

# Global LEI System Business Report

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**Q3 2018**

## Summary

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

At the end of the third quarter of 2018, the total LEI population exceeded 1.2 million. Approximately 56,800 LEIs were issued in the third quarter of 2018 compared to approximately 71,300 in the second quarter. This represents a quarterly growth rate of 4.8% in the third quarter (second quarter: 6.3%).

A peak in LEI issuance was observed towards the end of 2017 when market participants readied to comply with the LEI requirements established under the European Union's revised Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR), which took effect on 3 January 2018. Since then, average monthly issuance has stabilized at about 20,000 LEIs in 2018. This represents approximately double the number of newly issued LEIs per month compared to pre-MiFID II / MiFIR levels.

In the third consecutive quarter, India features the highest LEI growth rate at a country level (52.3%) followed by Mexico (36.5%) and Australia (22%). The increase in the LEI population in these countries is attributed primarily to regulatory action mandating the use of the LEI.

### 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 third quarter of 2018, Italy, Spain, the Netherlands, the U.S. and Finland remained among the five least competitive markets in descending order. Romania, Lithuania, Portugal, Bulgaria and Malta were among the five most competitive markets in descending order.

### LEI renewal rates

In the third quarter of 2018, the overall renewal rate<sup>1</sup> of 69.1% remained essentially unchanged compared to the previous two quarters. At the end of the third quarter of 2018, 81.8% of all LEIs were in good standing. The renewal rate in both the EU (70%) and non-EU countries (52.3%) remained stable.

In the reporting period, these five countries demonstrated the highest renewal rates: Japan (90.4%), Finland (89.5%), India (87.6%), Liechtenstein (87%) and Norway (82.7%).

### 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, 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 within the entire LEI population decreased from 84.6% to 76.1%. This was triggered by the fact that the largest LEI issuer, Business Entity Data B.V., had suddenly adjusted the status of a significant number of historic LEIs under its management from 'fully corroborated' to 'entity-supplied only'. Business Entity Data B.V. currently manages about 32% of the entire LEI population.

Specifically, in the second quarter of 2018, the percentage of fully corroborated Level 1 reference data for LEIs managed by Business Entity Data B.V. dropped sharply from 84.5% to 59.1%, which impacted the overall result for this metric as indicated. This issue should be solved by the end of 2018.

Pending resolution of the matter by this LEI issuer, 76.6% of Level 1 reference data provided with the entire LEI data pool were identified as fully corroborated in the third quarter of 2018.

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

In the second quarter of 2018, available statistics identified that approximately 1.1 million LEI registrants representing 93% of the total LEI population had reported information on direct and ultimate parents. However, Business Entity Data B.V. then informed that it had erroneously over-reported 100,000 LEIs that would have provided parent information in that quarter.

Based on adjusted information made available by Business Entity Data B.V., by the end of the third quarter of 2018, 1,081,323 LEI registrants representing 86% of the total LEI population reported information on direct and ultimate parents.

The overall percentage of legal entities that cited legal obstacles preventing them from providing or publishing parent information ('opt-out') increased substantially from 4% to 19% in the second quarter. This was due to a change in reporting by Business Entity Data B.V. In the third quarter of 2018, Business Entity Data B.V. reported that 30.2% of LEIs under its management would have opted out from providing parent information. As a result of reporting by this one LEI issuer, statistics for the entire LEI population indicate that 10% of legal entities would have cited legal obstacles preventing them from providing or publishing parent information.

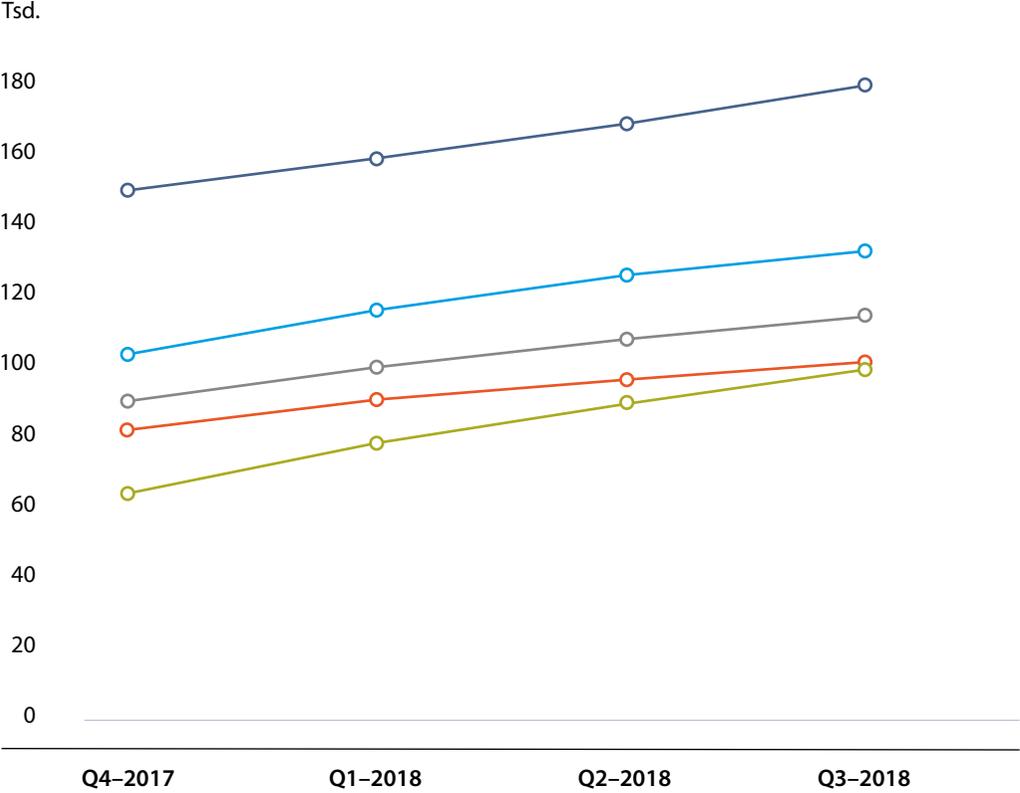
It should be noted however, that the opt-out rate regarding the reporting of parent information for the LEI population excluding the Business Entity Data B.V. portfolio drops to only 2.5%.

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



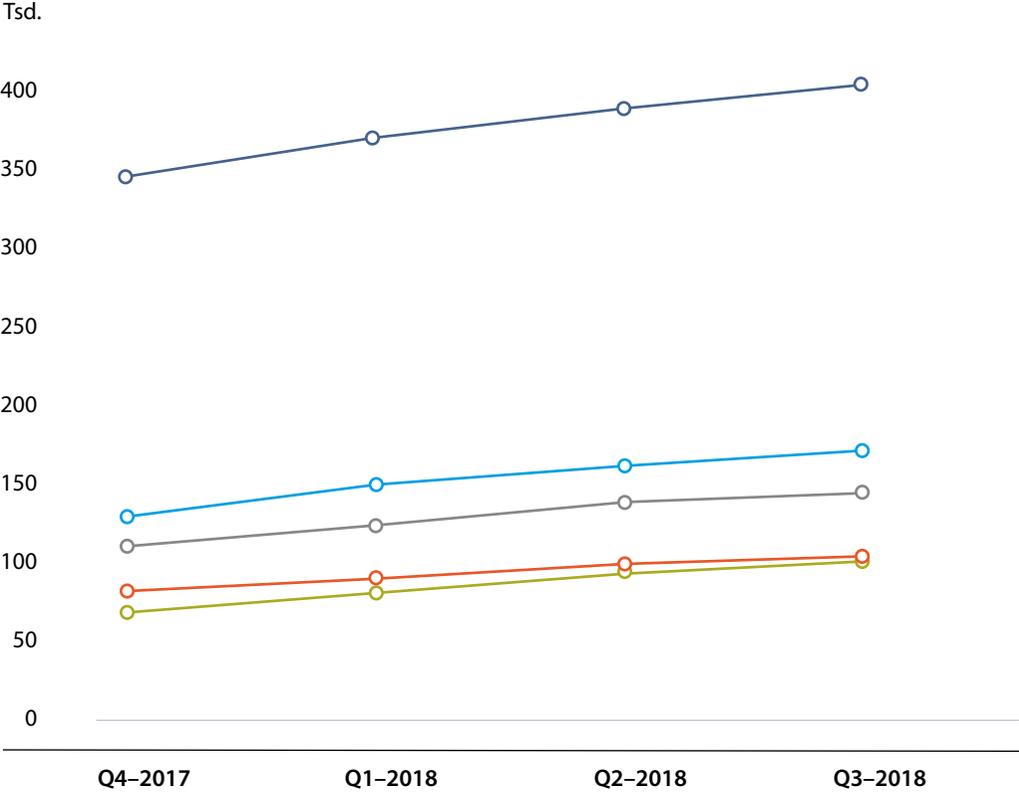
Active LEIs

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



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

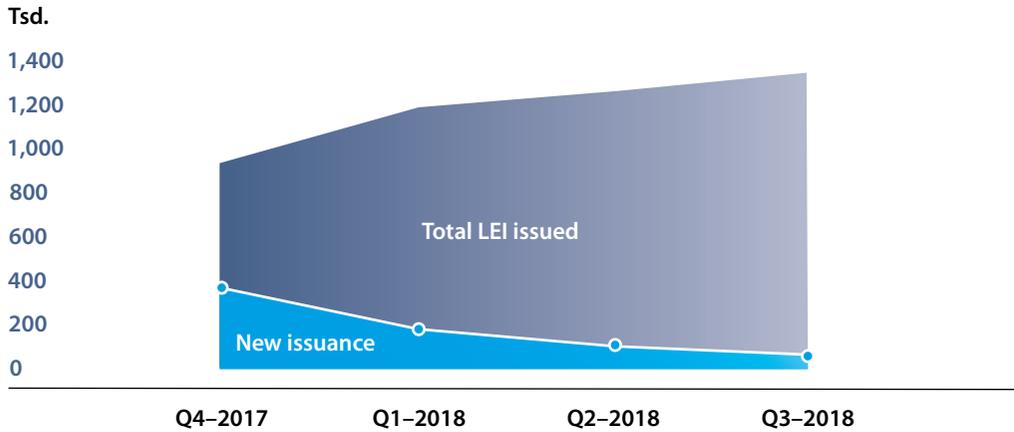
Total LEI Trend-Top 5 LEI issuers | Fig.-3



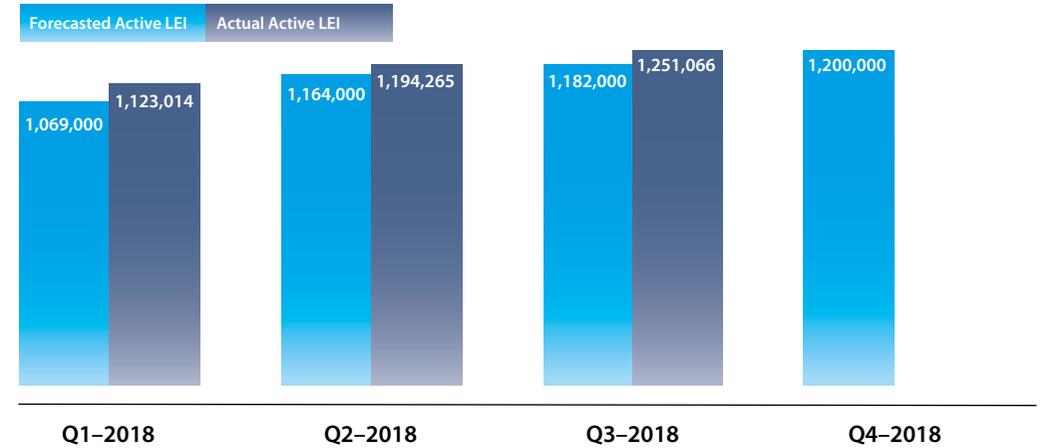
- Business Entity Data BV
- London Stock Exchange
- WM Datenservice
- Kamer van Koophandel (KvK)
- InfoCamere

## Growth in Total Number of Active LEIs

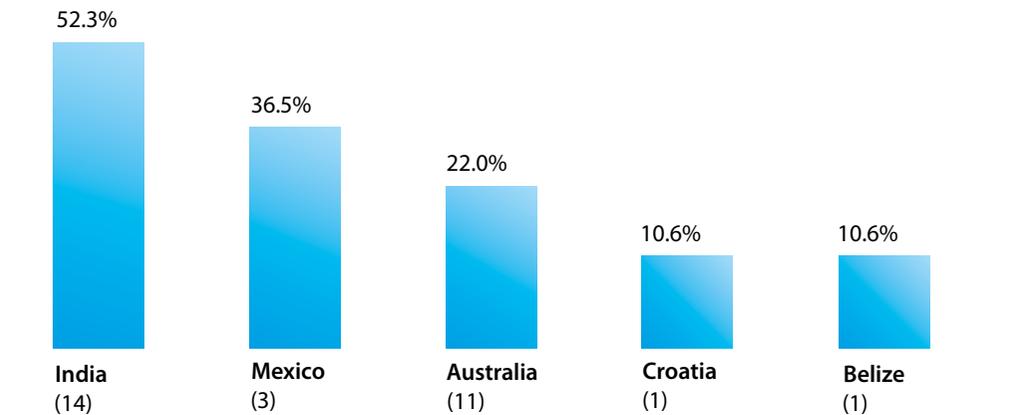
New LEI Issuance | Fig.- 4



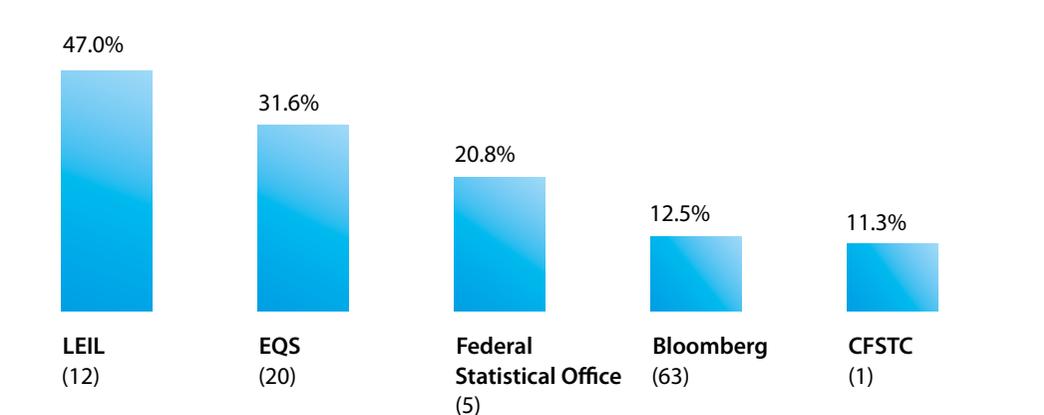
LEI Forecast | Fig.-5



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



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



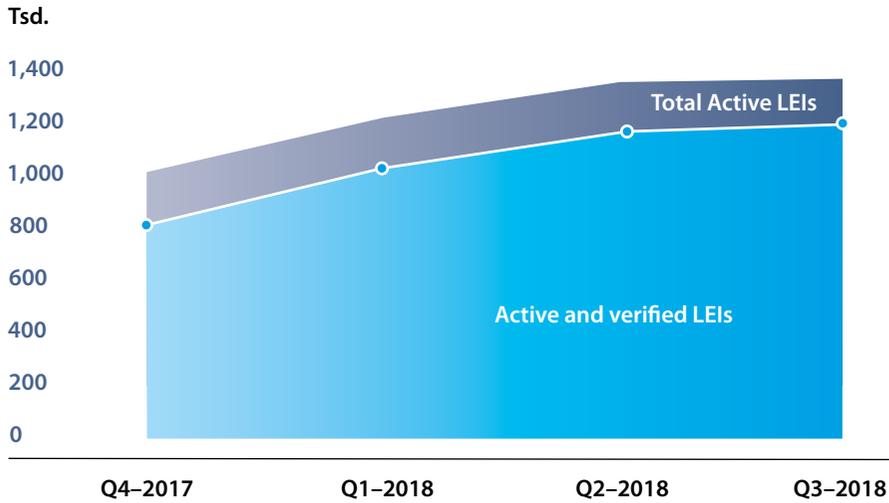
Growth rate of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

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

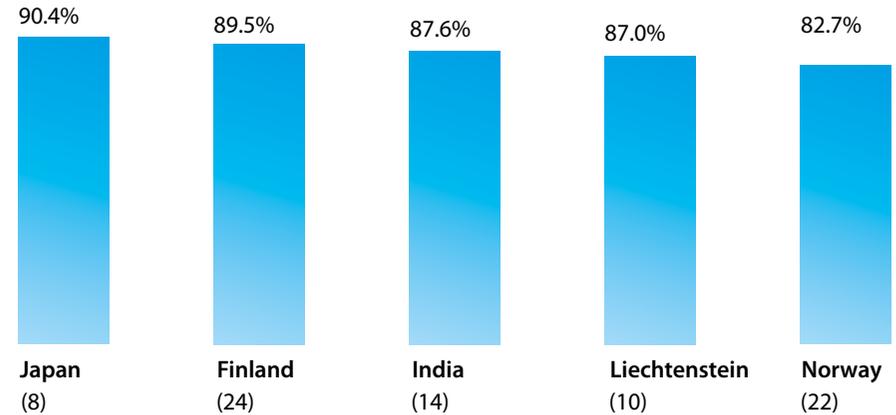
1. Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date

### LEI Renewal Activity

LEI Renewal | Fig.-8

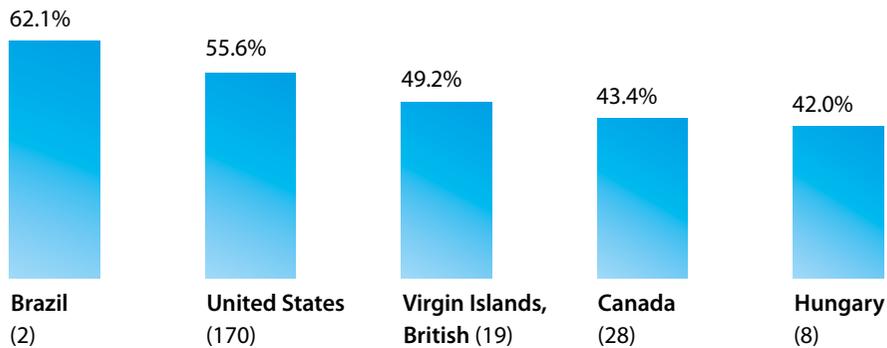


LEI Renewal – Top 5 Countries | Fig.-9<sup>1</sup>



Renewal ratios of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

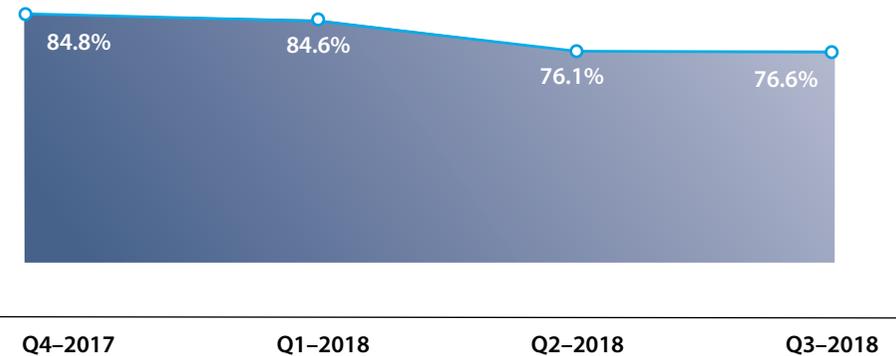
LEI non-Renewal (Lapsed LEIs) – Top 5 Countries | Fig.-10<sup>1</sup>



Non-Renewal ratio of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

### Reference Data Corroboration by LEI issuers

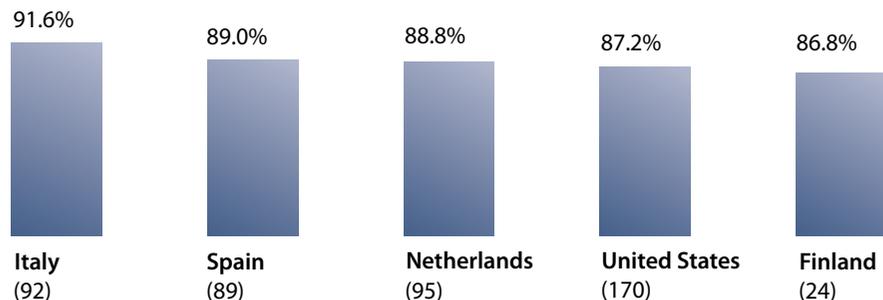
Percentage of Fully Corroborated LEIs | Fig.- 11



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

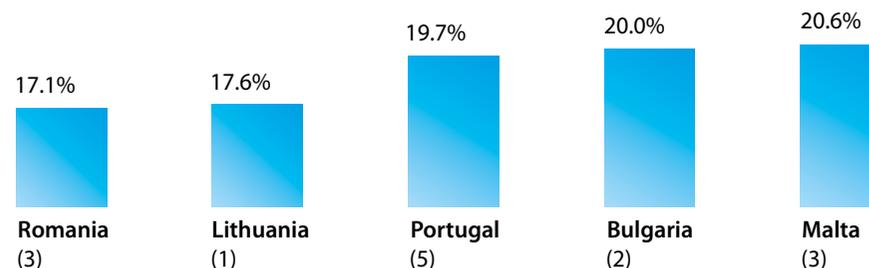
## Competition amongst LEI issuers

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



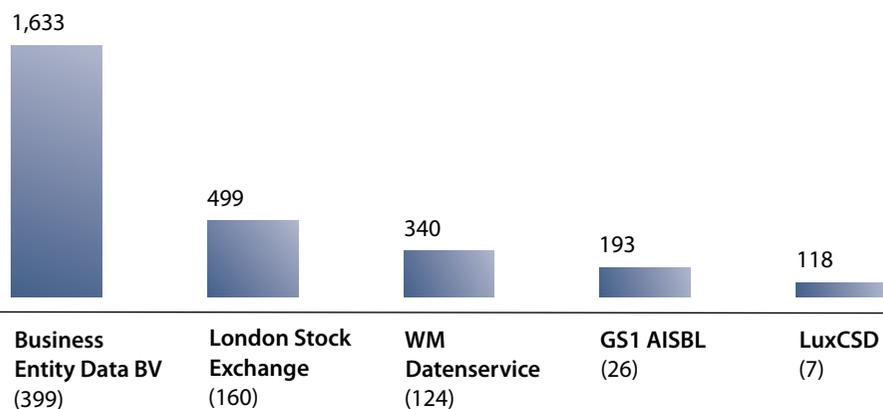
Concentration score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

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



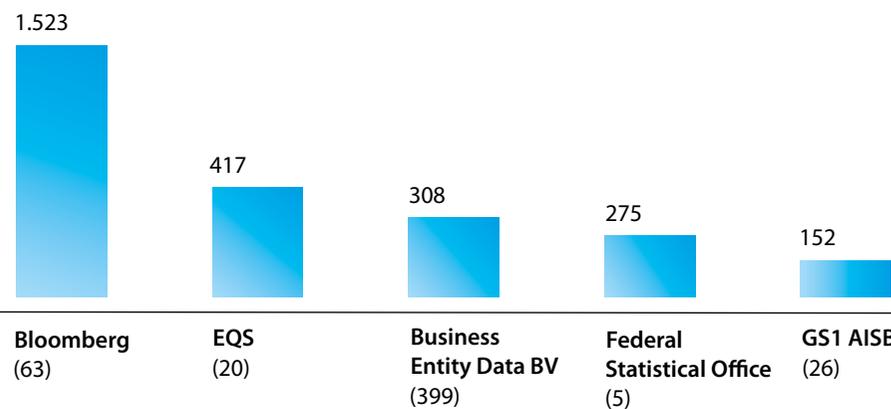
Concentration score of countries  
Total issuance in thousands at most recent quarter-end date in parenthesis

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

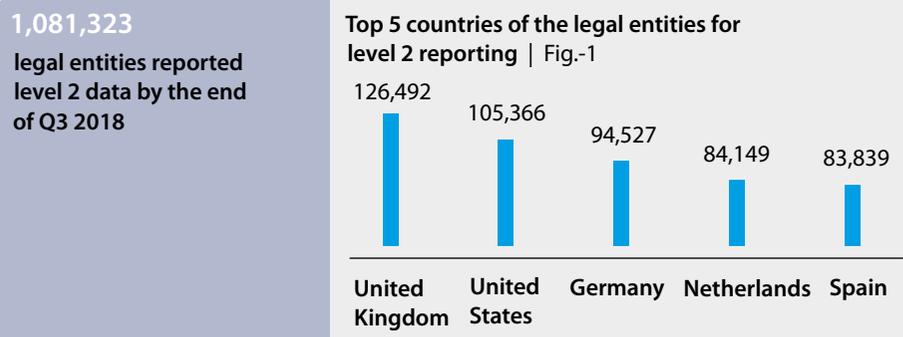


Number of LEIs transferred in  
Total issuance in thousands at most recent quarter-end date in parenthesis

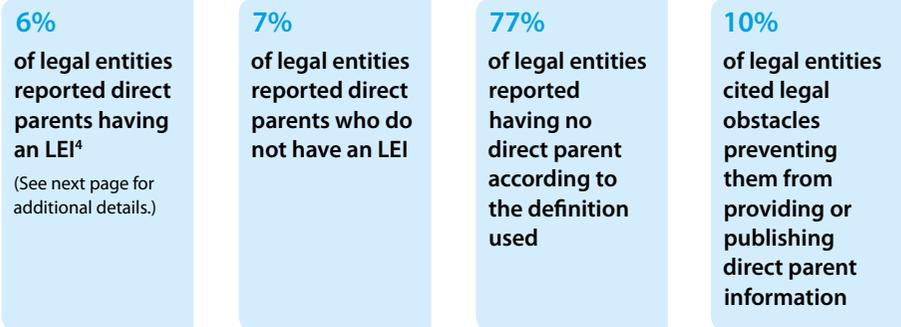
<sup>1</sup> Analysis includes only those countries with at least 1,000 LEIs in total at the previous quarter-end date. The higher the percentage the more concentrated LEI management is with a single LEI issuer.

## Level 2 data report Q3 2018

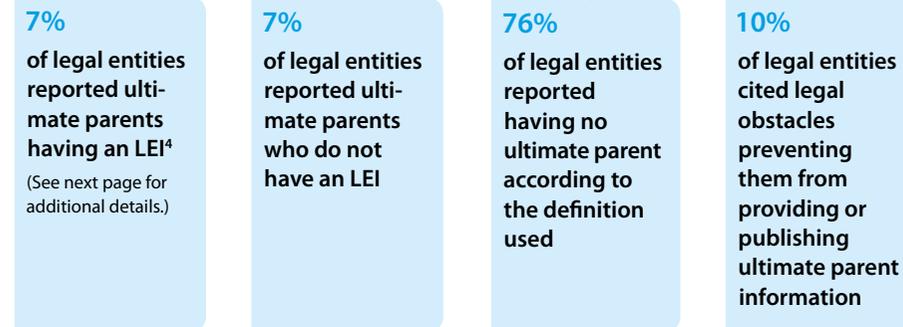
In May 2017, the process of enhancing the LEI data pool, by including 'Level 2' data to answer the question of 'who owns whom', began. The graphic below provides information on direct and ultimate parent data collected through September 2018<sup>1</sup>.



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



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



<sup>1</sup> Referenced to level 2 relationship record CDF concatenated file dated 01 October 2018

<sup>2</sup> 99.9% legal entities reported direct parent

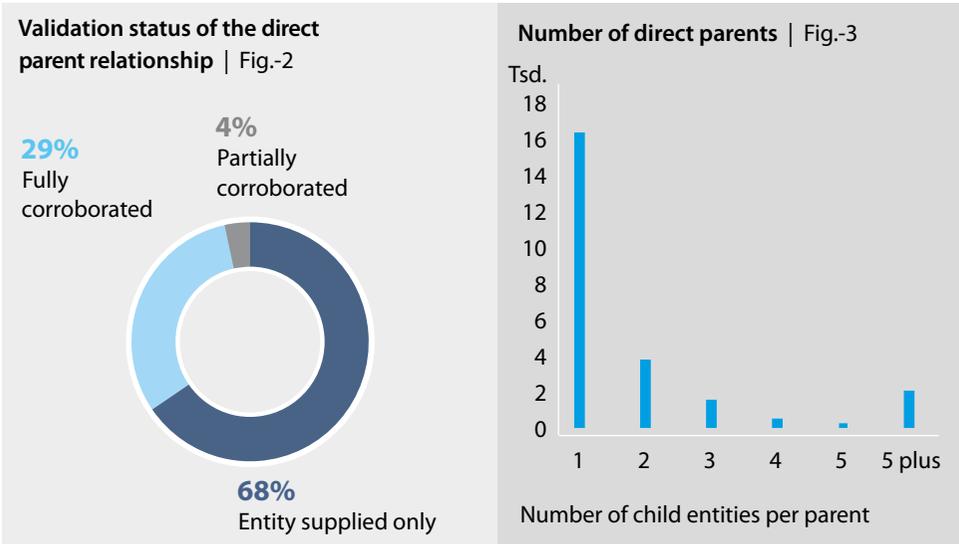
<sup>3</sup> 99.9% legal entities reported ultimate parent

<sup>4</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>

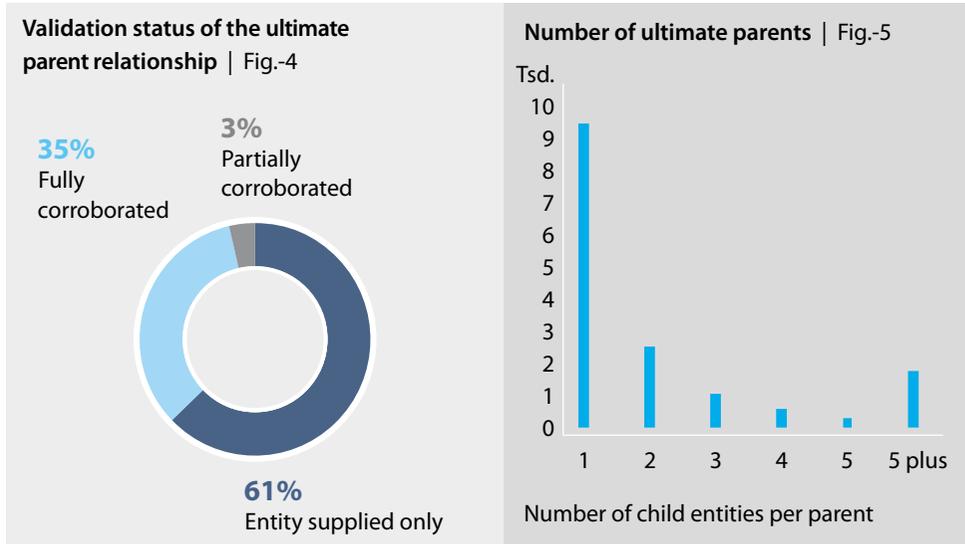
**Level 2 data report**  
**Q3 2018**

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)).