

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

Commentary

This past month saw some profoundly significant announcements from the Financial Stability Board (FSB) and GLEIF, the former related to its stewardship of the global financial data standards initiatives overall and the later the implementation of the global LEI initiative.

The FSB confirmed their recommendation to have the LEI's Regulatory Oversight Committee (ROC) oversee the governance of not only the LEI, but all newly established data **standards associated with the OTC derivatives markets**. These include the Unique Product Identifier (UPI), the Unique Transaction Identifier (UTI), and the Critical Data Elements (CDE) that capture the defining data elements that uniquely describe an OTC financial transaction. Combined with the LEI, with the LEIs hierarchy of sub-entity ownership, and the International Securities Identification Number (ISIN) embedded in these financial transactions it offers aggregators of these transactions the ability to understand legal entities' trading activity, exposures and interconnectedness.

Globally harmonized identifiers and data elements can help authorities obtain a comprehensive global view of the OTC derivatives markets. The ROC, which is already the governance body of the Global LEI System, will also have oversight of the **UPI service provider designated by the FSB, The Derivatives Service Bureau (DSB)** which issues ISINs for OTC derivatives. The DSB was founded by the Association of National Numbering Agencies (ANNA) to facilitate the allocation and maintenance of ISINs, Classification of Financial Instrument codes (CFIs) and Financial Instrument Short Names (FISNs), for OTC derivatives. It is the first numbering agency designed to operate on a global basis, to operate in real-time and to standardize identities of derivative contracts.

The FSB also announced the results of a second year of roundtable discussions on external audits held to promote financial stability. The objective of these Roundtables was to engage in dialogue regarding ways to promote international financial stability by enhancing public confidence in auditors and the quality of audits. In the earlier year Roundtable, the emphasis was especially focused on the quality of audits of systemically important financial institutions (SIFIs).

At this same time the **GLEIF announced a new Validation Agent role for Financial Institutions**. The GLEIF is seeking participants in a pilot to test FIs willingness to act as an agent of their clients to validate onboarding documentation as a substitute for Local Operating Units (LOUs) duplicating these same activities. 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).

The initial focus will be on enticing these large FI's to become Validation Agents, although any FI that serves legal entity clients may apply. Validation Agent functions are described by the GLEIF as: validating legal name and authorized signature; confirming business registry information; validating headquarters, legal and branch address(es); and confirming direct and ultimate parents. The LOU would be responsible for conducting LEI duplication checks, issuing LEI codes, overseeing LEI challenges, and maintaining and uploading LEI records daily to GLEIF.

Summary of LEI Statistics

The five + years of accumulated statistics presented in the charts and tables that follows show data that is grown to around 1.7 million registered LEIs (this month's year-to-date count is 1,715,820 vs. last month's 1,699,629 and the prior month's 1,685,721). The average new LEIs per month this year is 19,125 (this month it is 16,832 vs. last month's 13,800 and the previous month's 16,511). Also, a fairly stable non-renewal (lapsed) rate around historical highs of nearly 31% has been the norm this year (this and the past month it is 31.0 vs. the previous month's 30.9%).

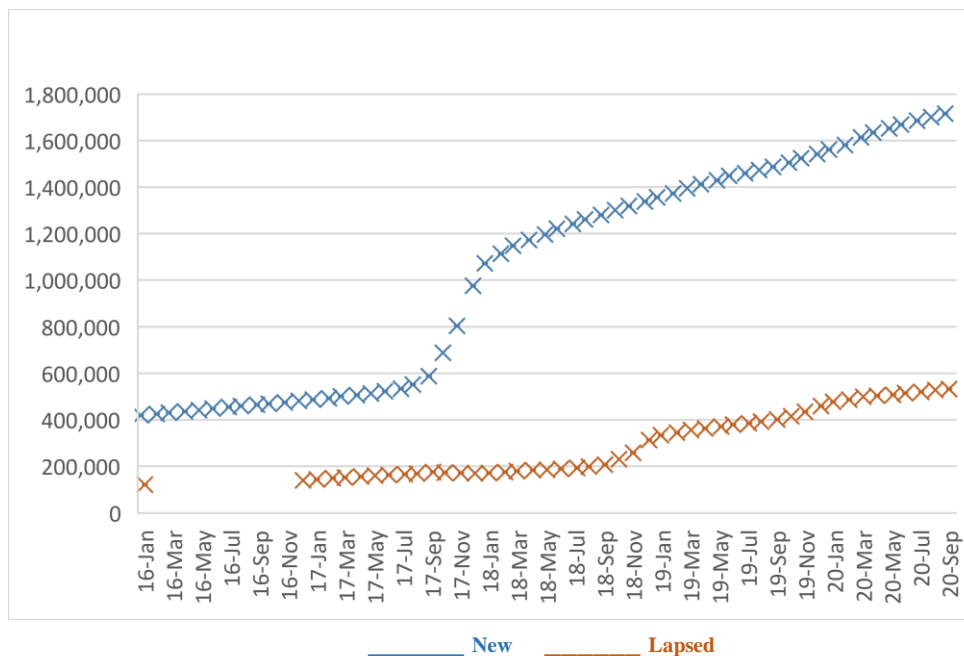
LEI registration for parent relationships (the sum of ultimate and immediate parent LEIs registered) increased, now at 224,222 vs. last month's 222,577 and the previous month's 221,011, representing a total of 128,312 individual LEIs vs. last month's 127,403 and the prior month's 126,554. Exceptions for not obtaining a LEI are stabilizing, although reaching another all-time high of 2,850,989 vs. last month's 2,819,191 and the prior month's 2,761,054. The reported number of LEIs with "Complete Parent Information" is 1,506,751 vs. last month's 1,490,407 and the prior month's 1,477,032. This number is the sum of all ultimate parent/intermediate parent LEIs and the number of opt-out exceptions for one or more ultimate and intermediate parents.

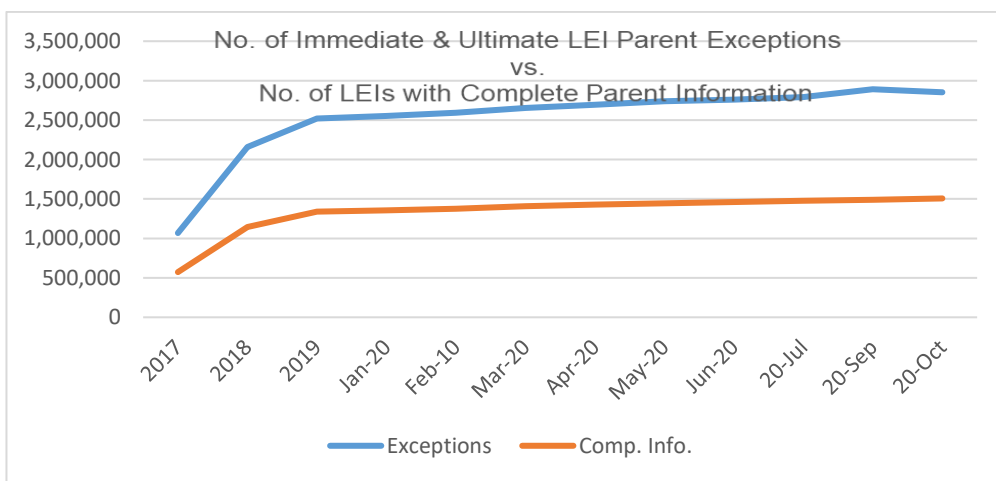
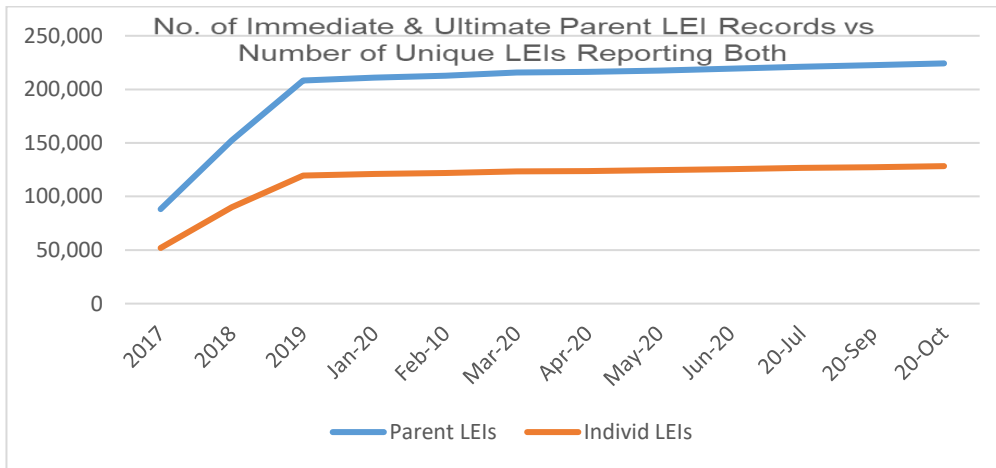
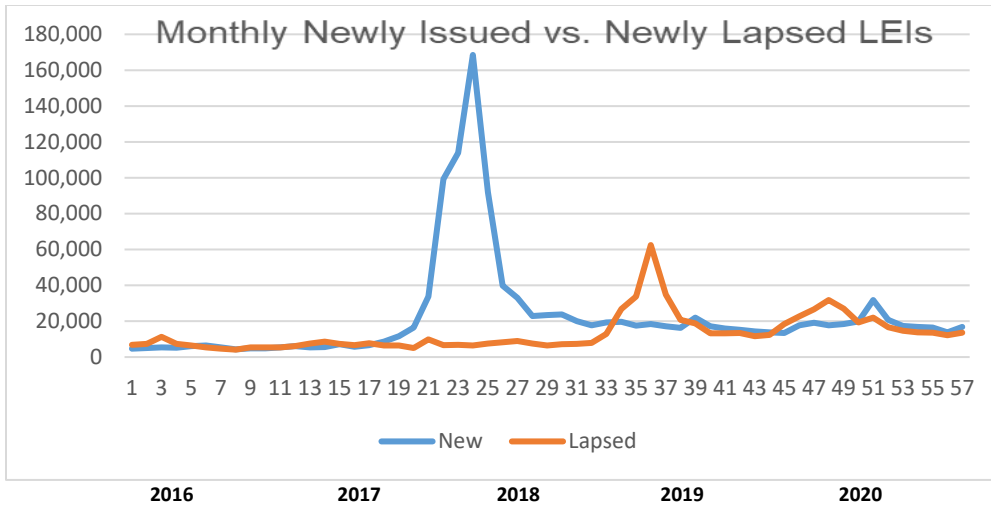
LEI Statistics in Charts and Graphs (For a more detailed comparison of these statistics see [Last Months Report on LEI Progress as reposted on FinRegAlert.](#))

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 – Sep 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
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
Total Lapsed LEIs issued at month-end	476,637	486,546	498,917	503,522	507,993	514,724	520,459	527,626	532,761
Lapsed rate	30.5%	30.8%	30.9%	30.8%	30.7%	30.8%	30.9%	31.0%	31.0%
Monthly Average Comparisons									
Newly Issued	18,447	19,864	31,839	20,655	17,383	16,798	16,511	13,800	16,832
Lapsed	27,045	19,365	21,996	16,636	14,746	13,752	13,584	12,099	13,598
Net LEI Increase/decrease	-8,598	499	9,843	4,019	2,637	3,046	2,927	1,701	3,234
January – Sep 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
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
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
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
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

Total LEIs Issued vs. Lapsed LEIs





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