

Global LEI System Business Report

Q1 2018

Summary

State of play of LEI issuance and LEI growth potential

At the end of the first quarter of 2018, the total LEI population exceeded 1.1 million. Following the peak of almost 400,000 newly issued LEIs observed in the fourth quarter of 2017, the number of new LEIs decreased to 167,353 in the first quarter of 2018. The extraordinary growth in the second half of 2017 was primarily triggered by impacted market participants seeking to achieve compliance with the revised EU Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR), which took effect on 3 January 2018. The drop in LEI issuance in the first quarter of 2018, once the deadline had passed, demonstrates the success of LEI rollout leading up to MiFID II/MiFIR coming into force.

Market participants that have yet to comply with the LEI requirements established by MiFID II / MiFIR are reminded that relevant transitional arrangements communicated by the European Securities and Markets Authority (ESMA) only apply temporarily. (On 20 December 2017, ESMA stated that it allows for a “period of six months that investment firms may provide a service triggering the obligation to

submit a transaction report to the client, from which it did not previously obtain an LEI code, under the condition that before providing such service the investment firm obtains the necessary documentation from this client to apply for an LEI code on his behalf.”)

It is also worth noting that LEI issuance in the first quarter of 2018 significantly exceeded historic data:

LEI issuance	2018	2017
January	95,820	5,601
February	39,963	5,818
March	31,570	7,412

This trend might be indicative of an increased understanding of the cost saving and efficiency benefits associated with global LEI adoption among the wider business community¹.

Competition in the Global LEI System

The 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 first quarter of 2018, Bulgaria, Malta, Portugal, Switzerland and South Africa were the most competitive markets. Competition notably decreased in India and Slovenia demonstrating that LEI management in these jurisdictions became more concentrated to one LEI issuer.

LEI renewal rates

In the first quarter of 2018, the overall renewal rate² of 66.3% remained essentially unchanged compared to the previous quarter. At the end of the first quarter of 2018, 84% of all LEIs were in good standing. It must however, be noted that the absolute number of lapsed LEIs increased by 26,645 over the past twelve months.

Statistics on the reporting of parent information by legal entities

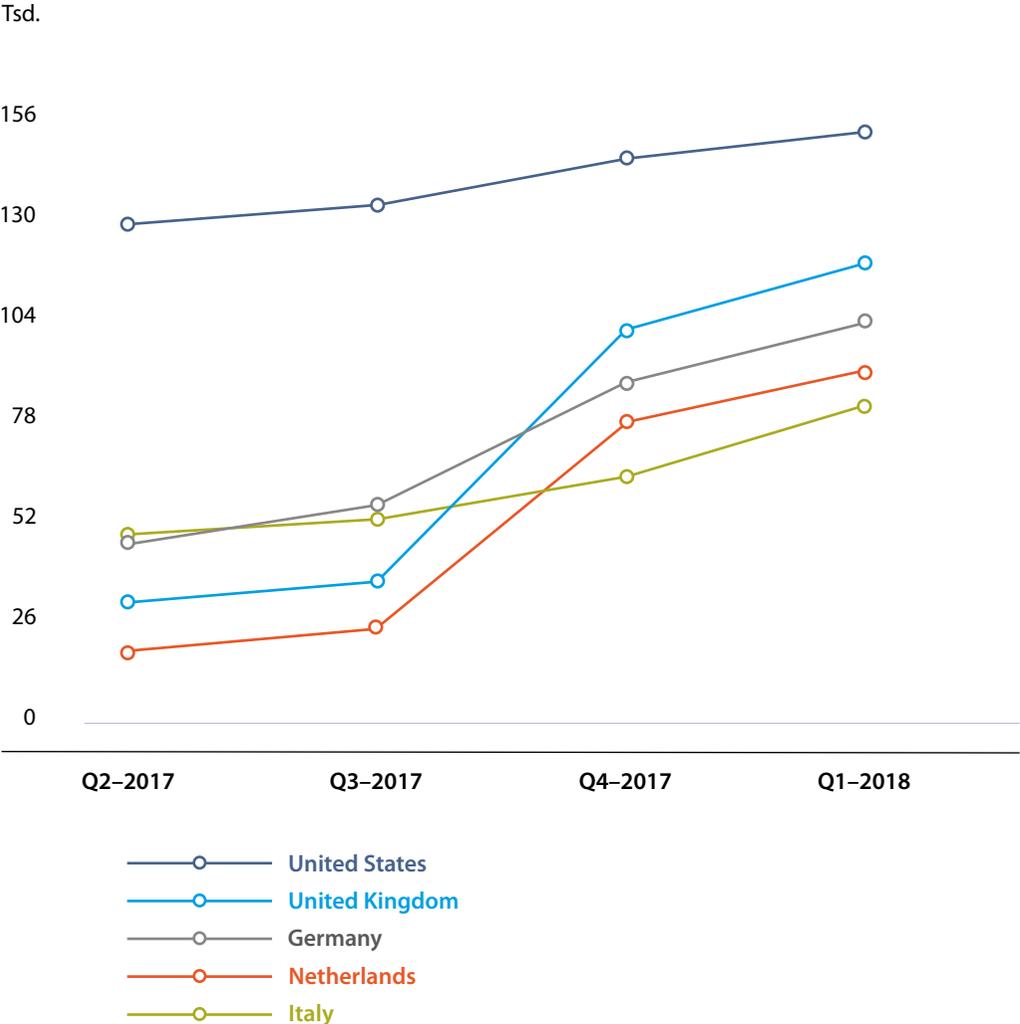
In May 2017, the process of enhancing the LEI data pool, by including ‘Level 2’ data to answer the question of ‘who owns whom’, began. By the end of the first quarter of 2018, about 838,000 LEI registrants representing 75 percent of the total LEI population reported information on direct and ultimate parents (previous quarter: 61 percent). 28 percent of the information on direct parents reported has been fully corroborated (no change compared to the previous quarter). Only four percent of legal entities cited legal obstacles preventing them from providing or publishing parent information.

¹ See, for reference: McKinsey & Company and GLEIF White Paper – The Legal Entity Identifier: The Value of the Unique Counterparty ID

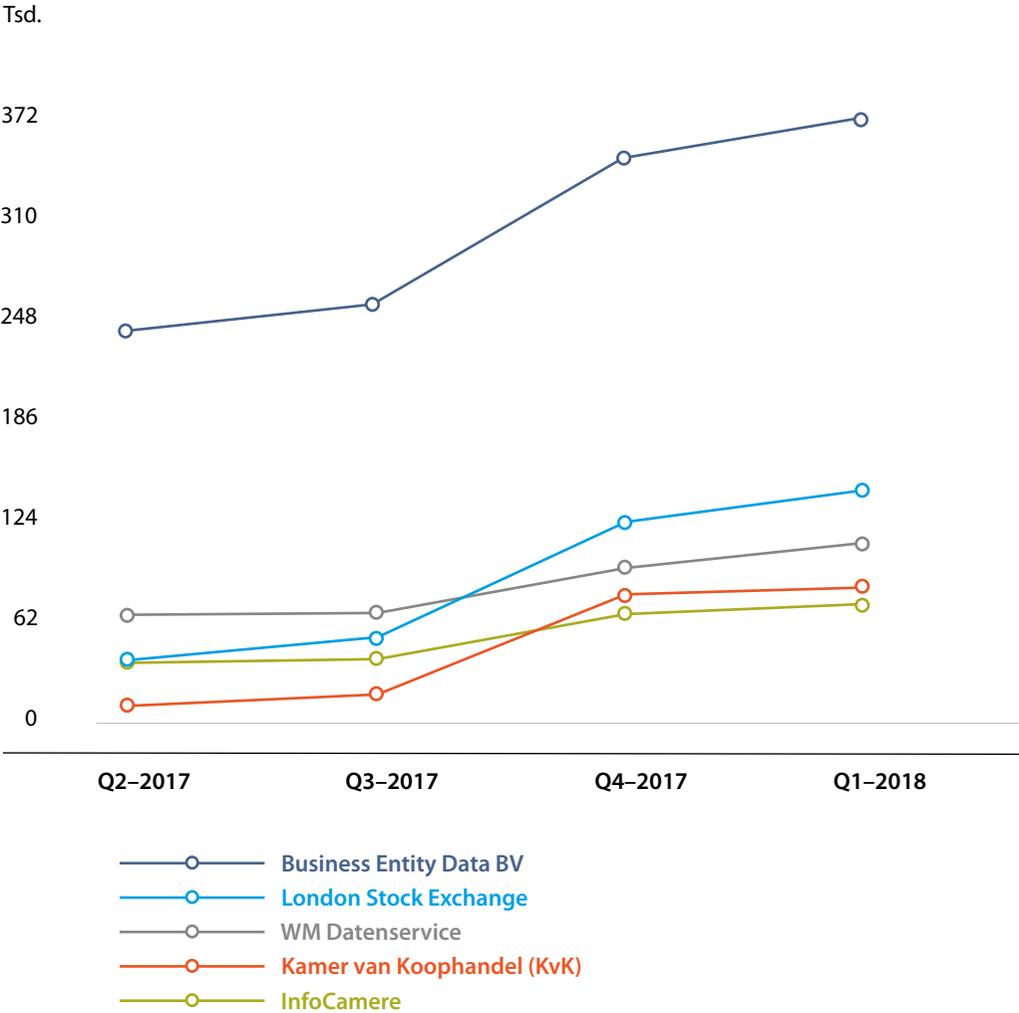
² This includes countries with at least 1,000 LEIs in total at the previous quarter-end date.

Active LEIs

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

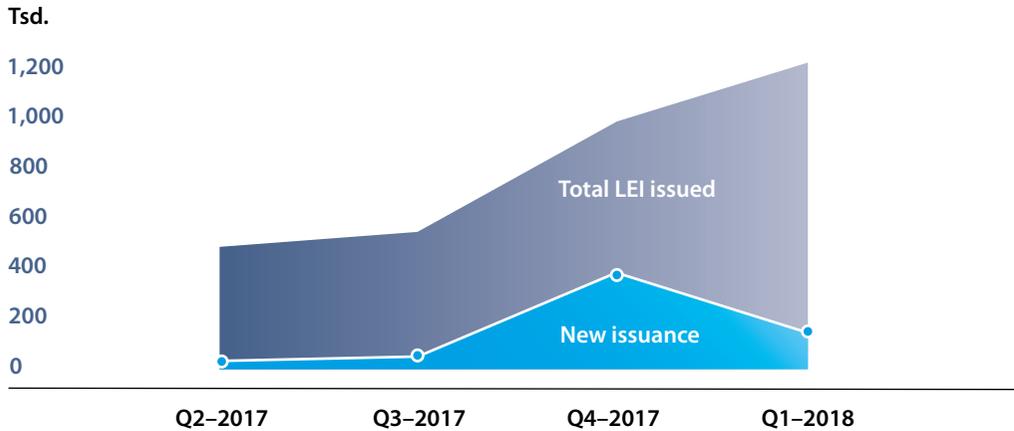


Total LEI Trend-Top 5 LEI issuers | Fig.-3

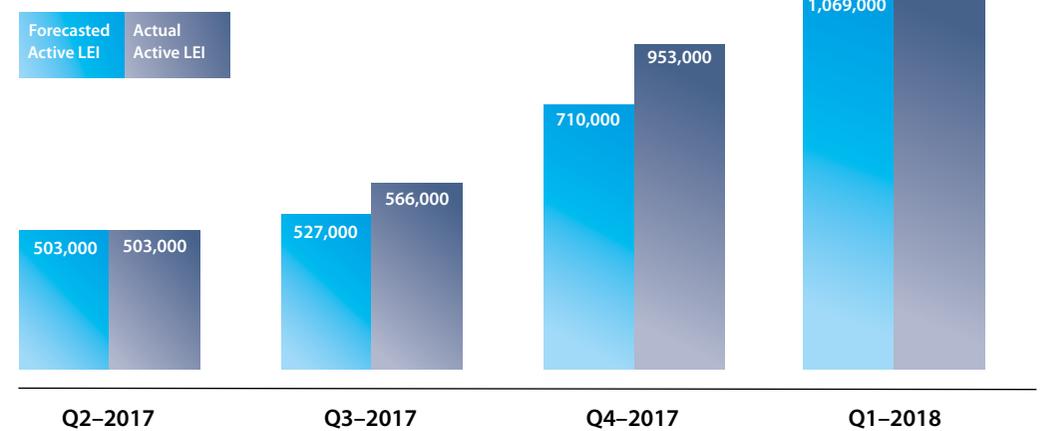


Growth in Total Number of Active LEIs

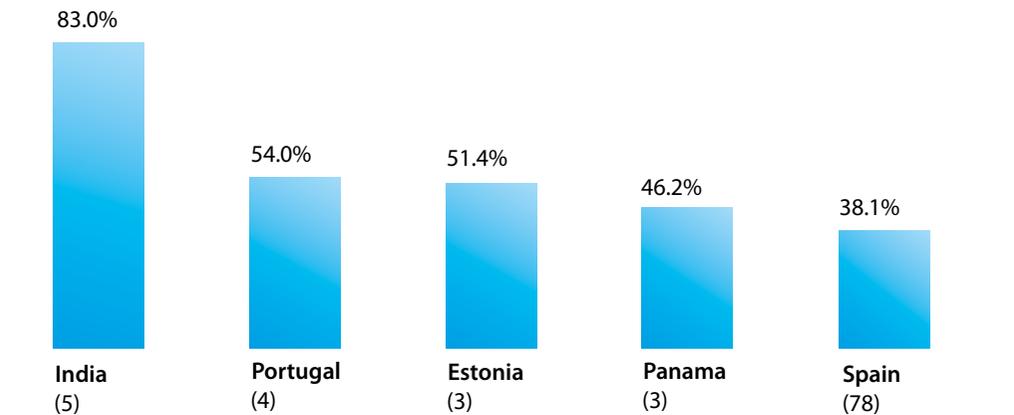
New LEI Issuance | Fig.-4



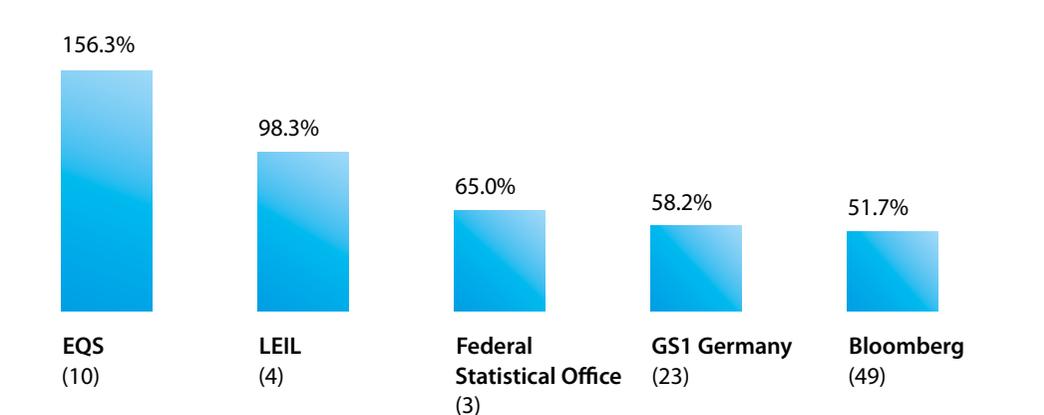
LEI Forecast | Fig.-5



Quarterly LEI Growth – Top 5 Countries | Fig.-6¹



Quarterly LEI Growth – Top 5 LEI issuers | Fig.-7



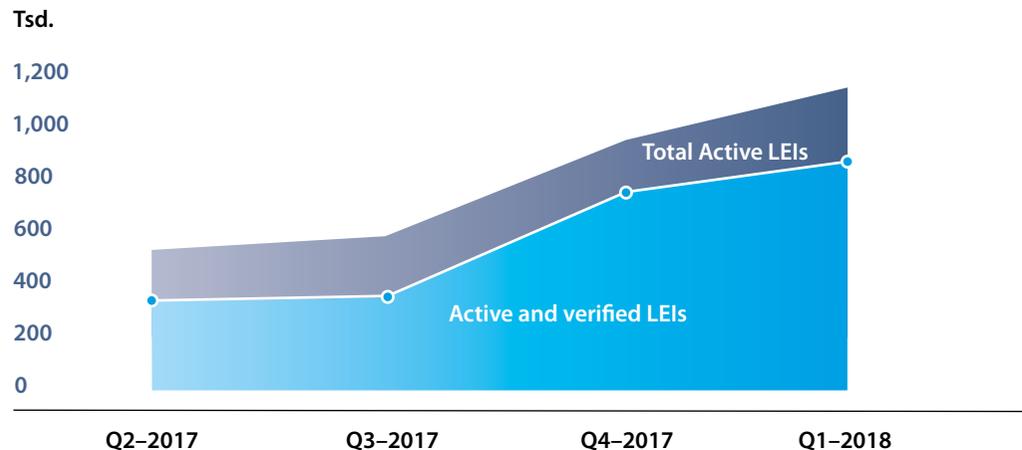
Growth rate of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

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

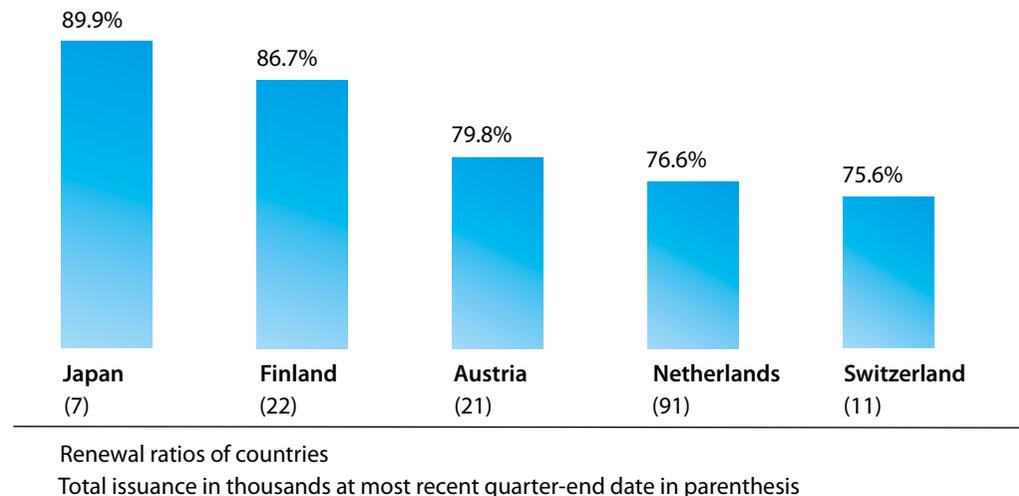
1. Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date

LEI Renewal Activity

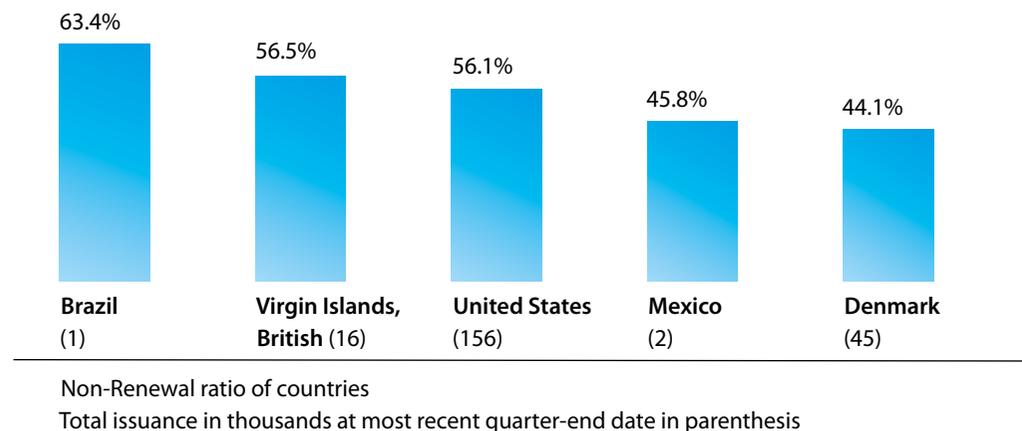
LEI Renewal | Fig.-8



LEI Renewal – Top 5 Countries | Fig.-9¹

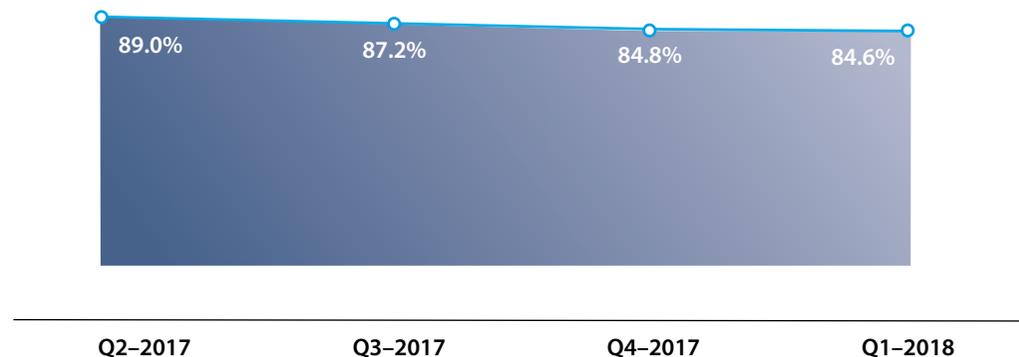


LEI non-Renewal (Lapsed LEIs) – Top 5 Countries | Fig.-10¹



Reference Data Corroboration by LEI issuers

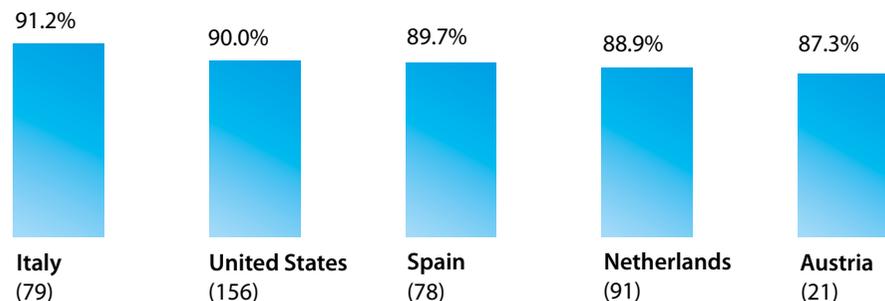
Percentage of Fully Corroborated LEIs | Fig.- 11



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 | Fig.-12¹



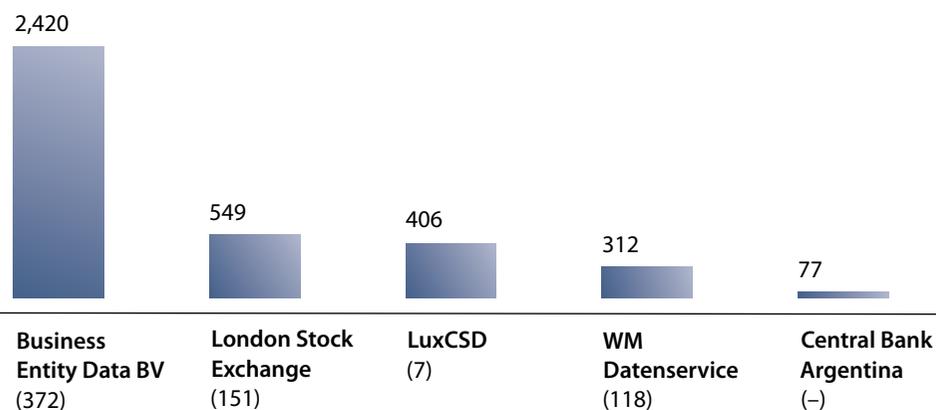
Concentration score of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

Most Competitive (Least Concentrated) Markets | Fig.-13¹



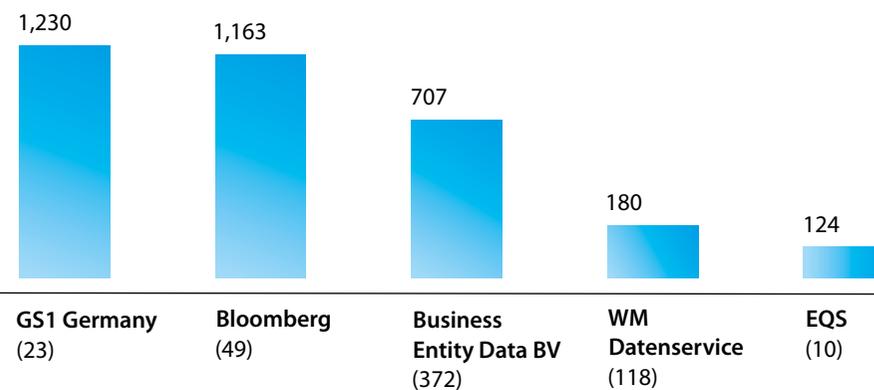
Concentration score of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

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



Number of LEIs transferred out
Total issuance in thousands at most recent quarter-end date in parenthesis

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

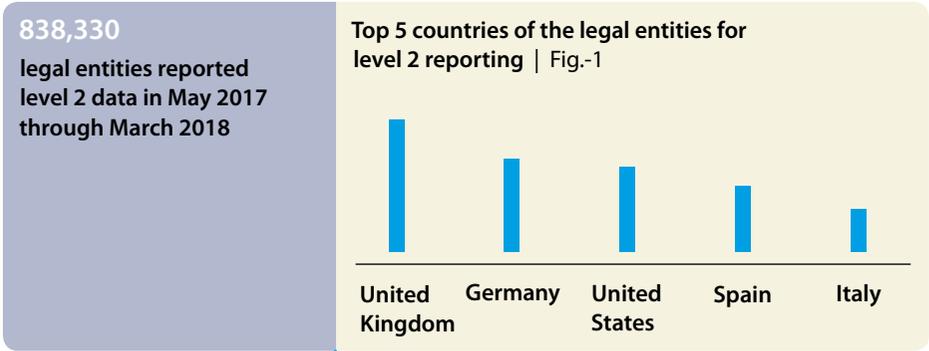


Number of LEIs transferred in
Total issuance in thousands at most recent quarter-end date in parenthesis

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

**Level 2 data report
Q1 2018**

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 March 2018¹.

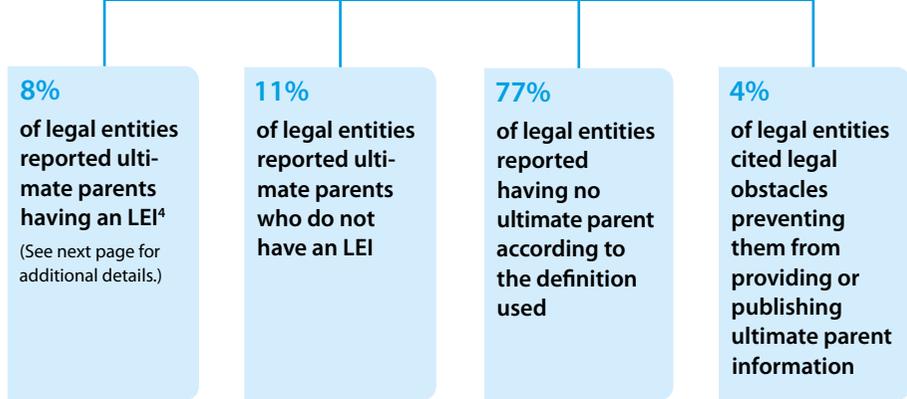


838,330
legal entities reported level 2 data in May 2017 through March 2018

Each legal entity reports information on its direct parent²:



Each legal entity reports information on its ultimate parent³:

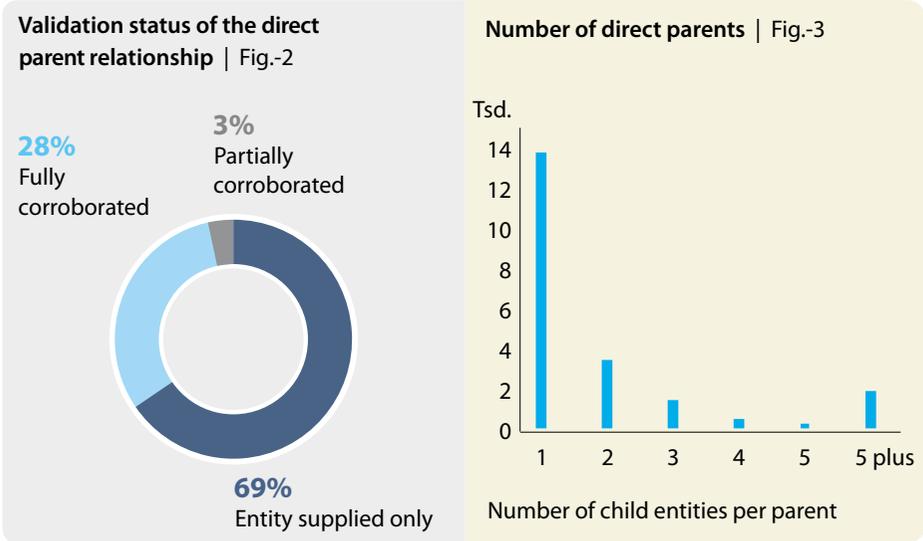


1 Referenced to level 2 relationship record CDF concatenated file dated 03 April 2018
 2 98.9% legal entities reported direct parent
 3 99.4% legal entities reported ultimate parent
 4 The definitions of ultimate and direct parent are based on percentage share of accounting consolidation as per LEI Regulatory Oversight Committee prescription. Related link <https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format>

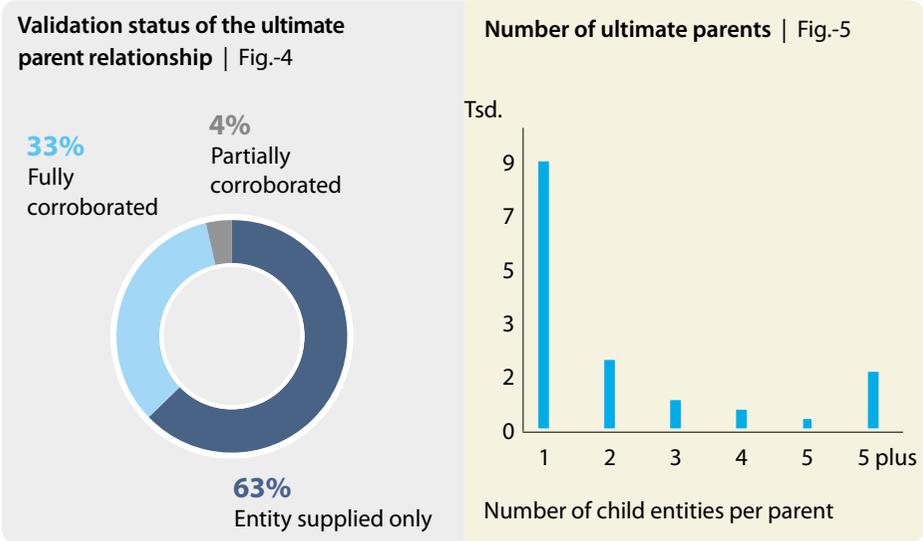
Level 2 data report
Q1 2018

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 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)).