

# Global LEI System Business Report

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**Q2 2017**

**GLEIF published its Q2 2017 report on LEI activity in July 2017. This quarter's summary highlights the changes in growth and renewal rates, competition in different countries and Level 2 data statistics.**

At the end of Q2 2017, there were approximately 503,000 active LEIs managed by 30 LEI issuers. These LEIs represent legal entities in 200 countries. There was some change in the composition of LEI issuers. Bloomberg Finance LP started to issue LEIs in Q2 2017 as an accredited LEI issuer. Bronnoysund Register Centre completed the transfer of its managed LEIs and has stopped operations. For the first time, LEIs have been issued in Suriname. The United States remained the top market, increasing its overall share by one percentage point compared to the previous quarter and comprising 26% of overall LEI issuance to date (see figure 2 on page 5 for active LEI trend by countries).

The five countries with the largest LEI volumes increased their collective share of LEIs by one percentage point, while the collective market share of the top ten countries remained the same as last quarter. The top five and top ten countries comprise 57% and 76% respectively of active LEIs in the Global LEI System.

Overall, the quarterly LEI growth rate increased from 3.7% to 4.4%, resulting in a one percentage point increase in the annualized growth rate of 14% in Europe and 19% in

the rest of the world, where it remained the same as last quarter. Approximately 4,000 more LEIs were issued in Q2 2017 than the total issuance in Q1 2017 (see figure 4 on page 6). Hong Kong ranked second in Q2 2017 whereas it ranked 20th in Q1 2017. Overall, the average quarterly growth rate of the top five countries increased from 10% to 13% in Q2 2017 (see figure 6 on page 6 for countries with the highest quarterly growth).

There is no change in the LEI population in Q2 2017 compared to the forecast. The GLEIF outlook for LEI activity remains the same for the remaining quarters in 2017 (see figure 5 on page 6).

The renewal ratio in the Netherlands increased by five percentage points while the renewal ratios of the other top five countries remained the same (see figure 9 on page 7). The average renewal ratio among countries is 66%<sup>1</sup>. This remained the same as in the previous quarter; the minimum renewal ratio of 35% was in Brazil and the maximum of 90% was in Japan (this latter figure representing a one percentage point increase compared to Q1 2017). GLEIF predicts the LEI system will achieve an overall renewal ratio of 73% by the end of the year. This will be driven by stronger messaging on the importance of renewals, delivered in collaboration with the LEI Regulatory Oversight Committee. The five countries with the highest non-renewal ratios remained the same as in the previous quarter.

The countries with high numbers of LEIs tend to be the least competitive (most concentrated) and vice versa. The concentration score<sup>2</sup> for each country is measured based on the share of the portfolio across LEI issuers operating within that country. North America has the most concentrated markets as opposed to Cyprus, Norway, Slovakia, Portugal or Ireland where LEI issuers have had a greater opportunity to introduce their services (see figures 12 and 13 on page 8). Cyprus is now identified as the least concentrated market in Q2 2017. It was not included in the first quarter report, as less than 1,000 active LEIs were registered in the country.

The percentage of fully corroborated LEIs is 89% as per the LEI-Common Data File (CDF) format version 1.0 (see figure 11 on page 7). The transition of data from LEI-CDF format version 1.0 to LEI-CDF format version 2.1 started since 1 May 2017. The preliminary analysis shows that the percentage of fully corroborated LEIs increased to 92% as per CDF 2.1. This is the result of changes introduced into the reporting format, specifically stronger requirements relating to the standardized code for the validation source.

<sup>1</sup> This includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date.

<sup>2</sup> The calculation of the concentration score is described in the Business Reporting Dictionary (Version 1.1) available on the GLEIF website page "Download Global LEI System Business Report"

## Level 2 statistics:

In May 2017, the process of enhancing the LEI data pool, by including 'Level 2' data to answer the question of 'who owns whom', began. This data allows the identification of the direct and ultimate parents of a legal entity and, vice versa, in order that the entities owned by individual companies can be researched.

The collection and validation of Level 2 data by the LEI issuing organizations for LEIs that existed prior to May 2017 takes place with the annual renewal of the LEI. It is expected that Level 2 data for the complete LEI population will be available in the course of the first half of 2018, i.e. towards the end of the one-year renewal cycle after the date when collection of Level 2 data started.

Level 2 data was collected for more than 14,000 LEIs that were newly issued and approximately 42,000 LEIs that were renewed in the last two months of Q2 2017. Of these records, the distribution of direct and ultimate parent reporting is very similar:

- Approximately 14% of legal entities reported parents having an LEI
- Approximately 33% of legal entities reported parents who do not have an LEI
- Approximately 50% of legal entities reported having no parent according to the definition used
- Approximately 3% of legal entities cited legal obstacles preventing them from providing or publishing parent information

The Level 2 report provides full details on reporting per direct and ultimate parent type.

Naturally, in countries where there are higher numbers of LEIs, there is a higher level of parent reporting. The United States comes top in the rankings, followed by Italy and Germany (see figure 1 on page 9).

The percentage of validation of parent relationships where the parents also have LEIs is 24%. Some parents have a very high number of relationships:

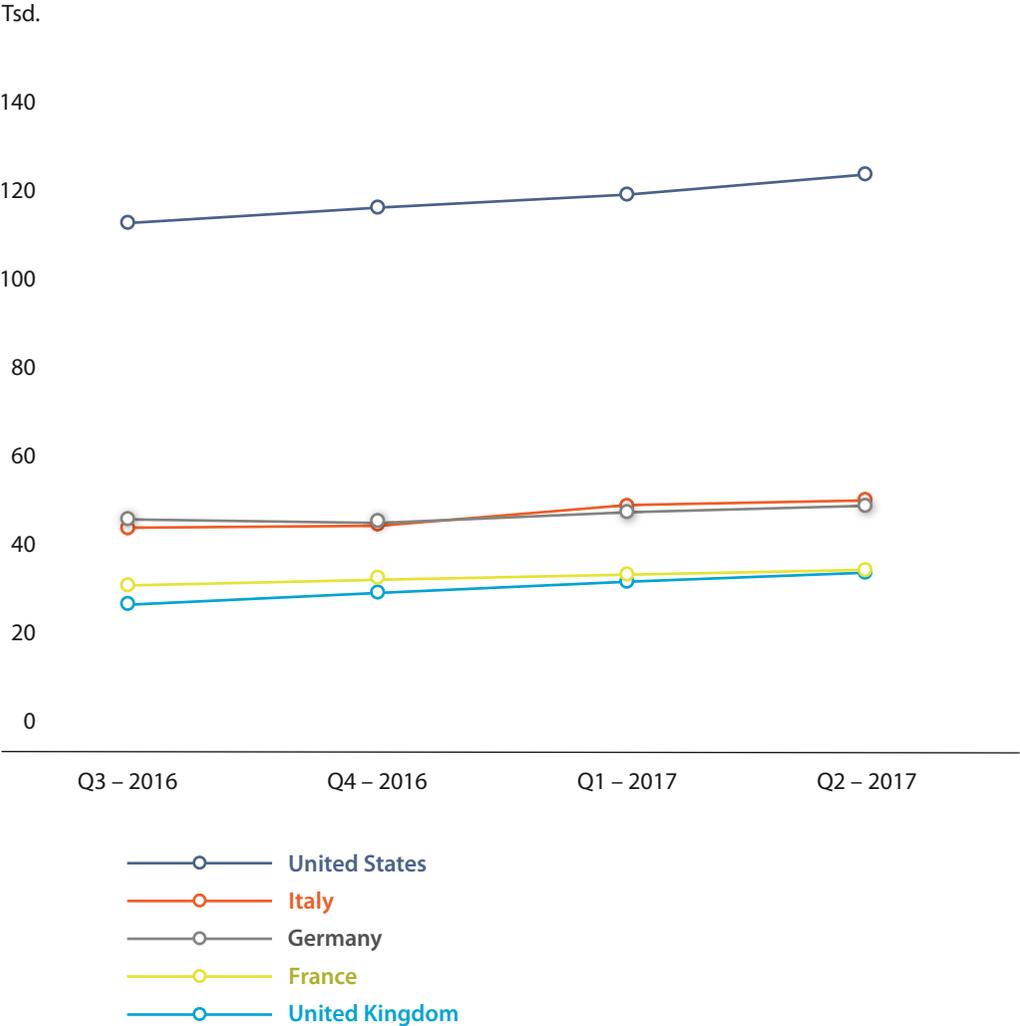
- 222 direct parent legal entities are associated with more than five child entities and the maximum number of child relationships per direct parent is 262
- 193 ultimate parent legal entities are associated with more than five child entities and the maximum number of child relationships per ultimate parent is 619

<sup>3</sup> Please see the GLEIF website for further detail on reporting exceptions:  
<https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format#>

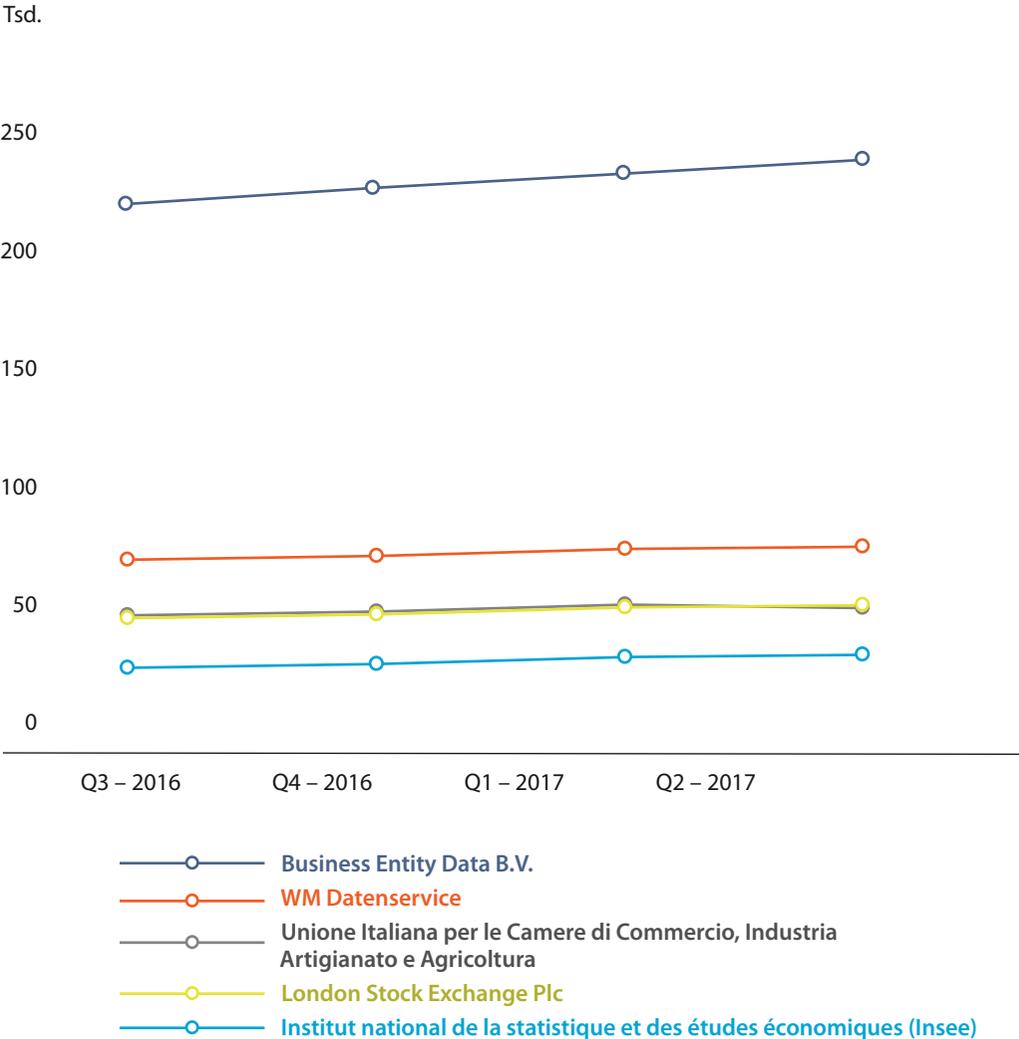


Active LEIs

Active LEI Trend-Top 5 Countries | Fig.-2

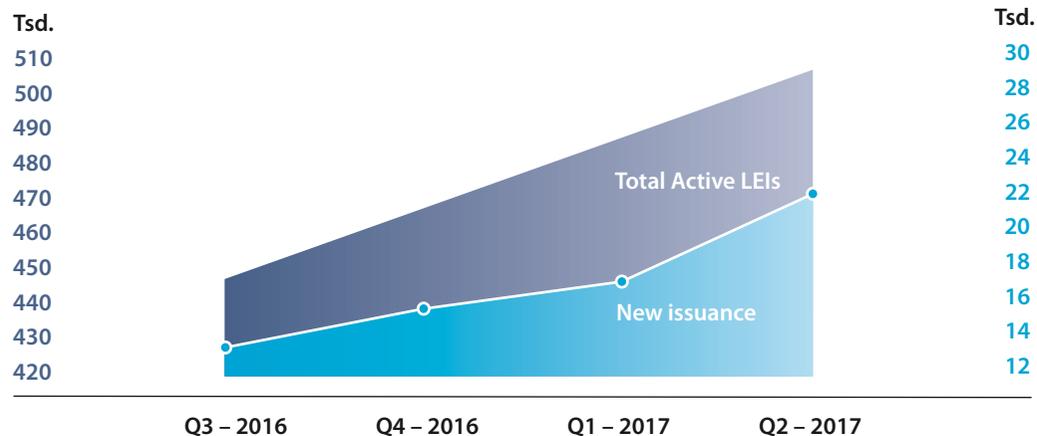


Active LEI Trend-Top 5 LEI issuers | Fig.-3



## Growth in Total Number of Active LEIs

New LEI Issuance | Fig.-4

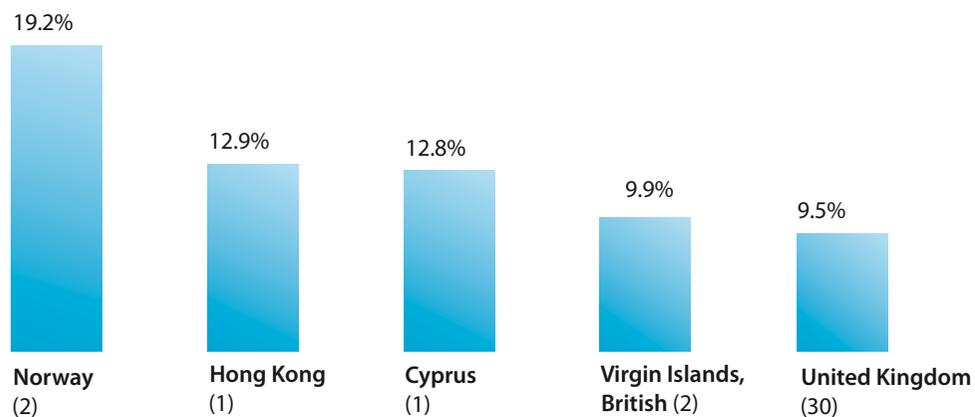


LEI Forecast | Fig.-5



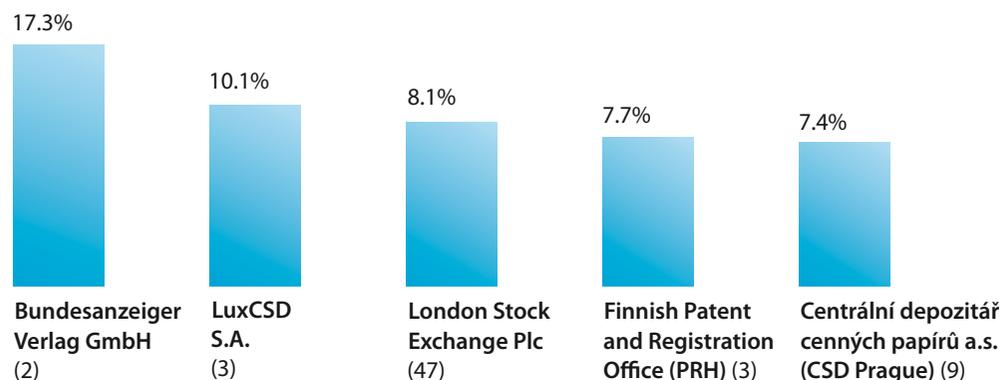
Forecast Q3 2017 onward considering 23% growth rate in Europe in preparation for the implementation of MiFIR/MiFID II which is scheduled for January 2018

Quarterly LEI Growth – Top 5 Countries | Fig.-6<sup>1</sup>



Growth rate of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

Quarterly LEI Growth – Top 5 LEI issuers | Fig.-7<sup>1</sup>

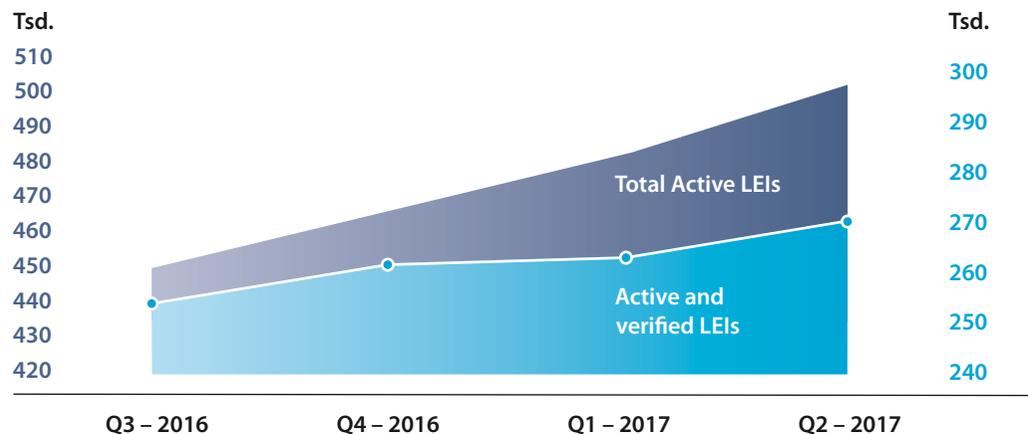


Growth rate of LEI issuers  
Total issuance in thousands at most recent quarter-end date in parenthesis

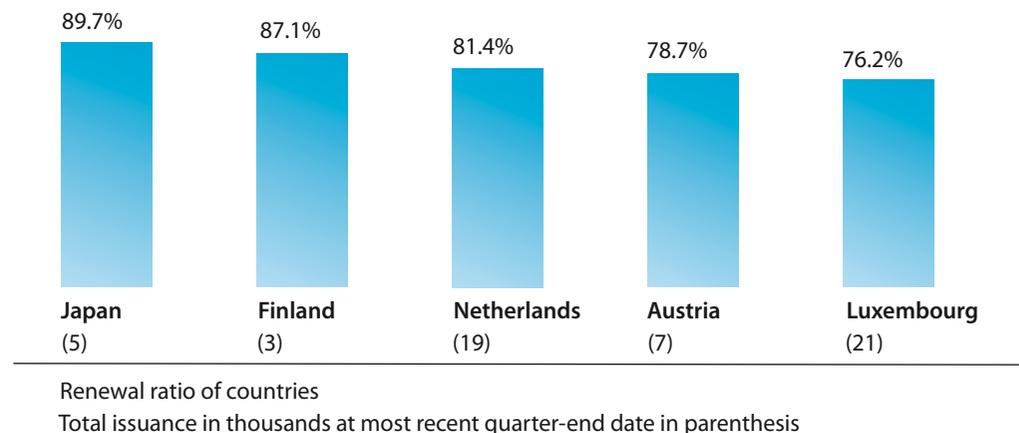
1. Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date

### LEI Renewal Activity

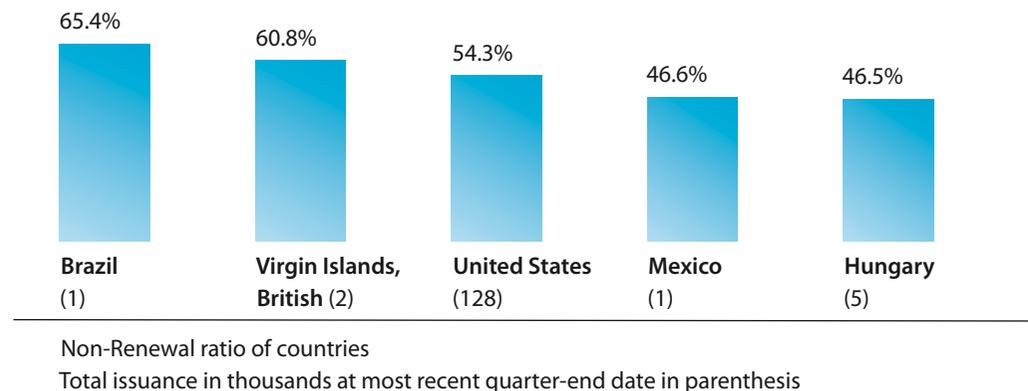
LEI Renewals | Fig.-8



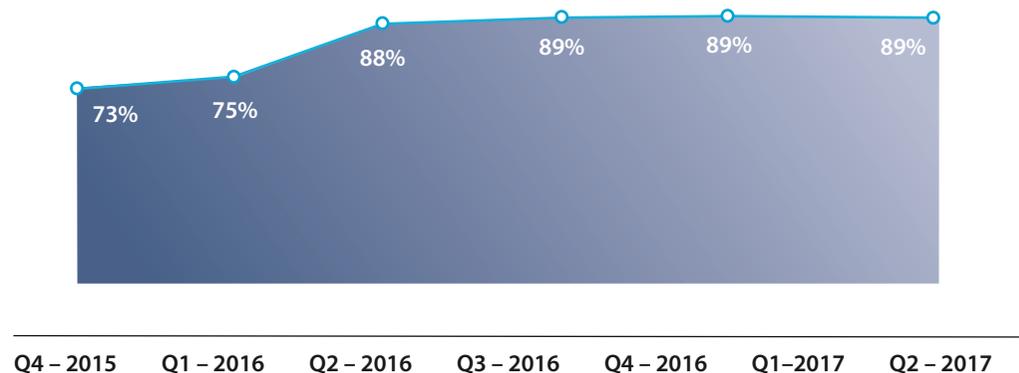
LEI Renewal – Top 5 Countries | Fig.-9<sup>1</sup>



LEI non-Renewal (Lapsed LEIs) – Top 5 Countries | Fig.-10<sup>1</sup>



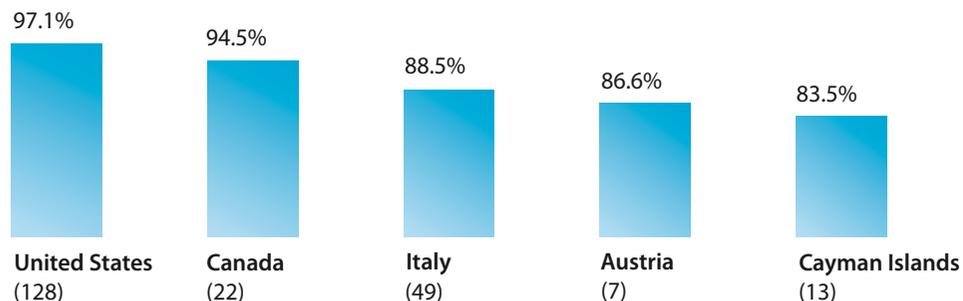
Percentage of Fully Corroborated LEIs | Fig.- 11



1. Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date

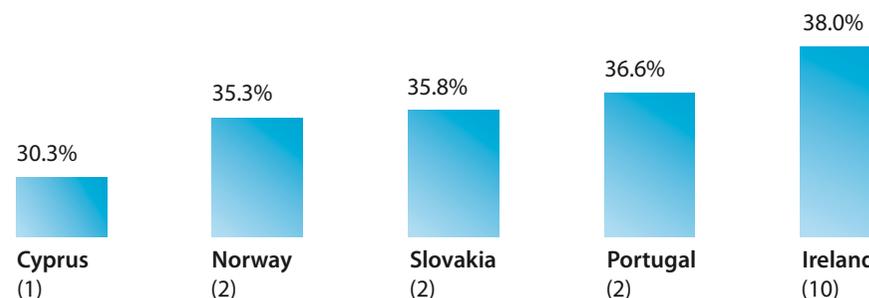
## Competition amongst LEI issuers

Least Competitive (Most Concentrated) Markets<sup>1</sup> | Fig.-12



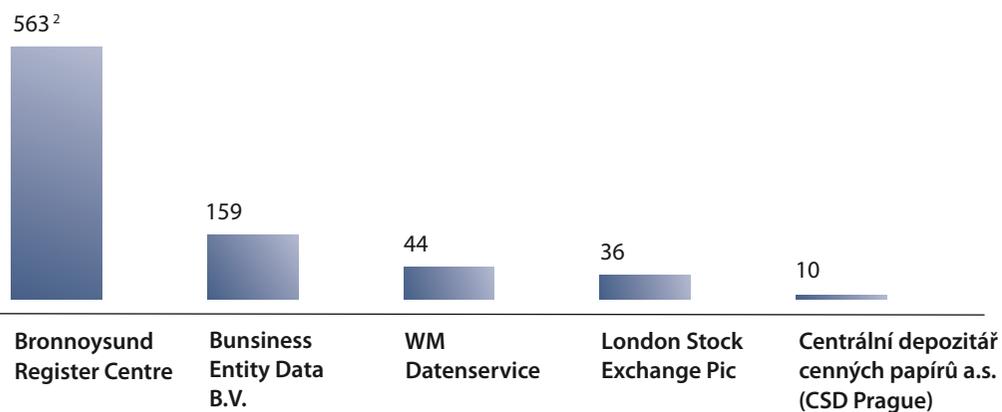
Concentration Score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

Most Competitive (Least Concentrated) Markets<sup>1</sup> | Fig.-13

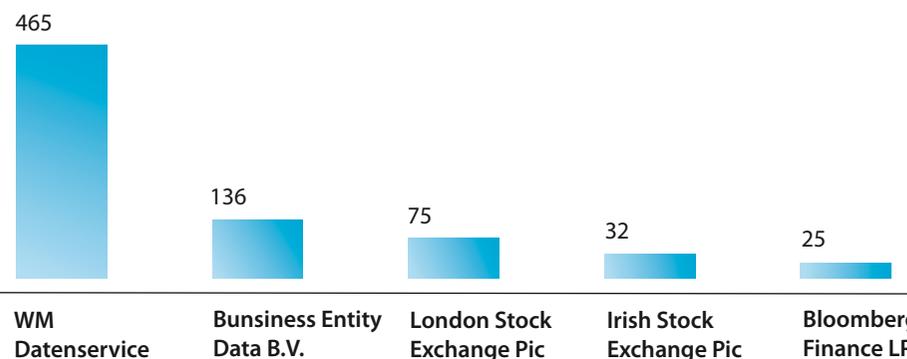


Concentration Score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

Transfers out of LEIs – Top 5 LEI issuers | Fig.-14



Transfers in of LEIs – Top 5 LEI issuers | Fig.-15

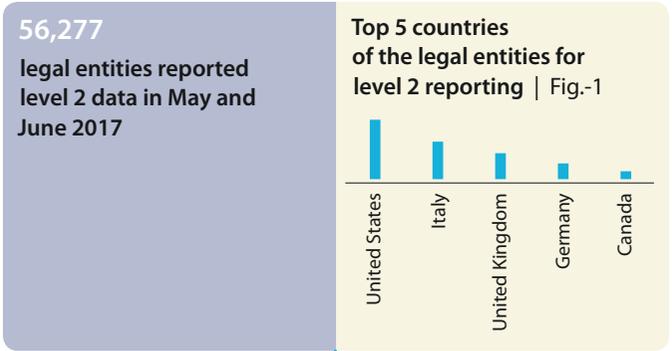


<sup>1</sup> Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date. The higher the percentage the more concentrated LEI management is with a single LEI issuer.

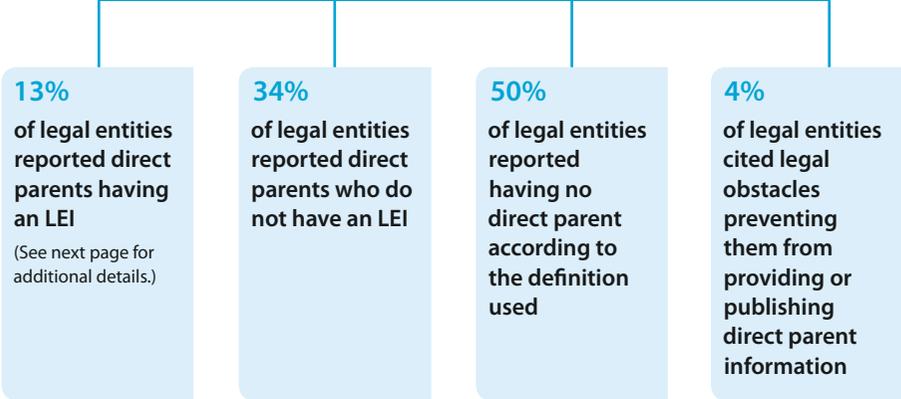
<sup>2</sup> In Q2 2017, Bronnoysund Register Centre completed the transfer of its managed LEIs and has stopped operations. Its remaining managed LEIs were transferred to WM Datenservice.

**Level 2 data report  
Q2 2017**

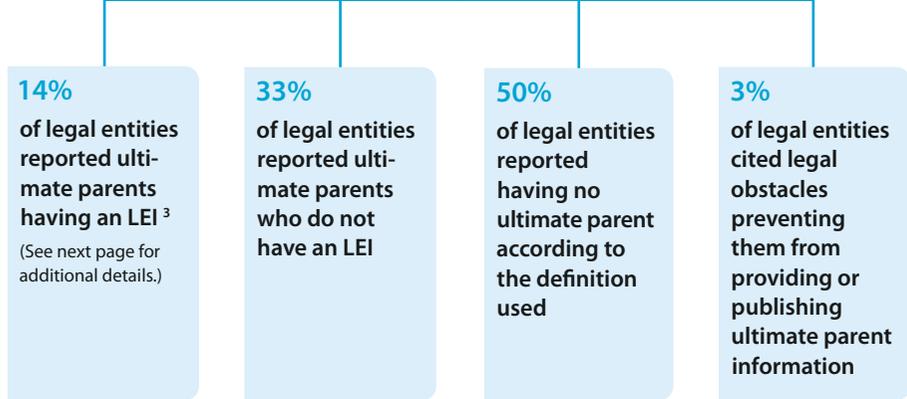
In May 2017, the process of enhancing the LEI data pool, by including ‘Level 2’ data to answer the question of ‘who owns whom’, began. The graphic below provides information on direct and ultimate parent data collected in May and June 2017.



Each legal entity reports information on its direct parent <sup>1</sup>:



Each legal entity reports information on its ultimate parent <sup>2</sup>:

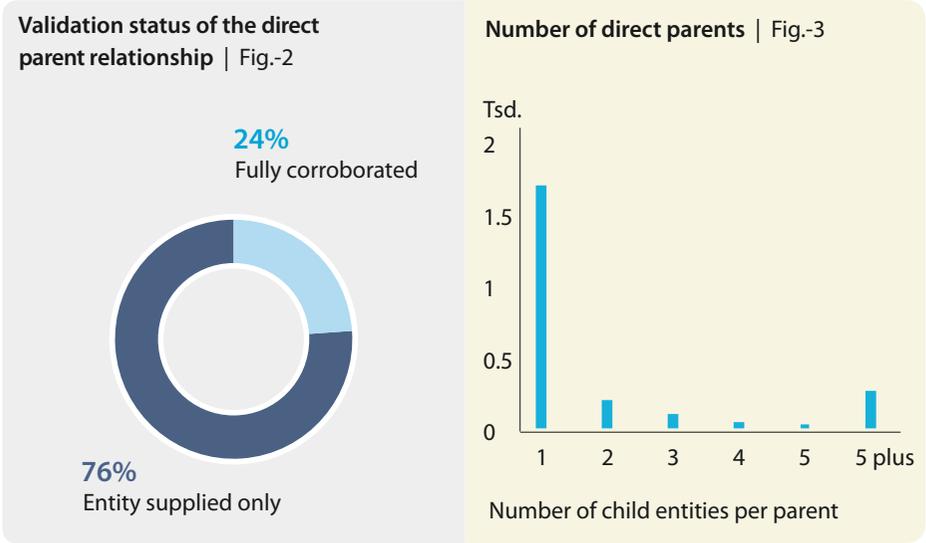


<sup>1</sup> 99.5% legal entities reported direct parent  
<sup>2</sup> 99.8% legal entities reported ultimate parent  
<sup>3</sup> The definitions of ultimate and direct parent are based on percentage share of accounting consolidation as per LEI Regulatory Oversight Committee prescription.  
 Related link <https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format>

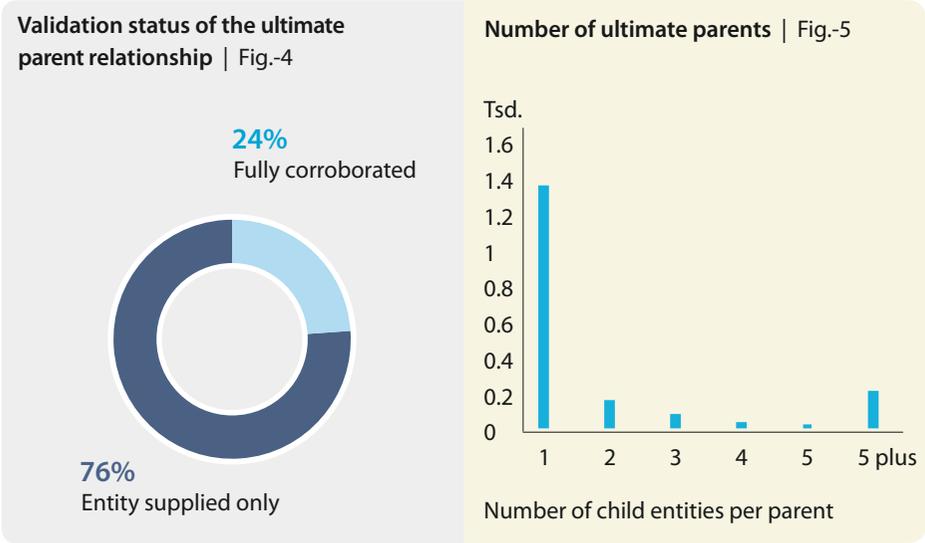
**Level 2 data report**  
**Q2 2017**

Identification of the direct and ultimate parents of a legal entity with an LEI allows users to research entities owned by individual companies. It provides a better understanding of the entity from which a company or individual is buying goods or services or in which it is investing. The following charts provide additional information on relationships where the direct or ultimate parents are identified by an LEI.

Additional information on direct parents having an LEI



Additional information on ultimate parents having an LEI



DISCLAIMER: All figures of this Global LEI System Business Report are derived from the Global Legal Entity Identifier Foundation (GLEIF)'s LEI-Common Data File (CDF) format version 1.0, LEI-CDF format version 2.1, Relationship Record (RR) CDF format version 1.1 and Reporting Exceptions format version 1.1 excluding LEIs with registration statuses DUPLICATE, ANNULLED, MERGED and RETIRED. While every care has been taken in the compilation of this information, GLEIF will not be held responsible for any loss, damage or inconvenience caused because of inaccuracy or error within the Global LEI System Business Report. The text and graphic content of the Global LEI System Business Report may be used, printed and distributed ONLY with the copyright information displayed (© Copyright Global Legal Entity Identifier Foundation (GLEIF)).