



**The Global LEI Initiative:
Heading toward the finish line – but without complete relationship data
June 2021**

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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LEI Statistics Summary

The Global Legal Entity Identification Foundation (GLEIF) has been reporting registration statistics on the Legal Entity Identifier (LEI) since January, 2016 and LEI Relationship data since May, 2017. This Research Note on annual, month-end and year-to-date LEI issuance is based on [GLEIF's June 8, 2021 Global LEI Data Quality Report](#) and FIG's historical LEI database.

Registered LEIs this month reached 1.876 million vs last month's 1.858 million. Newly issued LEIs this month was 18,596 vs. last month's 18,470, again somewhat below the monthly average of last year of 19,364. This month's non-renewal (lapsed) LEIs were 12,700 somewhat lower, than last month's 13,663 and significantly lower than last year's monthly average of 18,778.

An overall lapsed rate comparing total non-renewed LEIs to total issued LEIs remained for the third month at 32.7%, approximately the same ratio over the prior year and first five months of this year. Additionally, for four months now the number of newly issued LEIs has exceeded non-renewed LEIs. This past month's 5,896 net positive LEIs were the third highest since 2016. If this becomes a persistent trend it should be reflected in a declining overall non-renewal rate, a rate that has stubbornly persisted at one-third of all issued LEIs for the third year in a row. If the non-renewal rate does not decline over time, whether by voluntary efforts or regulatory compulsion, a large portion of registrants will be subsidized by the remaining compliant registrants...not a good outcome.

Relationship data that records permitted exceptions of opting-out of identifying a LEI for either or both parents presented an anomaly in declining this month after following past patterns of consistently growing at approximately twice the number of monthly newly issued LEIs. There was a total of 3,106,747 exceptions this month vs. last month's 3,125,083, a decline of 18,336.

The recording of unique LEIs reporting both parents presented an anomaly of having declined month-over-month in the prior two months after consistently increasing each month since reporting began in 2016. This anomaly has since corrected itself. This month it was 134,575 an increase of 541 over last month's 134,034 after a decline of 575 from the prior month's 134,596.

These anomalies may be a reporting or recording error or may reflect structural shifts in LEI registrants reclassifying their relationship data. We will be staying close and reporting on these changes in reporting relationship data as the year progresses. We hope these changes are a prelude to using the relationship data for risk management reporting purposes, the ultimate objective of the LEI initiative.

LEI Statistics Comparisons

LEI Issuance & Non-renewed (Lapsed) LEIs	Year - Year 2016-2020					Monthly Q 4 2020			Monthly Q1 2021			Prior Month	Current Month
	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end	2020 Year-end	Oct 2020 Mo-end	Nov 2020 Mo-end	Dec 2020 Mo-end	Jan 2021 Mo-end	Feb 2021 Mo-end	Mar 2021 Mo-end	Apr 2021 Mo-end	May 2021 Mo-end
Total LEIs issued at Year/Month-end	481,522	975,741	1,337,925	1,542,037	1,777,458	1,735,040	1,756,978	1,777,458	1,797,171	1,817,082	1,839,494	1,858,136	1,876,920
Total Non-renewed (Lapsed) LEIs issued at Year/Month-end	139,461	169,778	313,915	459,436	585,029	546,546	564,253	585,029	588,972	590,265	600,952	607,065	613,400
Non-renewed (Lapsed) rate	29.0%	17.4%	23.5%	29.8%	32.9%	31.5%	32.1%	32.9%	32.8%	32.5%	32.7%	32.7%	32.7%
	Monthly Averages												
Newly Issued	4,976	40,237	29,987	16,652	19,364	18,109	21,676	20,448	19,485	19,491	22,166	18,470	18,596
Non-renewed (Lapsed) LEIs	6,300	7,134	16,422	19,802	18,778	20,499	25,228	26,782	22,270	15,688	19,981	13,663	12,700
Net LEI Increase/Decrease	-1,324	33,103	13,565	-3,150	586	-2,390	-3,552	6,344	-2,785	3,803	2,185	4,807	5,896
Relationship Data													
Number of Immediate & Ultimate LEI Parent Records	n/a	88,198	152,318	208,139	230,755	225,173	227,462	230,755	232,516	234,116	236,715	236,144	238,593
Number of Unique LEIs Reporting both Parent Relationships	n/a	51,944	89,826	119,637	132,096	128,878	130,164	132,096	133,025	133,471	134,596	134,034	134,575
Number of Immediate & Ultimate LEI Parent Exception Records	n/a	1,067,968	2,156,909	2,519,418	2,965,315	2,886,841	2,927,493	2,965,315	3,002,881	3,041,991	3,086,072	3,125,083	3,106,747
Number of LEIs with Complete Parent Information	n/a	572,818	1,146,554	1,341,015	1,563,458	1,524,235	1,544,567	1,563,458	1,580,985	1,600,106	1,621,675	1,639,858	1,657,862

Text of Financial Transparency Act as reintroduced in 117th US Congress is still not published

The current 117th Congress has introduced [H.R.2989](#) – A reintroduction of the Financial Transparency Act (FTA) first introduced during the past 116th Congress.

The text of the reintroduced legislation has still not been published but in the published text of the earlier Financial Transparency Act (H.R.4476 - Financial Transparency Act of 2019) called for “a common nonproprietary legal entity identifier” but made no reference to GLEIF’s LEI.

The LEI is such a legal entity identifier sponsored by the G20, its Financial Stability Board and regulators around the world. This omission, hopefully not repeated in the reintroduction of the legislation, is in stark contrast to the Chinese, Indian and European Union’s (EU’s) legislative language that mandates a LEI exclusively as the legal entity identifier across all its directives for regulatory reporting.

A lobbying campaign/letter writing effort by US financial trade associations, those same entities that pushed for the LEI at its initiation, should be taken up immediately before final text is drafted of the reintroduced Financial Transparency Act.

GLEIF's and ROC's plates are full

In this year and the next GLEIF will be implementing many important, even critical additions to the LEI operations and systems. Besides bringing on board the first Validation Agent, and hopefully more, the GLEIF will be implementing Legal Event processing; and modifying systems to bring on board a more complete set of collective investment funds and government legal entities.

The Regulatory Oversight Committee (ROC) will be expanding its mandate from exclusively overseeing the GLEIF's LEI activities on behalf of the Financial Stability Board, to the full set of mandated new global standards and the entities that will be implementing them.

In addition, the GLEIF has set an ambitious goal of registering 20 million LEIs by 2017 and initiating a digitally encrypted version of the LEI (the vLEI) for use beyond financial market participants.

A full plate for sure.

What strikes me as missing, however, is any focus on expanding relationship data to make it work for risk management.

For further Information



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