

Global LEI System Business Report

Q2 2018

Summary

State of play of LEI issuance and LEI growth potential

At the end of the second quarter of 2018, the total LEI population neared 1.2 million. Approximately 71,300 LEIs were issued in the second quarter of 2018 compared to approximately 167,000 in the first quarter. This represents a growth rate of 6.3 percent in the second quarter (first quarter: 17.8 percent).

LEI issuance in the second quarter of 2018 confirms that the market is well prepared to comply with the LEI requirements established under the European Union revised Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR), which took effect on 3 January 2018. According to MiFIR, investment firms should obtain LEIs from their clients before providing services which would trigger related reporting obligations.

Reflecting this development, the European Securities and Markets Authority (ESMA) confirmed on 20 June 2018 that transitional arrangements relevant to the LEI requirements under MiFID II / MiFIR introduced in December 2017 “will not be further extended”. The six-month temporary period “will last until the 2nd July 2018, including.” (On 20 December 2017, ESMA had stated that it allowed 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.”) ESMA and national competent authorities “have concluded that there is no need to extend the initial six month period granted to support the smooth introduction of the LEI requirements under MiFIR.”

India features the highest LEI growth rate at country level in both the first and the second quarter of 2018 (100.5% in Q2 2018). This trend could be attributed to the Reserve Bank of India’s adoption of the LEI for large corporate borrowers.

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 second quarter of 2018, Italy, Spain, the Netherlands and the U.S. remained among the five least competitive markets. Bulgaria, Portugal, Malta, and South Africa were among the five most competitive markets.

LEI renewal rates

In the second quarter of 2018, the overall renewal rate¹ of 66.6 percent remained essentially unchanged compared to the previous two quarters. At the end of the second quarter of 2018, 84 percent of all LEIs were in good standing (no change compared to the previous quarter). In the reporting period, these five countries demonstrated the highest renewal rates: Japan (90.1 percent), Finland (85.8 percent), Austria (79.9 percent), Switzerland (76.5 percent) and Norway (76.0 percent).

Transfer of LEIs

Following the accreditation of GS1 AISBL by GLEIF as an LEI issuer, GS1 Germany GmbH transferred all LEIs under its management to GS1 AISBL. Going forward, GS1 Germany GmbH will operate as a Registration Agent. (A Registration Agent helps legal entities to access the network of LEI issuing organizations responsible for performing LEI issuance and related services.)

Level 1 reference data corroboration

The business card information available with the LEI reference data, e.g. the official name of a legal entity and its registered address, is referred to as ‘Level 1’ data. It provides the answer to the question of ‘who is who’. The Level 1 data is considered fully corroborated if, based on the validation procedures in use by the LEI issuer responsible for managing an LEI record, there is sufficient information contained in authoritative public sources to corroborate the information that the legal entity has provided for the record. If this is not the case, the business card information available with an LEI record is classified as ‘entity-supplied only’. In the second quarter of 2018, the percentage of fully corroborated Level 1 reference data decreased to 76.1 percent (first quarter: 84.6 percent). This change reflects the fact that the largest LEI issuer, Business Entity Data B.V, adjusted the status of a significant number of historic LEIs under its management from ‘fully corroborated’ to ‘entity-supplied only’. GLEIF is investigating the matter.

Statistics on the reporting of parent information by legal entities

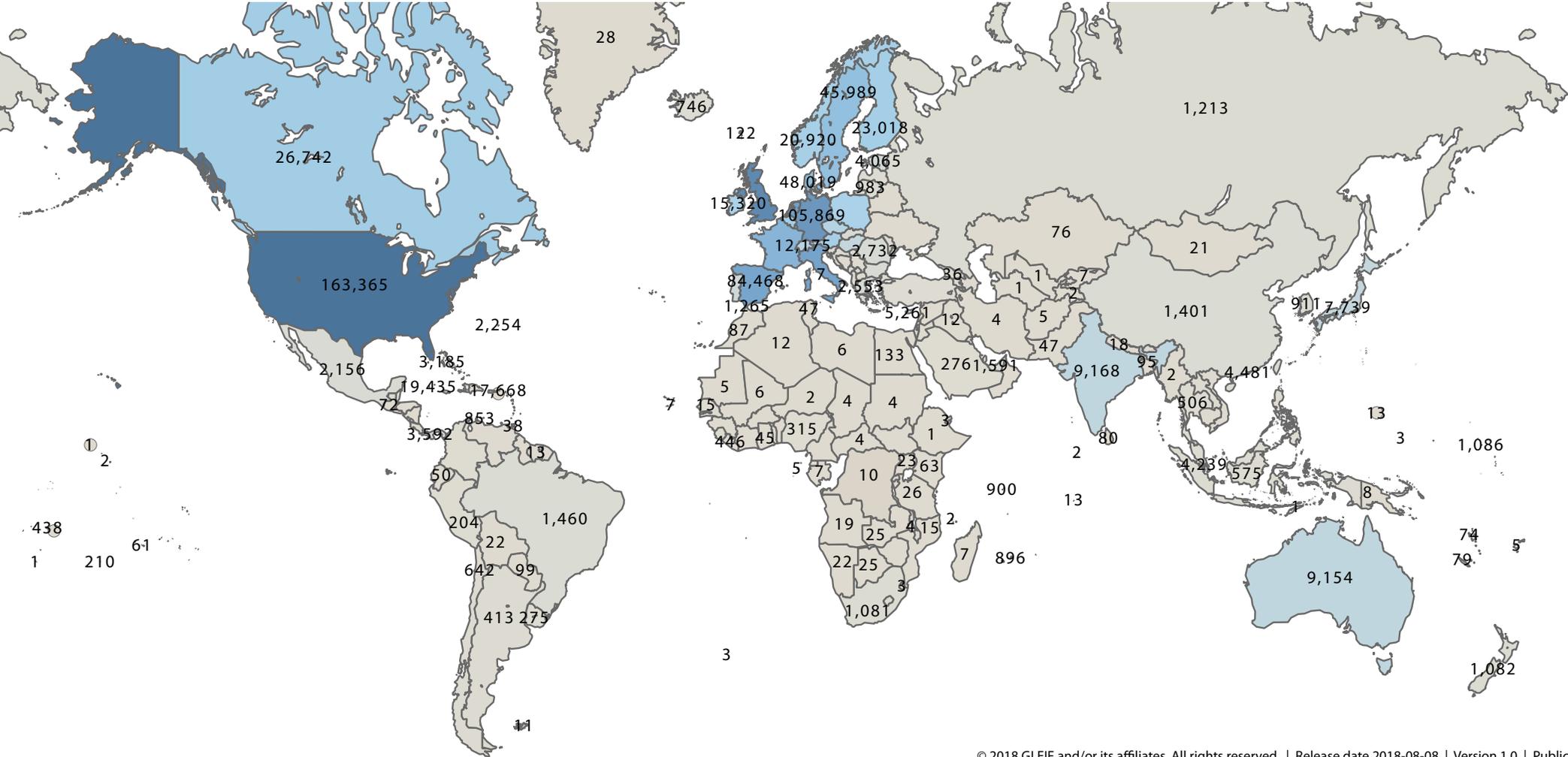
By the end of the second quarter of 2018, about 1.1 million LEI registrants representing 93 percent of the total LEI population reported information on direct and ultimate parents (previous quarter: 75 percent). The percentage of legal entities that cited legal obstacles preventing them from providing or publishing parent information increased substantially from 4 percent to 19 percent. This is due to a change in reporting by one LEI Issuer, Business Entity Data B.V. This change in reporting is erroneous and is expected to be remediated during the third quarter of 2018.

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

Level 1 data report
Q2 2018

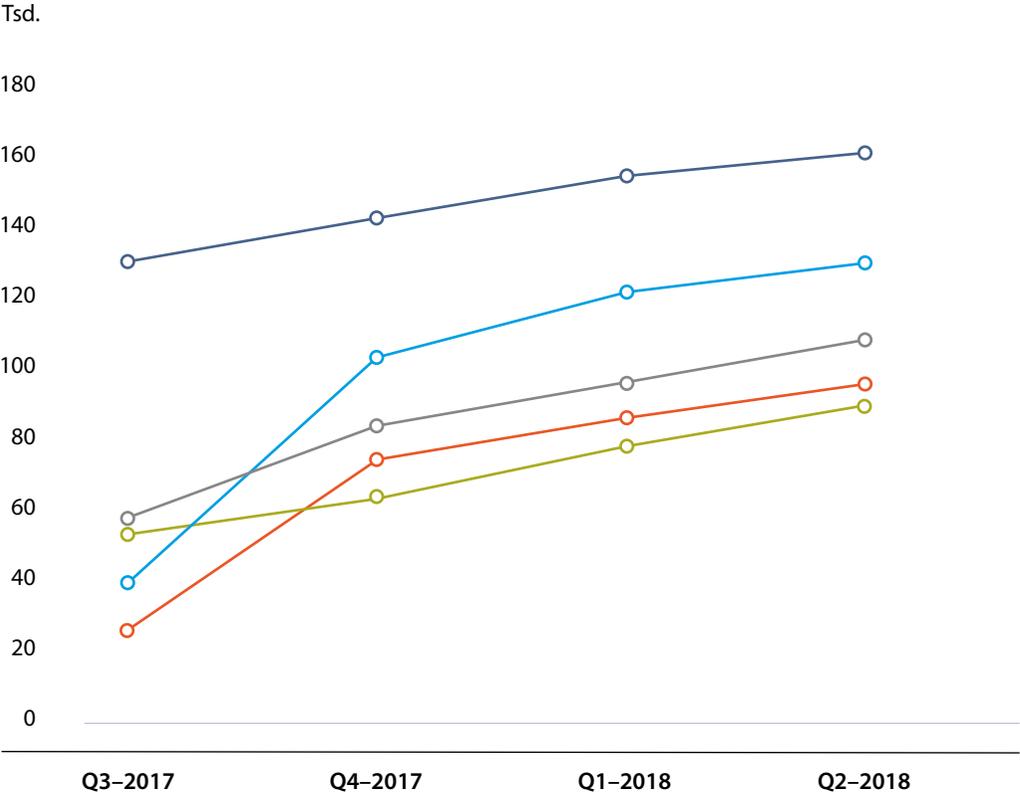
Active LEIs

Total Number of Active LEIs by Countries | Fig.-1



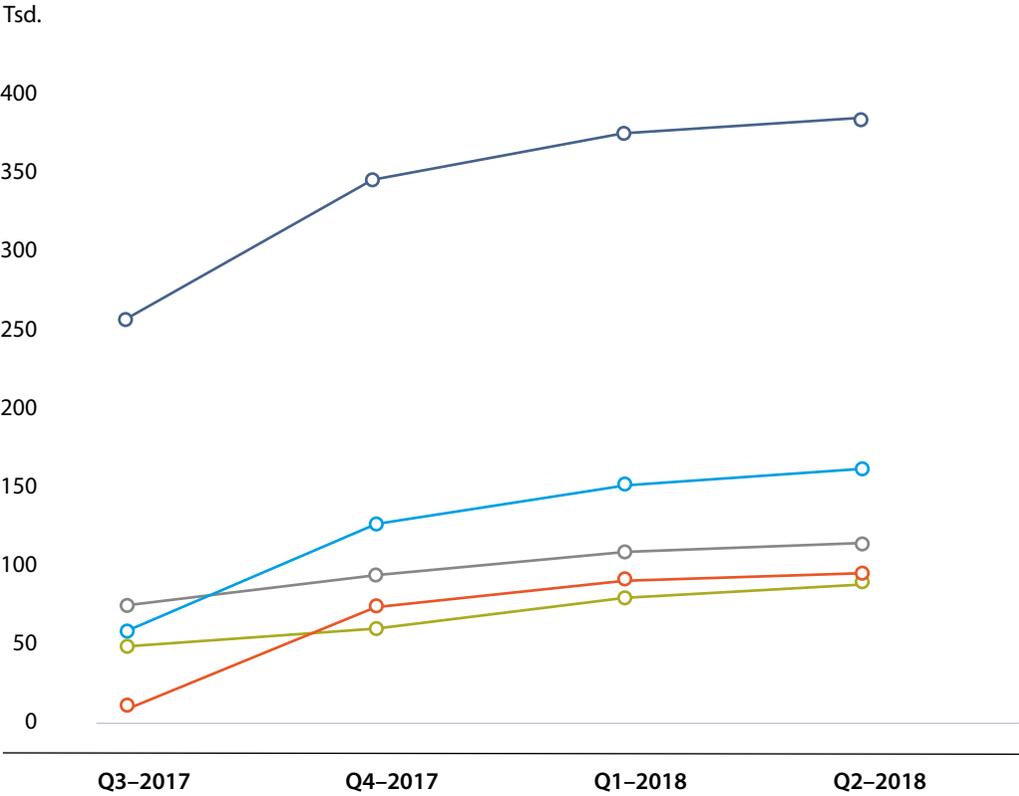
Active LEIs

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



- United States
- United Kingdom
- Germany
- Netherlands
- Italy

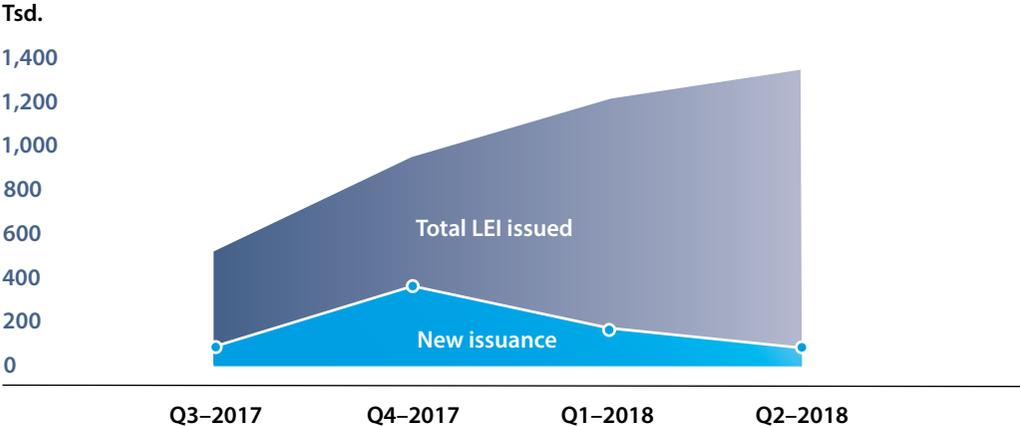
Total LEI Trend-Top 5 LEI issuers | Fig.-3



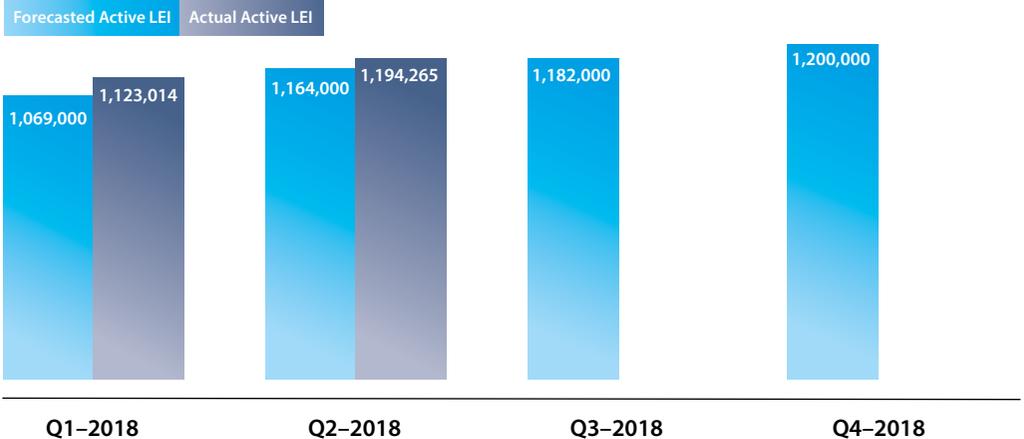
- Business Entity Data BV
- London Stock Exchange
- WM Datenservice
- Kamer van Koophandel (KvK)
- InfoCamere

Growth in Total Number of Active LEIs

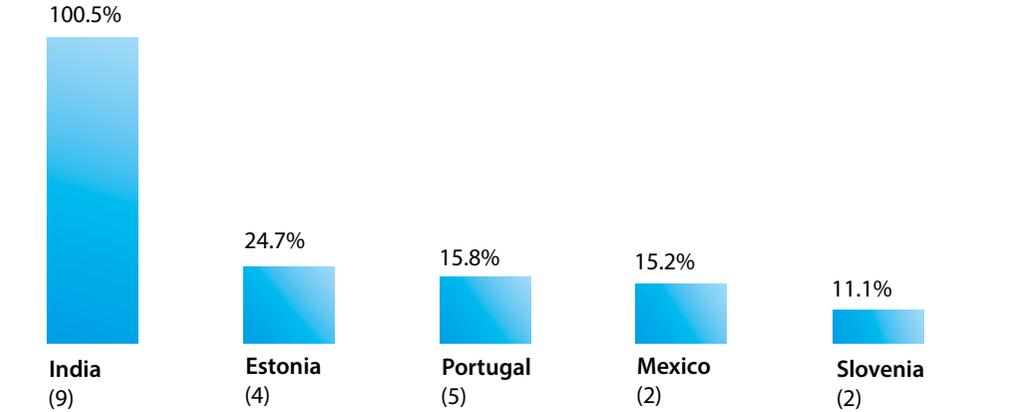
New LEI Issuance | Fig.-4



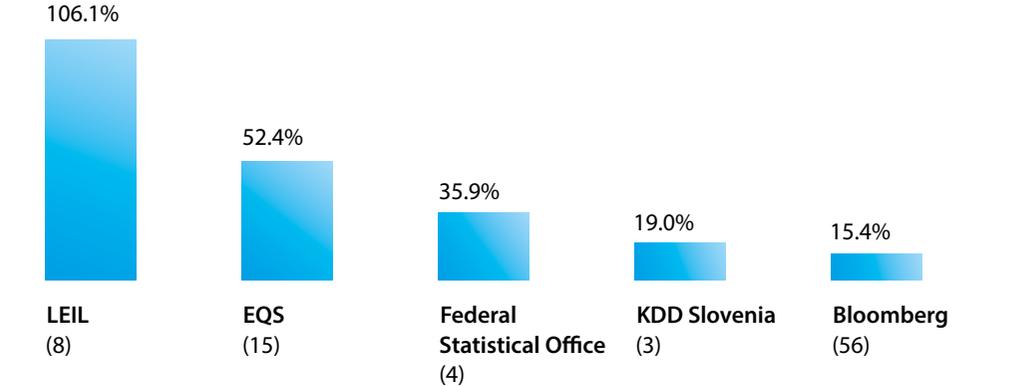
LEI Forecast | Fig.-5



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



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



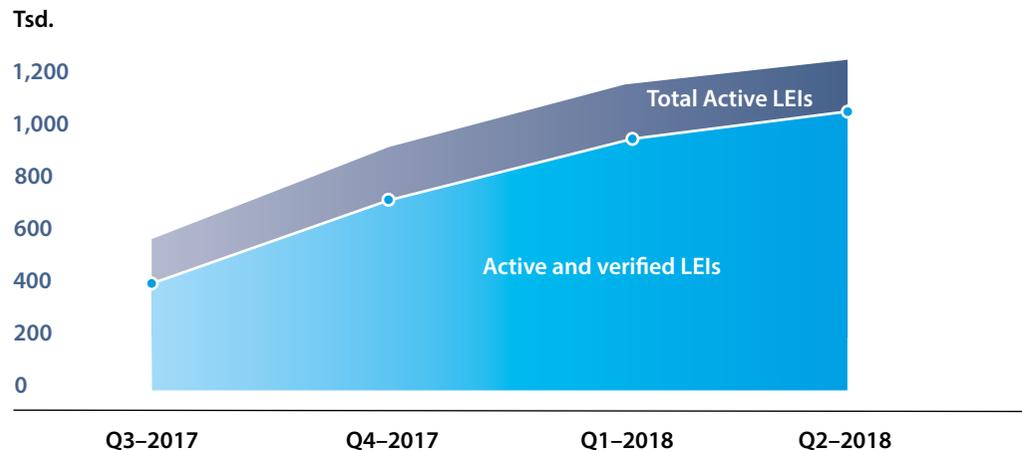
Growth rate of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

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

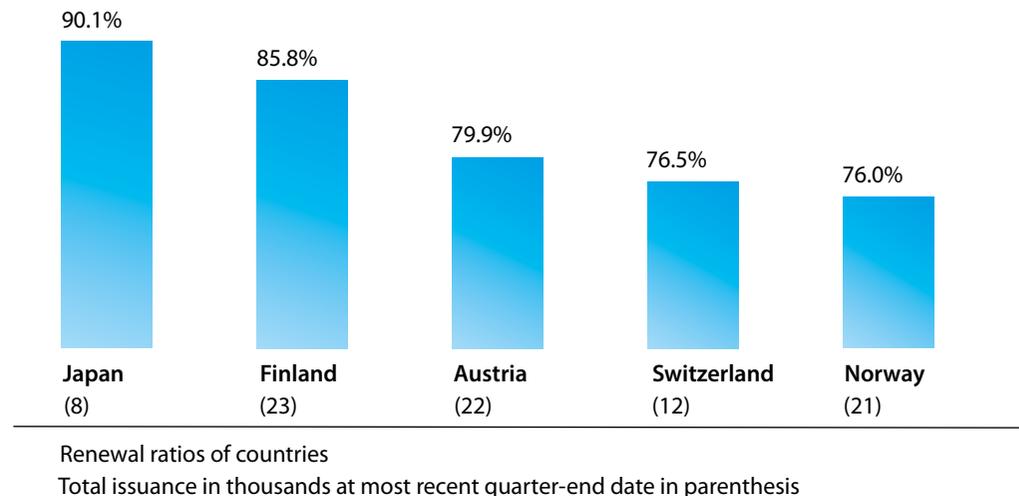
Growth rate of LEI issuers
Total issuance in thousands at most recent quarter-end date in parenthesis

LEI Renewal Activity

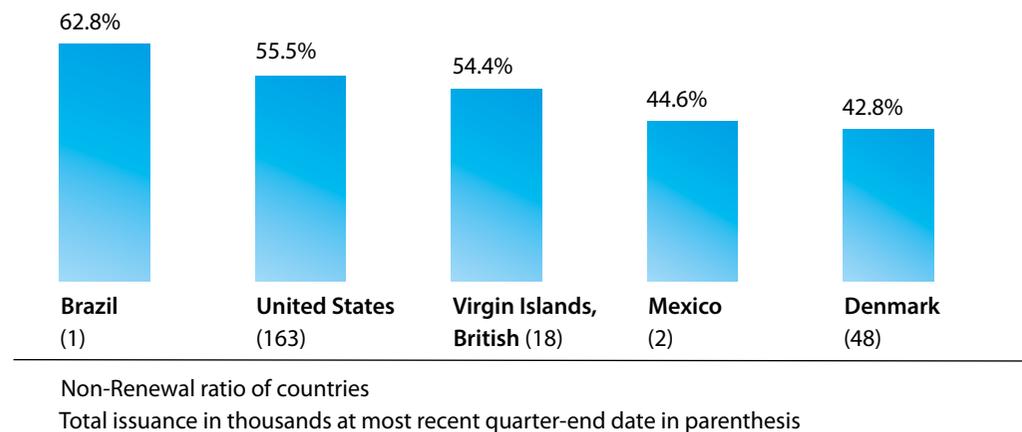
LEI Renewal | Fig.-8



LEI Renewal – Top 5 Countries | Fig.-9¹

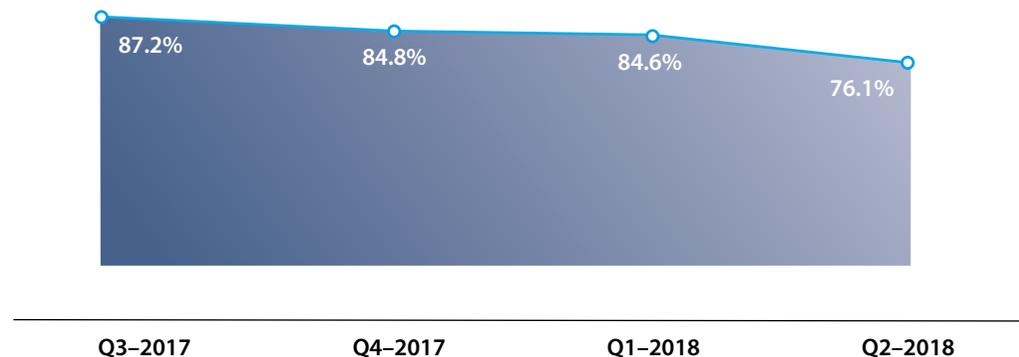


LEI non-Renewal (Lapsed LEIs) – Top 5 Countries | Fig.-10¹



Reference Data Corroboration by LEI issuers

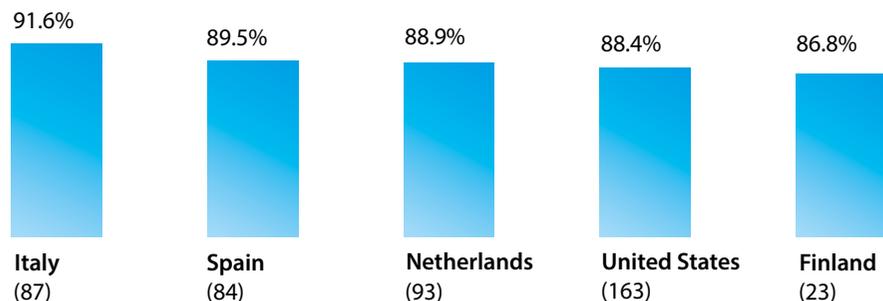
Percentage of Fully Corroborated LEIs | Fig.- 11



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

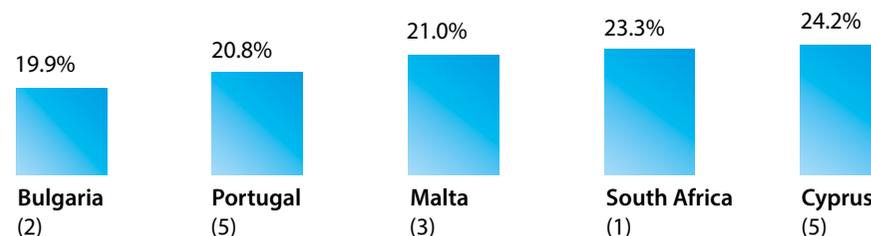
Competition amongst LEI issuers

Least Competitive (Most Concentrated) Markets | Fig.-12¹



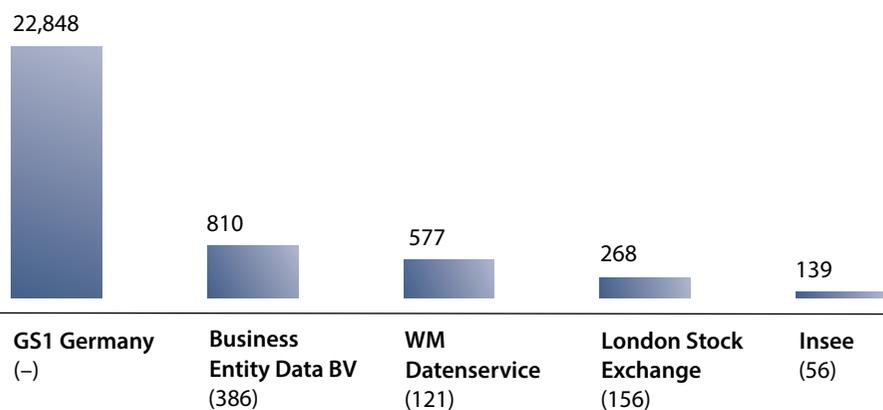
Concentration score of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

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



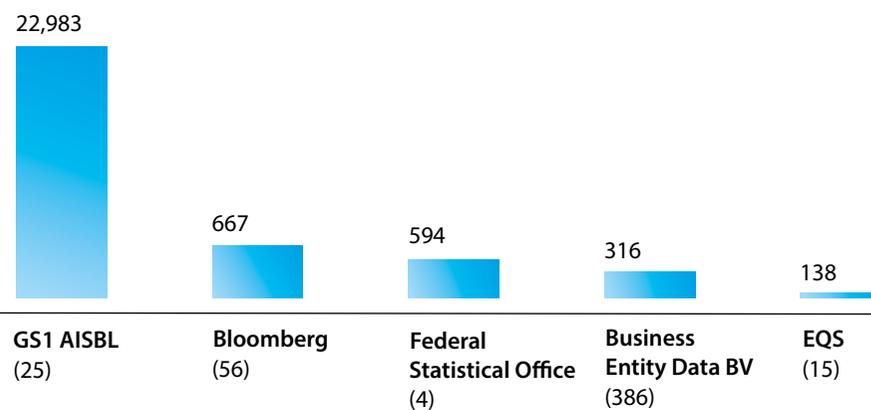
Concentration score of countries
Total issuance in thousands at most recent quarter-end date in parenthesis

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
Q2 2018**

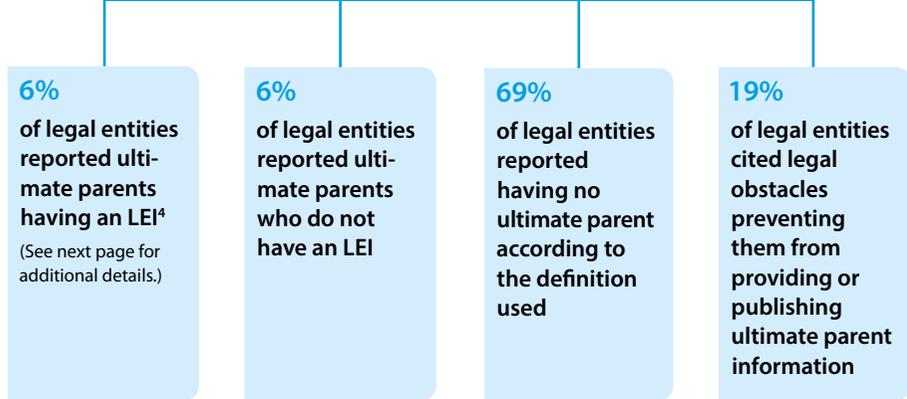
In May 2017, the process of enhancing the LEI data pool, by including 'Level 2' data to answer the question of 'who owns whom', began. The graphic below provides information on direct and ultimate parent data collected through June 2018¹.



1,109,522
legal entities reported level 2 data in May 2017 through June 2018

Each legal entity reports information on its direct parent²:

Each legal entity reports information on its ultimate parent³:

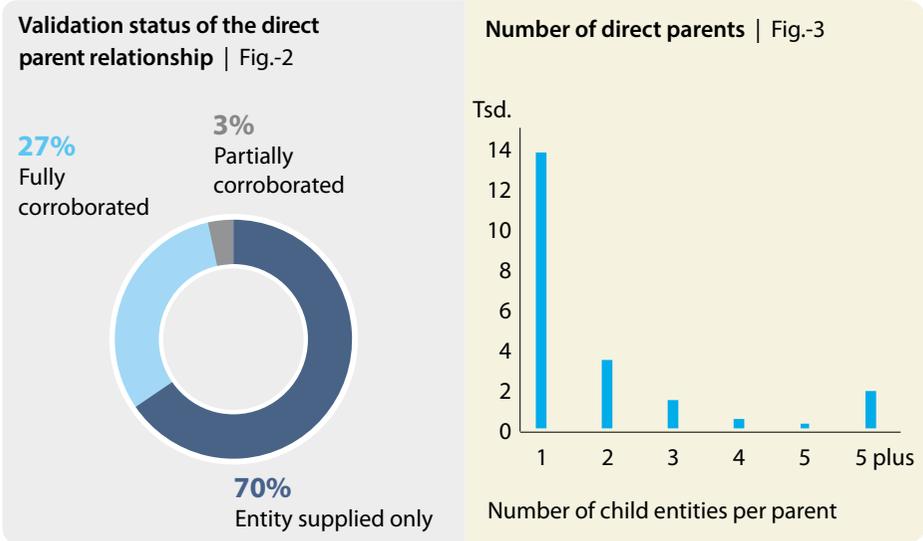


1 Referenced to level 2 relationship record CDF concatenated file dated 04 July 2018
 2 99.9% legal entities reported direct parent
 3 99.9% legal entities reported ultimate parent
 4 The definitions of ultimate and direct parent are based on percentage share of accounting consolidation as per LEI Regulatory Oversight Committee prescription. Related link <https://www.gleif.org/en/about-lei/common-data-file-format/level-2-data-reporting-exceptions-format>

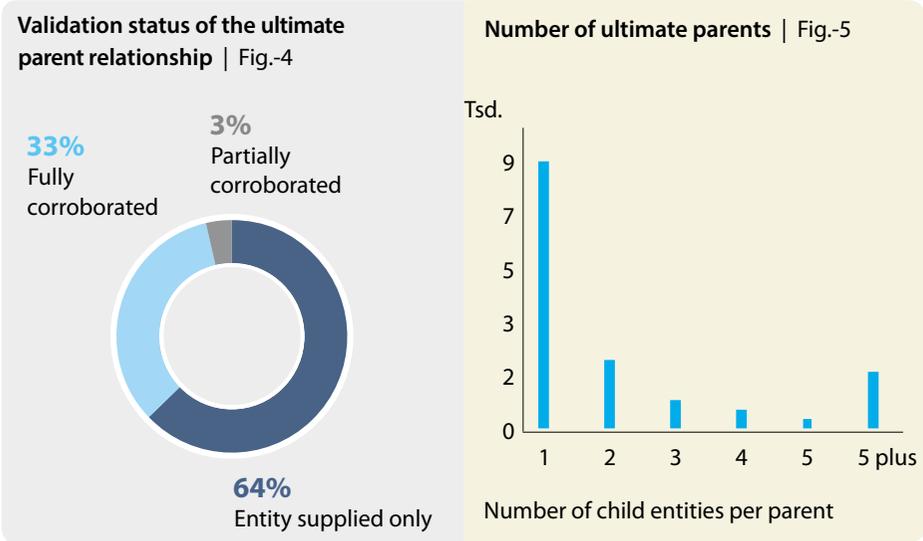
Level 2 data report
Q2 2018

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)).