


Updating The Global LEI Initiative
November 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 November, 2020 Global LEI Data Quality Report** and FIG's historical LEI database. These LEI statistics follow immediately after our commentary below.

The nearly six (6) years of accumulated statistics shows registered LEIs at 1.735 million. The monthly averages of newly issued LEIs per month this year is 19,023 and the average monthly lapsed LEI rate is 17,332. At this rate it would take 80 - 160 years to reach GLEIF's estimates for global adoption of 20-40 million registered LEIs while the continuously climbing lapsed rate (now at 31.5%, having risen by .4% this month) will impact the reliability of the quality of the reference data.

In the **GLEIF's Global LEI System Business Report** for the third quarter of 2020 (issued Oct. 15, 2020), the percentage of fully corroborated Level 1 reference data within the entire LEI population increased slightly to 81.6% from 81.4% in the previous quarter, or said differently 18.4% was supplied entirely by the entity. This compares to Level 2 (relationship) data where the entity supplied reference data of the direct parent relationship is 60.4% and that of the ultimate parent relationship is 52.1%.

GLEIF has recorded 186 LEI regulations globally (121 require the LEI in reporting; the remaining 65 either only request, recommend or make it optional). Regulatory compulsion was once thought to be the answer to full global adoption. With the regulatory initiative of compelling LEI global adoption stalled and prospects for global adoption far off into the future a new **Validation Agent** role has been introduced by GLEIF to accelerate LEI registrations. This new entity is to evolve from a voluntary effort to pilot financial institutions willingness to validate their client's legal identity and associated reference data. It is then expected that these validated credentials will be introduced to a LOU for obtaining a LEI, to check for duplicates among all LOUs and then report this data to the Central Operating Unit run by the GLEIF.

The Validation Agent role has been introduced following consultation with GLEIF's Globally Important Financial Institutions (GIFI) Relationship Group, which comprises representatives of large banks, global asset management firms, insurance companies, and other financial institutions (FIs). Many of these GIFI Relationship Group members 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 is the main objective for the LEI initiative among regulators.

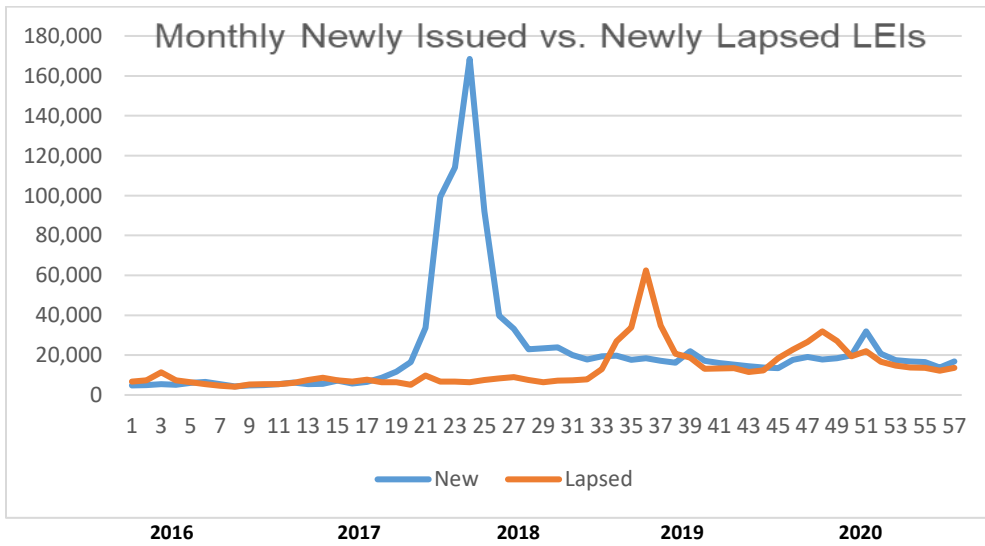
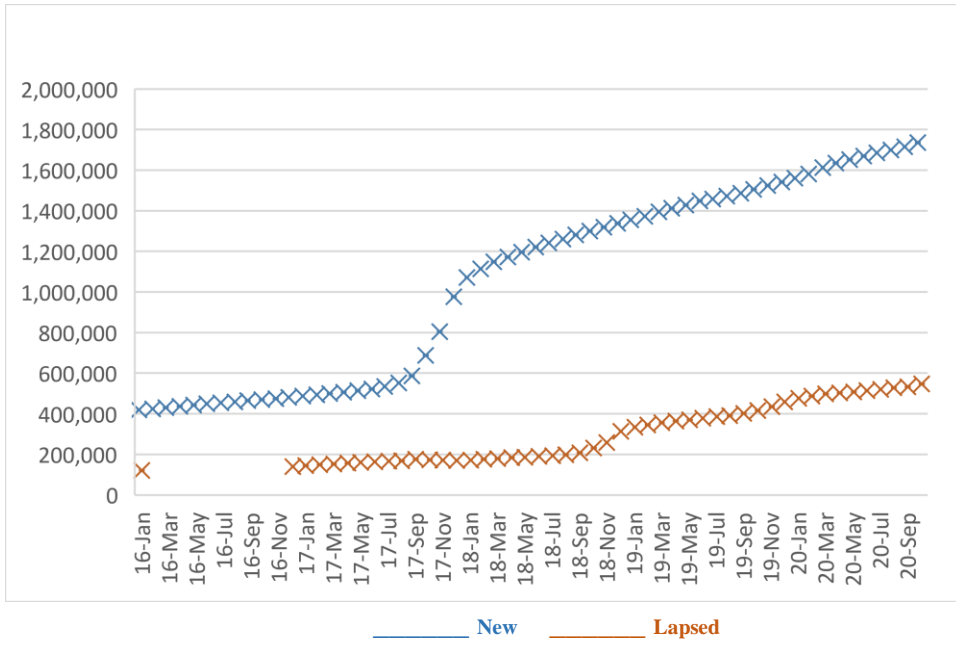
To this observer it would be reasonable to add a requirement to being approved by the GLEIF as a credentialed Validation Agent to have all the Validation Agent's LEIs recorded with renewed reference data and complete relationship data. This requirement would be of great importance to regulators who would then benefit from the ability to aggregate financial transactions of these large financial institutions, especially G-SIFIs. Such expectations for the LEI were part of the global principles for effective risk data aggregation and risk reporting framework for G-SIFIs laid out by the Basel Committee on Banking Supervision in 2013 commonly referred to as **BCBS 239** and still unattained according to the latest updated **progress report of the implementation of the BCBS 239 principles** reported on as of April 2020. Data aggregation remains a key to effective risk analysis and the LEI is an essential pillar of such aggregation.

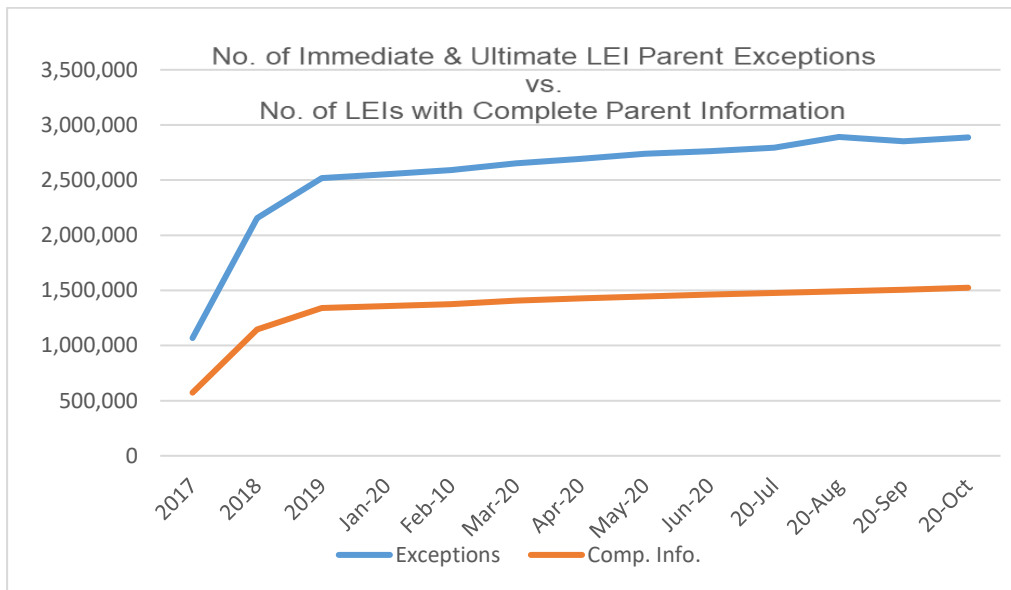
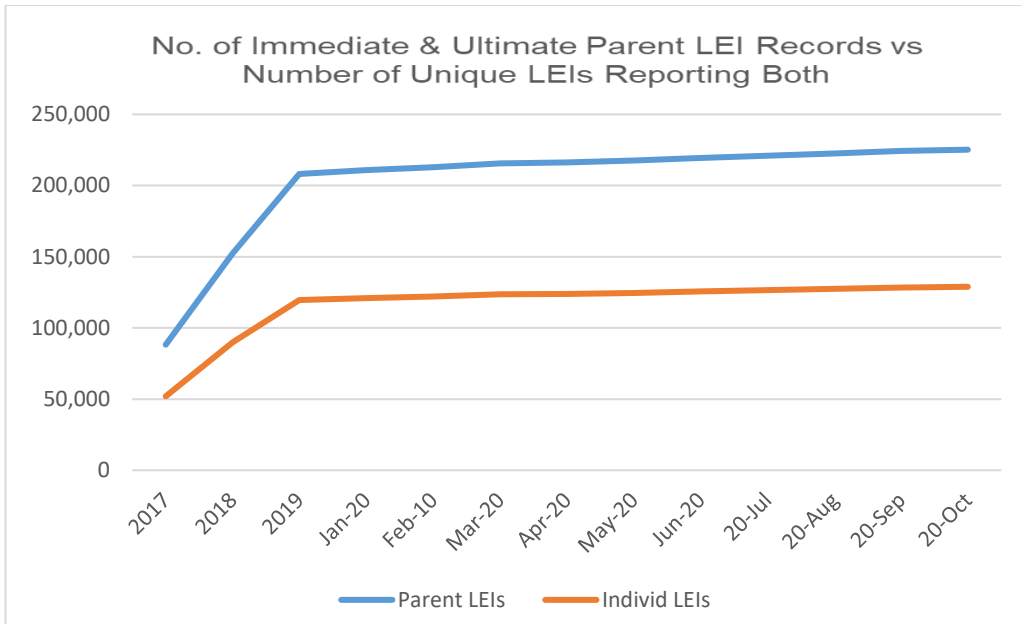
LEI Issuance and Lapsed LEIs – Year-to-Year Comparison	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end
Total LEIs issued at Year-end	481,522	975,741	1,337,925	1,542,037
Total Lapsed LEIs issued at Year-end	139,461	169,778	313,915	459,436
Lapsed rate	29.0%	17.4%	23.5%	29.8%
Year-to-Year Monthly 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
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
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
Lapsed rate	30.5%	30.8%	30.9%	30.8%	30.7%	30.8%	30.9%	31.0%	31.0%	31.5%
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
Lapsed	27,045	19,365	21,996	16,636	14,746	13,752	13,584	12,099	13,598	20,499
Net LEI Increase/decrease	-8,598	499	9,843	4,019	2,637	3,046	2,927	1,701	3,234	-2,390

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
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
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
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
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

Total LEIs Issued vs. Lapsed LEIs





For further Information Contact



Allan D. Grody
 Financial InterGroup - USA
 New York, New York USA
 Tele. +1 917 414 3608
 Email agrody@financialintergroup.com

www.financialintergroup.com
 Copyright © 2020 Financial InterGroup.
 All rights reserved