

# Global LEI System Business Report

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**Q3 2017**

## State of play of LEI issuance and LEI growth potential

In the third quarter of 2017, the number of newly issued LEIs increased by 17.3 percent in European Union (EU) countries and 12.7 percent globally to a total of 565,700 active LEIs. This represents the biggest increase in LEI issuance in a single quarter since first quarter 2014. Growth is particularly high in several EU countries led by the UK and Germany. We attribute the high rate of newly issued LEIs primarily to impacted market participants seeking to achieve compliance with the forthcoming revised EU Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). Failure to obtain an LEI (by the firm or its client) by 3 January 2018 will prevent firms from being able to comply with the reporting requirements applicable in the EU. GLEIF reminds market participants that this will also apply to non-EU entities in many cases. Any impacted entity that has not yet obtained an LEI must act now. It cannot be guaranteed that LEIs will be issued in time for MiFID II/MiFIR to apply, if registration is delayed any further.

Outside Europe and dependencies of European countries, the highest growth rate was achieved in Hong Kong (19%).

## Competition in the Global LEI System

The quarterly report identifies the least and most competitive markets of those with more than 1,000 LEIs based on the number of LEI issuers providing services in the country. In the third quarter, competition decreased in the UK, Finland and the Netherlands. The leading LEI issuers located in these countries, which held a market share of about 75 percent in the previous quarter, further increased their market share. In several other countries however, LEI issuers currently ranking second to the issuer holding the highest LEI portfolio, increased market share.

## LEI renewal rates

The renewal rate in the EU remained stable at 69 percent. However, the renewal rate in non-EU countries decreased further to 49.8 percent<sup>1</sup> (previous quarter: 52.3 percent). With regard to the renewal rate in non-EU countries it has to be kept in mind that this is influenced strongly by the renewal rate in the U.S. LEIs issued to legal entities in the U.S. make up about two thirds of the non-EU LEI population. In the U.S., the renewal rate has dropped to an all-time low of 43 percent in the reporting period.

GLEIF reiterates that the Financial Stability Board, a key driver of the LEI initiative and founder of GLEIF, has stressed that LEI rollout should support “higher quality and accuracy of financial data overall”. The Global LEI System’s ability to meet this objective relies on the availability of trusted and open data that is regularly validated.

## Statistics on the reporting of parent information by legal entities

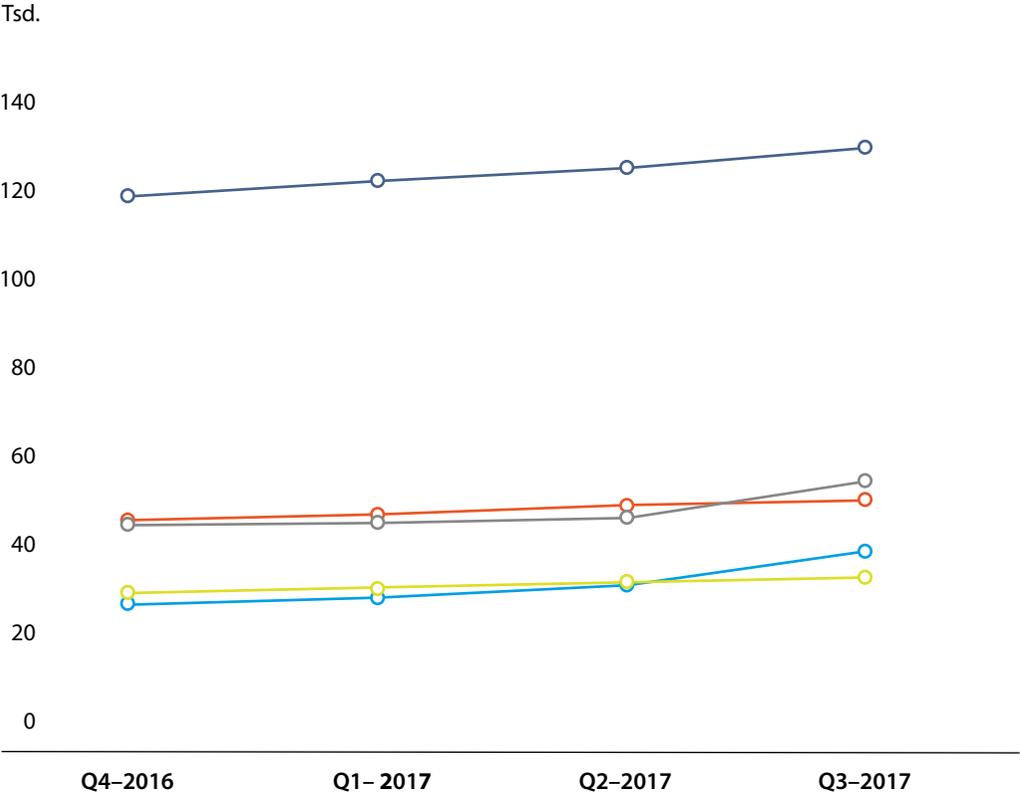
In May 2017, the process of enhancing the LEI data pool, by including ‘Level 2’ data to answer the question of ‘who owns whom’, began. By the end of the third quarter 2017, 147,000 LEI registrants representing 26 percent of the total LEI population reported information on direct and ultimate parents (previous quarter: 11 percent). 46 percent of the information on direct parents reported in the third quarter has been fully corroborated. It is expected that parent information for the entire LEI population will be available during 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.

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



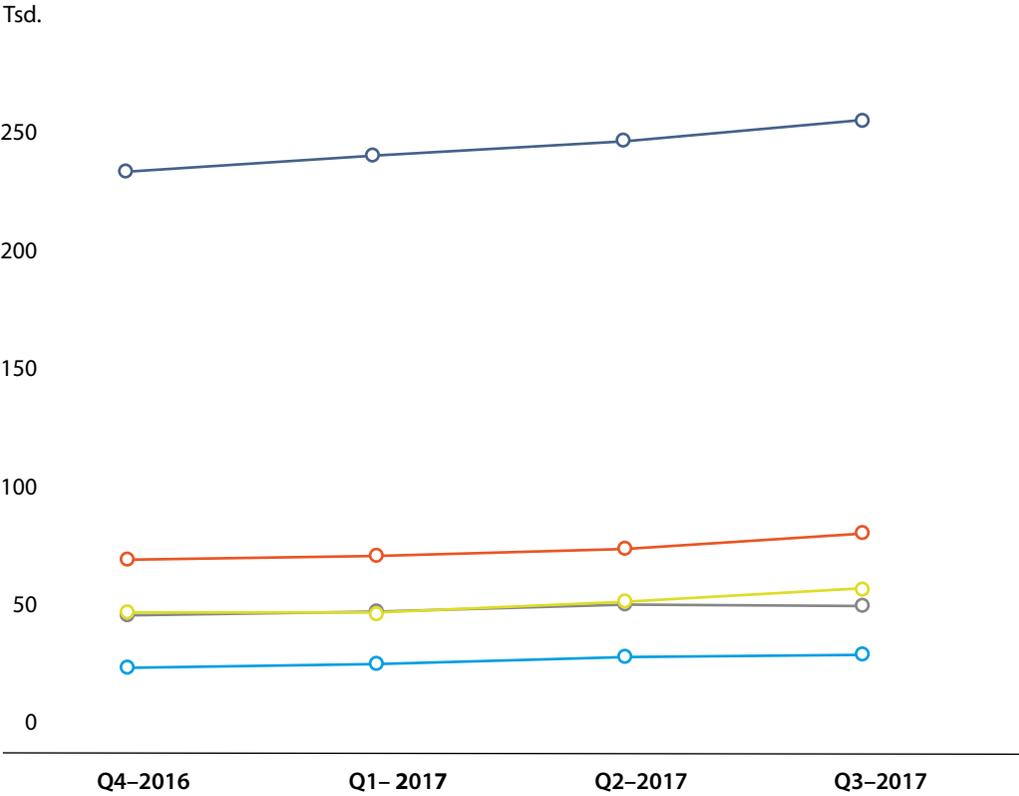
Active LEIs

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



- United States
- Germany
- Italy
- United Kingdom
- France

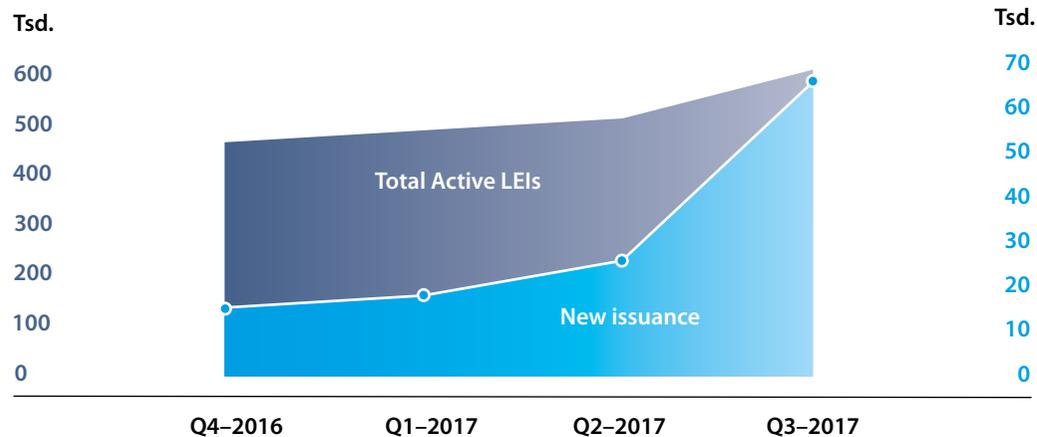
Active LEI Trend-Top 5 LEI issuers | Fig.-3



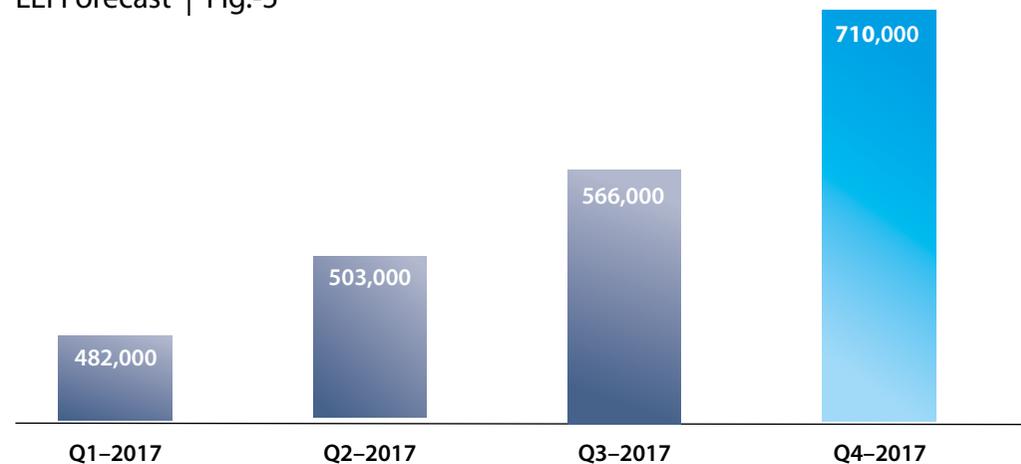
- Business Entity Data B.V.
- WM Datenservice
- London Stock Exchange Plc
- Unione Italiana per le Camere di Commercio, Industria Artigianato e Agricoltura
- Institut national de la statistique et des études économiques (Insee)

## Growth in Total Number of Active LEIs

New LEI Issuance | Fig.-4

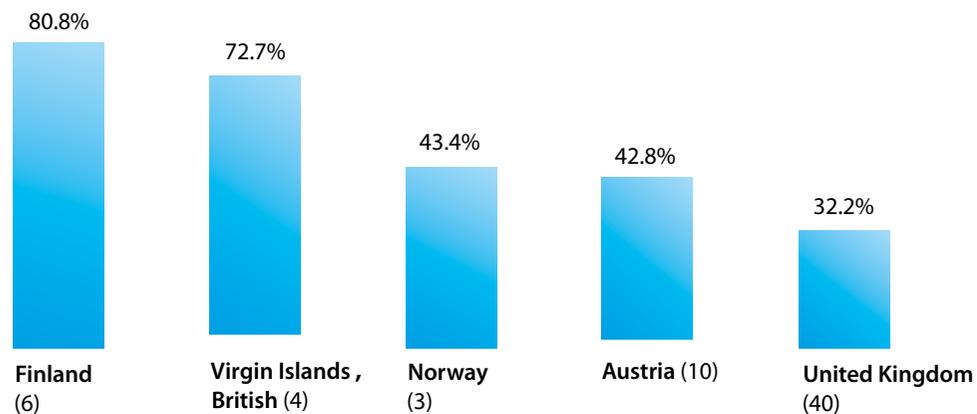


LEI Forecast | Fig.-5



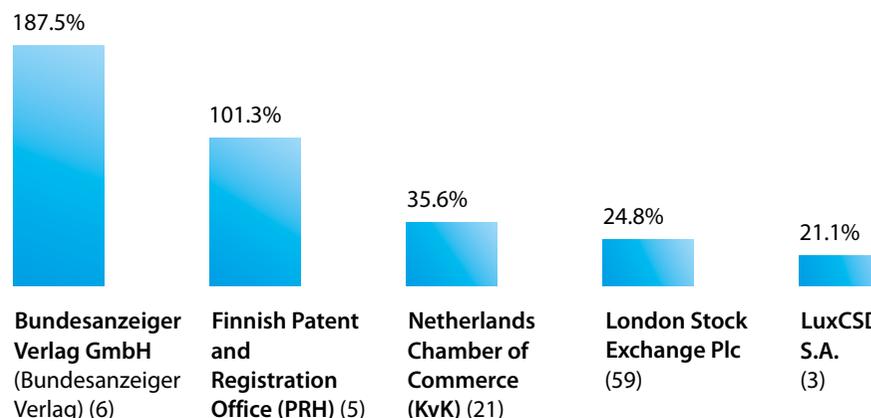
Actual total number of active LEIs Q1- Q3 and forecasted total number of active LEIs Q4. The forecast was updated in Q3 2017.

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

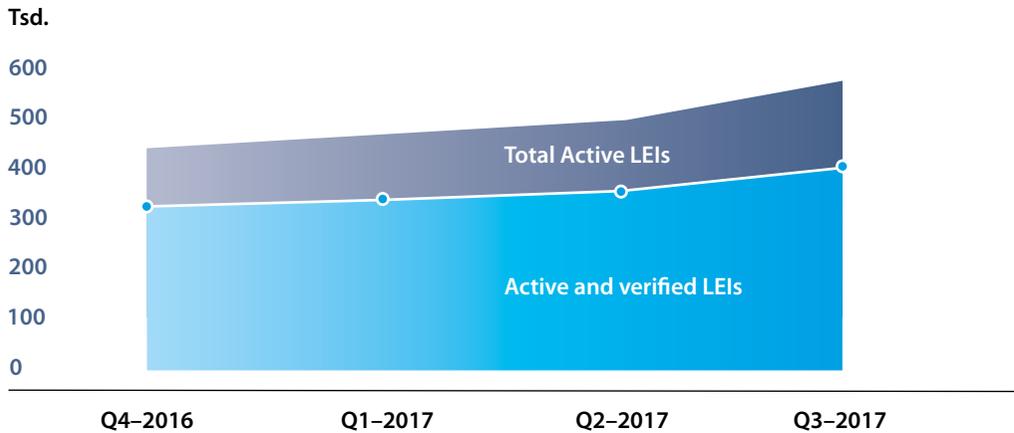


Growth rate of LEI issuers  
Total issuance in thousands at most recent quarter-end date in parenthesis

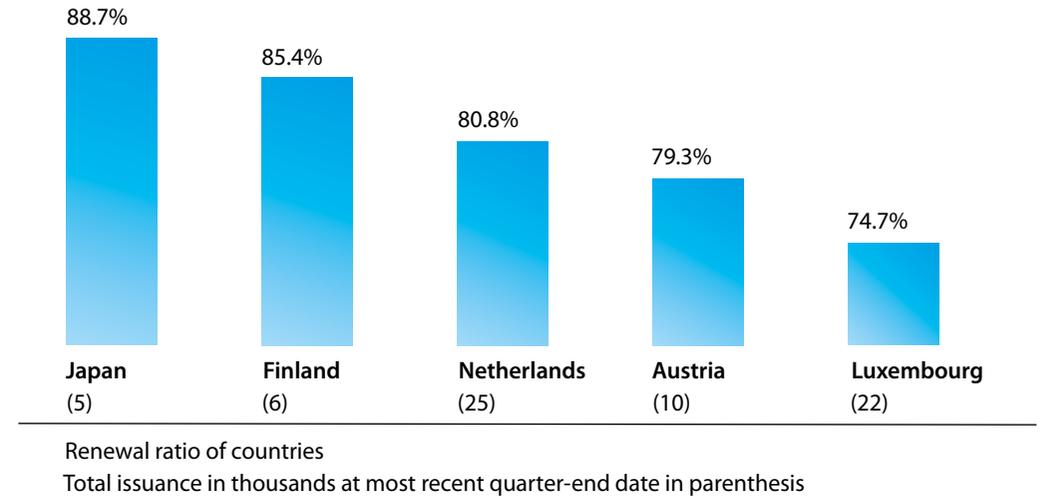
1. Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date

## LEI Renewal Activity

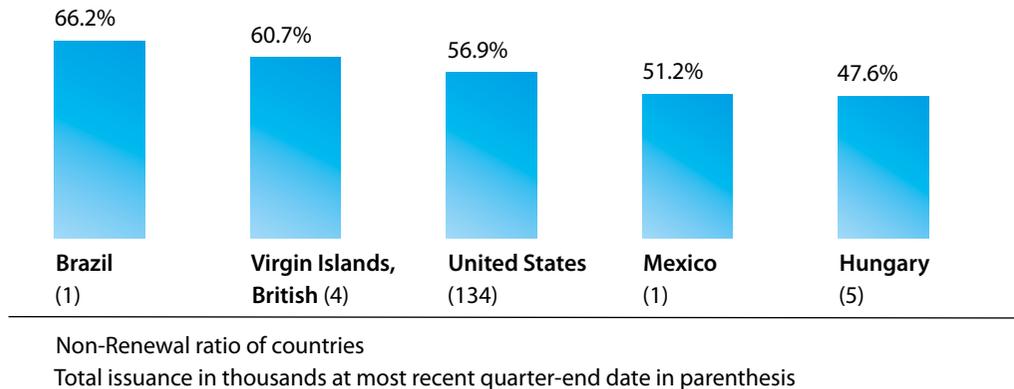
LEI Renewals | Fig.-8



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

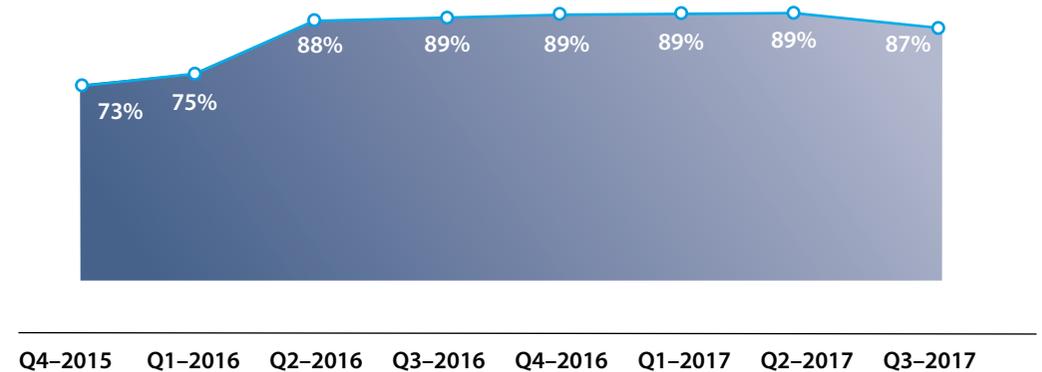


LEI non-Renewal (Lapsed LEIs) – Top 5 Countries | Fig.-10<sup>1</sup>



## Reference Data Corroboration by LEI issuers

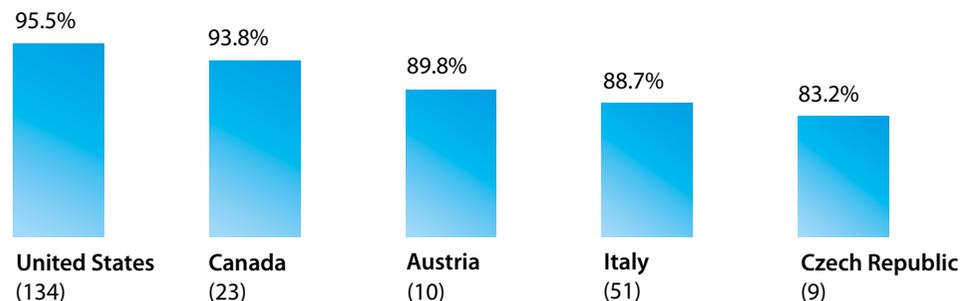
Percentage of Fully Corroborated LEIs | Fig.- 11



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

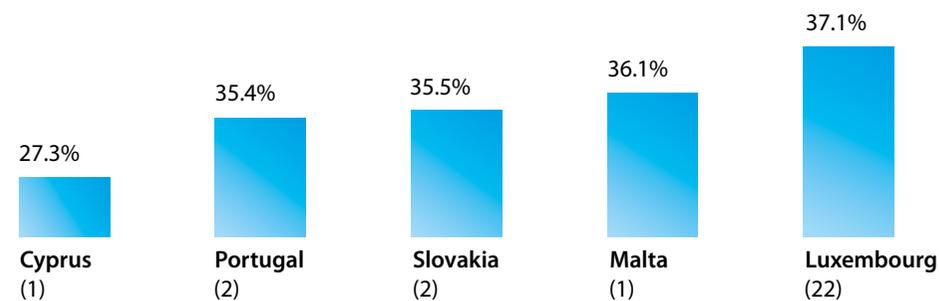
## Competition amongst LEI issuers

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



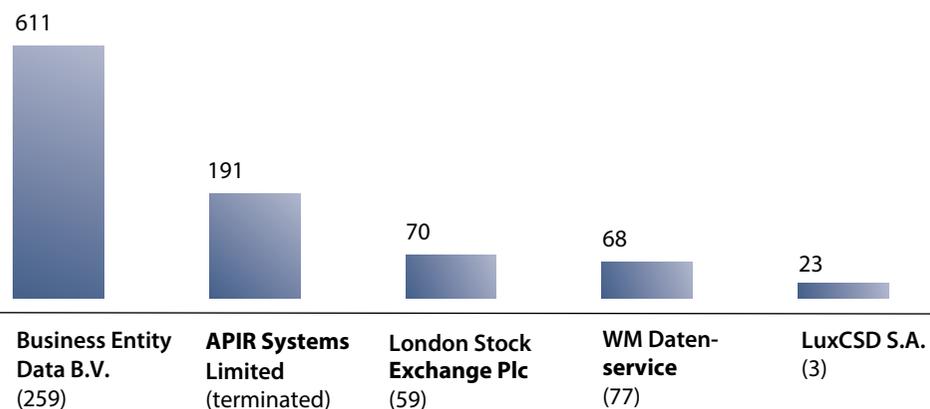
Concentration Score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

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



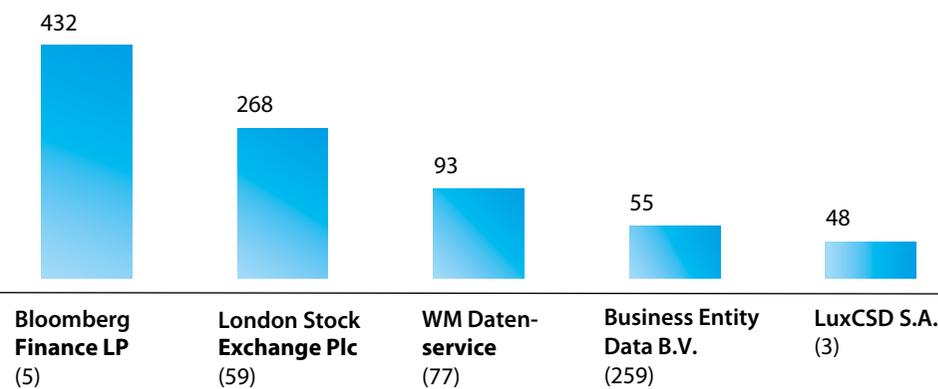
Concentration Score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

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



Total issuance in thousands at most recent quarter-end date in parenthesis

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

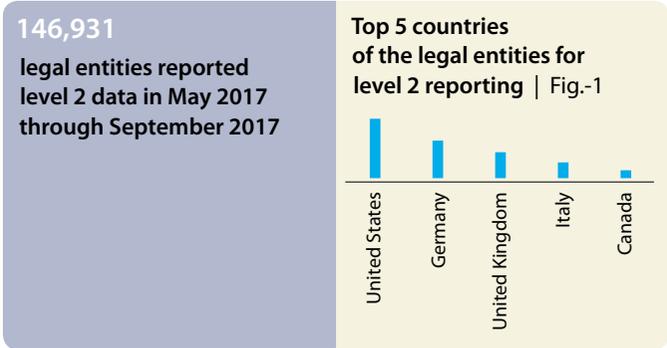


Total issuance in thousands at most recent quarter-end date in parenthesis

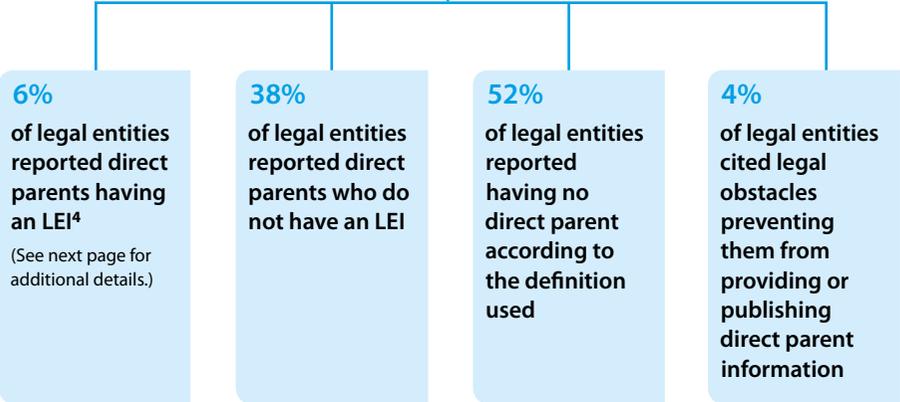
<sup>1</sup> Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date. The higher the percentage the more concentrated LEI management is with a single LEI issuer.

**Level 2 data report  
Q3 2017**

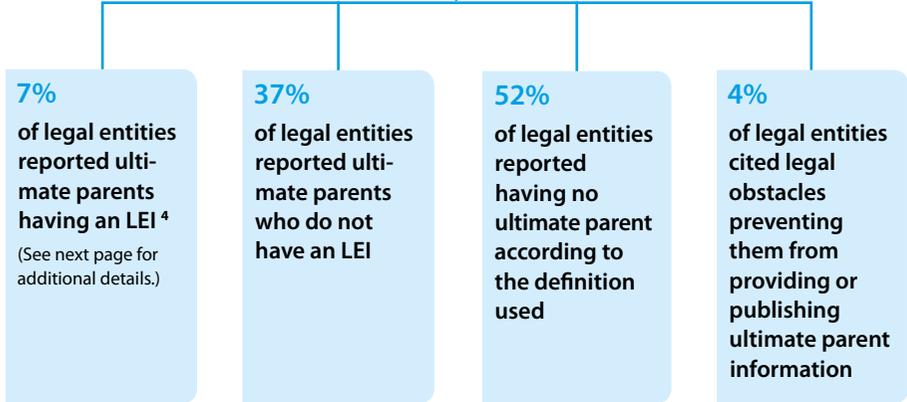
In May 2017, the process of enhancing the LEI data pool, by including 'Level 2' data to answer the question of 'who owns whom', began. The graphic below provides information on direct and ultimate parent data collected through September 2017<sup>1</sup>.



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



Each legal entity reports information on its ultimate parent<sup>3</sup>:

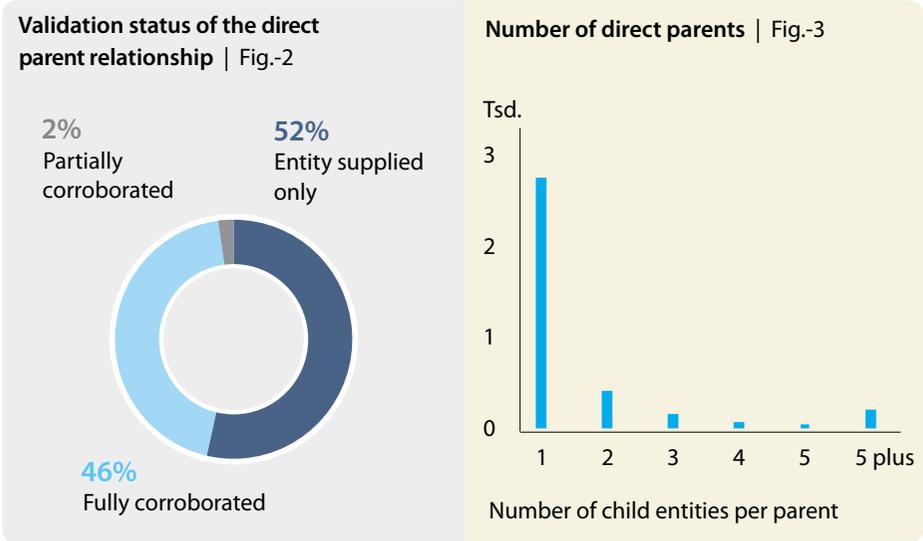


4. Referenced to level 2 relationship record CDF concatenated file dated 02 October 2017  
 2. 99.5% legal entities reported direct parent  
 3. 99.8% legal entities reported ultimate parent  
 4. The definitions of ultimate and direct parent are based on percentage share of accounting consolidation 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>

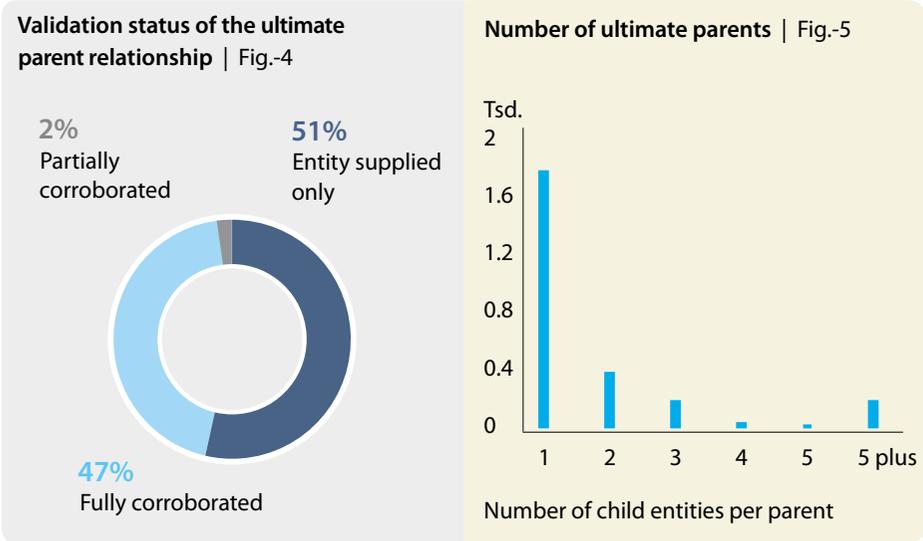
**Level 2 data report**  
**Q3 2017**

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)).