEIs, which is categorized in GLEIF's reports as those registrants having provided 'complete' information. Further, an unknown number of companies who registered for a LEI, and whose parents are not required to have a LEI, are assigned a Provisional Node Identifier for their parent(s) and are required to provide reference data to the extent known. This data has been kept private, known to the GLEIF but not to the public. At the time this procedure was established (in 2016) it was anticipated that some further use of this data would be decided. However, no public announcement nor consultation has been forthcoming to date.

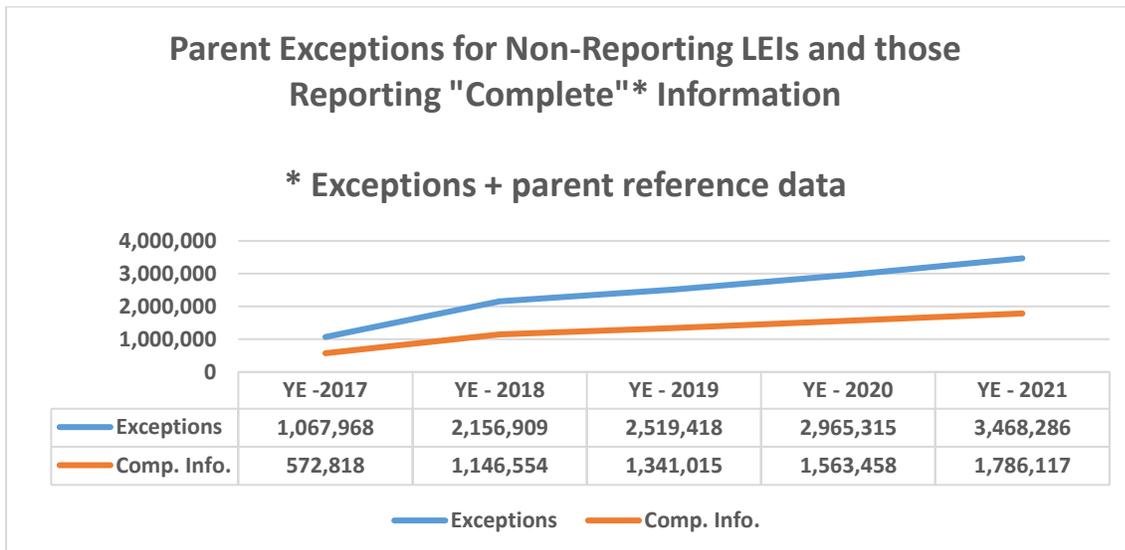
Historical Data Comparisons of Issued and non- Renewed LEIs



Historical Data Comparisons of Relationship Data



Historical Data Comparisons of Exceptions to Relationship Data



Aggregate 2016 – 2021 Comparative Data

LEI Issuance & Non-renewed (Lapsed) LEIs	Year - Year 2016-2021					
	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end	2020 Year-end	2021 Year-end
Total LEIs issued at Yr/Mo-end	481,522	975,741	1,337,925	1,542,037	1,777,458	2,038,661
Total Active LEIs at Yr/Mo-end						1,954,190
Total Non-renewed (Lapsed) LEIs issued at Year/Month-end	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%
No Non-renewed rate – active LEIs						35.3%
Newly Issued	4,976	40,237	29,987	16,652	19,364	30,777
Non-renewed (Lapsed) LEIs	6,300	7,134	16,422	19,802	18,778	n/a
Net LEI Increase/Decrease	-1,324	33,103	13,565	-3,150	586	n/a
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

Monthly 2021 Comparative Data

LEI Issuance & Non-renewed (Lapsed) LEIs	Monthly Q1 2021			Monthly Q2 2021			Monthly Q3 2021			Monthly Q4 2021			Current Month
	Jan 2021 Mo-end	Feb 2021 Mo-end	Mar 2021 Mo-end	Apr 2021 Mo-end	May 2021 Mo-end	Jun 2021 Mo-end	JUL 2021 Mo-end	Aug 2021 Mo-end	Sep 2021 Mo-end	Oct 2021 Mo-end	Nov 2021 Mo-end	Dec 2021 Mo-end	
Total LEIs issued at Yr/Mo-end	1,797,171	1,817,082	1,839,494	1,858,136	1,876,920	1,897,371	1,917,120	1,936,064	1,957,972	1,984,081	2,008,191	2,038,661	
Total Active LEIs at Yr/Mo-end							1,838,937	1,856,856	1,877,480	1,902,225	1,925,130	1,954,190	
Total Non-renewed (Lapsed) LEIs issued at Year/Month-end	588,972	590,265	600,952	607,065	613,400	619,579	625,679	634,079	641,656	654,465	671,991	690,397	
Non-renewed rate – issued LEIs	32.8%	32.5%	32.7%	32.7%	32.7%	32.7%	32.6%	32.8%	32.8%	33.0%	33.5%	33.9%	
Non-renewed rate – active LEIs							34.0%	34.0%	34.2%	34.4%	34.9%	35.3%	
Monthly Averages													
Newly Issued	19,485	19,491	22,166	18,470	18,596	20,540	19,649	19,044	21,908	26,309	23,803	30,777	
Non-renewed (Lapsed) LEIs	22,270	15,688	19,981	13,663	12,700	n/a							
Net LEI Increase/Decrease	-2,785	3,803	2,185	4,807	5,896	n/a							
Relationship Data													
Number of Immediate & Ultimate LEI Parent Records	232,516	234,116	236,715	236,144	238,593	243,133	247,503	250,598	253,604	256,078	260,659	264,013	
Number of Unique LEIs Reporting both Parent Relationships	133,025	133,471	134,596	134,034	134,575	123,043	122,567	122,505	122,758	122,761	122,939	123,079	
Number of Immediate & Ultimate LEI Parent Exception Records	3,002,881	3,041,991	3,086,072	3,125,083	3,106,747	3,200,632	3,237,720	3,274,355	3,315,958	3,366,130	3,409,980	3,468,286	
Number of LEIs with Complete Parent Information	1,580,985	1,600,106	1,621,675	1,639,858	1,657,862	1,704,792	1,724,636	1,743,172	1,764,658	1,790,120	1,755,756	1,786,117	

GLEIF's Accomplishments

- Established an organization and a Board and hired staff and management
- Established pricing policies and planning eventually for a zero cost of an LEI
- Created, to date, a network of 39 Local Operating Units, 100 Registration Agents and 4 Validation Agents
- Defined and implemented a set of operating procedures and accreditation processes
- Created systems and networks to register and maintain LEIs and associated reference data
- Created updating and interface protocols between LOUs and GLEIF; and between registrants, their agents and GLEIF
- Established a standard coding system for identifying entity types
- Established a database of links to business entity registrars
- Established and maintains a comprehensive and extensive list of regulatory initiatives that require and/or recommending the LEI
- Published consultation papers to various regulatory agencies seeking input on numerous data management, risk management and data standards initiatives
- Installed matching services between the LEI and SWIFT's BIC codes and ANNA's ISIN numbers
- Initiated use of the LEI for digital certificates (the vLEI) and represented the LEI in semantic forms (XBRL and RDF protocols).
- Demonstrated the use of Distributed Ledger Technology for the LEI system as a new architecture

GLEIF's To-Do List

- Accomplish stated objective of registering 18 million more LEIs, from 2 million currently to 20 million LEIs by 2027.
- Improve renewal rates of LEIs, from current 66.1% of all registered LEIs
- Improve LOU's ability to validate approximately half of parent LEIs not now validated
- Set objective for completing parent LEI relationship data project
- Reconcile account consolidation rules for parent hierarchies with risk management hierarchies
- Implement legal entity events
- Implement fund family structures
- Implement government entity LEI registrations
- Resolve Provisional Node Identifiers
- Publish number of LEIs created by Validation Agents
- Publish number of LEIs created through the vLEI regime

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

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