



**The Global LEI Initiative:
US Legislators last chance to catch up on EU's full LEI adoption
May 2021**

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LEI Statistics and Comparisons

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 May 7, 2021 Global LEI Data Quality Report](#) and FIG's historical LEI database.

Registered LEIs this month reached 1.858 million vs last month's 1.839 million. Newly issued LEIs this month was 18,470 vs. last month's 22,166, somewhat below the monthly average of last year of 19,364. This month's non-renewal (lapsed) LEIs were 13,663, significantly lower than last month's 19,981 and also 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 second month at 32.7%, a bit over the 32.5% of the prior month. For three months now the number of newly issued LEIs has exceeded non-renewed LEIs. If this becomes a persistent trend it should be reflected in a declining overall non-renewal rate, a rate that has stubbornly been staying in the 30% range for the third year in a row.

Relationship data is following past patterns: the recording of permitted exceptions to opt-out of identifying a LEI for either or both parents is consistently growing at approximately twice the number of monthly newly issued LEIs. The recording of unique LEIs reporting both parents showed a decrease of 565 LEIs from last month, an anomaly as this number has been consistently been increasing each month. This may be a reporting or recording error or may belie a structural shift in LEIs registrants reclassifying their relationship data.

LEI Issuance & Non-renewed (Lapsed) LEIs	Year - Year 2016 - 2020					Monthly Q 4 2020			Monthly Q1 2021			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
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
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
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%
	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
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
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
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
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
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
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

Financial Transparency Act reintroduced in the 117th US Congress

The current 117th Congress has introduced H.R.2989 – A reintroduction of the Financial Transparency Act (FTA) first introduced during the past 116th Congress. It is intended:

“To amend securities, commodities, and banking laws to make the information reported to financial regulatory agencies electronically searchable, to further enable the development of RegTech and Artificial Intelligence applications, to put the United States on a path towards building a comprehensive Standard Business Reporting program to ultimately harmonize and reduce the private sector's regulatory compliance burden, while enhancing transparency and accountability, and for other purposes.”

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) it stated that its purpose was:

“to promulgate data standards, meaning a standard that specifies rules by which data is described and recorded, for the information reported to member agencies by financial entities...”

The language of the earlier FTA 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 European Union’s (EU’s) legislative language that mandates a LEI exclusively as the legal entity identifier across all its directives for regulatory reporting.

An example of EU vs. US’s implementation of the LEI mandate

Deutsche Bourse, the German exchange operator, threatened the high-profile crypto currency exchange Coinbase Global Inc to de-list its securities traded on its trading platform Xetra and on its Frankfurt stock exchange. Coinbase, in a very public display of cryptocurrencies mainstream emergence, had recently taken its company public on the US’s Nasdaq market where a LEI is not mandated. Coinbase had not obtained and provided a legal entity identifier to the Deutsche Bourse as prescribed in EU mandated legislation. Coinbase was required to provide a specific identifier, the LEI, and did so to avoid de-listing.

This is a further example of the EUs commitment to a ‘no LEI no trade’ mandate and EU financial institutions willingness to carry out that mandate (at least by Deutsche Bourse). It is a better way then fining financial institutions after the fact when they fail to get a LEI or submit an incorrect or untimely update to the LEI’s reference data as has been done in the US.

The US must step up and finish the job

In the US, where the LEI was first championed by both the SEC and the CFTC, initially for derivatives, the LEI has failed to be enthusiastically and broadly endorsed by legislators while the EU has championed the LEI for the reporting of financial transactions of any financial instrument.

Having the LEI explicitly named in the Financial Transparency legislation is so important. It will give the various regulatory agencies the rationale to ask for more budget to implement the LEI. It will give operating executives at major financial institutions; at other financial market participants; and at data vendors and software companies the rationale to request capital expenditure budgets from their CEOs to implement the LEI.

The naming of the LEI in the legislation should be followed by a public consultation by the US Treasury as the Financial Stability Oversight Council sponsor of their financial regulatory agency members. This consultation should ask the question: What additional measures and modifications to existing LEI standards and process need to be taken by regulators and financial market participants to assure the success of the LEI in achieving its original objectives. Those objectives include improvements in regulators' ability to monitor risk in individual financial institutions and, globally, to monitor systemic risk; and to significantly reduce costs in individual financial institutions and in the market infrastructure entities interacting in the global financial system.

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 drafting of the reintroduced Financial Transparency Act.

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

For further Information



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