

Global LEI System Business Report

Q4 2018

Summary

State of play of LEI issuance and LEI growth potential

At the end of the fourth quarter of 2018, the total LEI population exceeded 1.3 million. Approximately 55,000 LEIs were issued in the fourth quarter of 2018 compared to approximately 57,000 in the third quarter. This represents a quarterly growth rate of 4.4% in the fourth quarter (third quarter: 4.8%).

In the fourth quarter, India featured the highest LEI growth rate at a jurisdiction level (30.3%) followed by Estonia (9.7%) and United Arab Emirates (9.6%). India has spearheaded LEI growth at a jurisdiction level throughout 2018. This is attributed primarily to various regulatory initiatives implemented by the Reserve Bank of India 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 jurisdiction. In the fourth quarter of 2018, Italy, Netherlands, Spain, Finland and Czech Republic were the five least competitive markets in descending order. Lithuania, Romania, Portugal, Bulgaria and Malta were the five most competitive markets in descending order.

LEI renewal rates

The annual renewal process ensures that the legal entity and the LEI issuing organization review and re-validate the legal entity reference data at least once per year. The Global LEI System is unique in providing absolute transparency on the timeframe when data has last been verified.

In the fourth quarter of 2018, the overall renewal rate¹ of 70.1% remained essentially unchanged compared to the previous quarter (69.1%). At the end of the fourth quarter of 2018, 76% of all LEIs were in good standing (third quarter: 81.8%).

It is worth noting that more than 386,000 LEIs were issued in the fourth quarter of 2017, due to the impact of the revised EU Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR), which took effect on 3 January 2018. Over 72% of these, which were due for renewal in the fourth quarter of 2018, were renewed on time.

The renewal rate in the EU remained stable (70%). It improved significantly in non-EU jurisdictions to 57.6% (third quarter: 52.3%). In the reporting period, these five jurisdictions demonstrated the highest renewal rates: Finland (94%), India (92.8%), Japan (92.2%), Liechtenstein (88.5%) and Estonia (81.7%) in descending order. Brazil (58.6%), the United States (54.5%), the United Kingdom (47.6%), the Russian Federation (47.4%) and Canada (44.1%) were the top five jurisdictions demonstrating the highest non-renewal rates in descending order.

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 31% 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%. Business Entity Data B.V. is in the process of remediating this issue gradually. As of the fourth quarter, Business Entity Data B.V. reported 64.8% of Level 1 reference data for LEIs under its management to be fully corroborated.

In the fourth quarter, the percentage of fully corroborated Level 1 reference data within the entire LEI population increased again to 78.2%. It is expected that it will further increase over the next quarters.

Statistics on the reporting of parent information by legal entities

In the fourth quarter of 2018, approximately 1,140,000 LEI registrants representing 87% of the total LEI population had reported information on direct and ultimate parents. 99.9% of LEI registrants who obtained a newly issued LEI or renewed an existing LEI in this quarter reported parent information.

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.

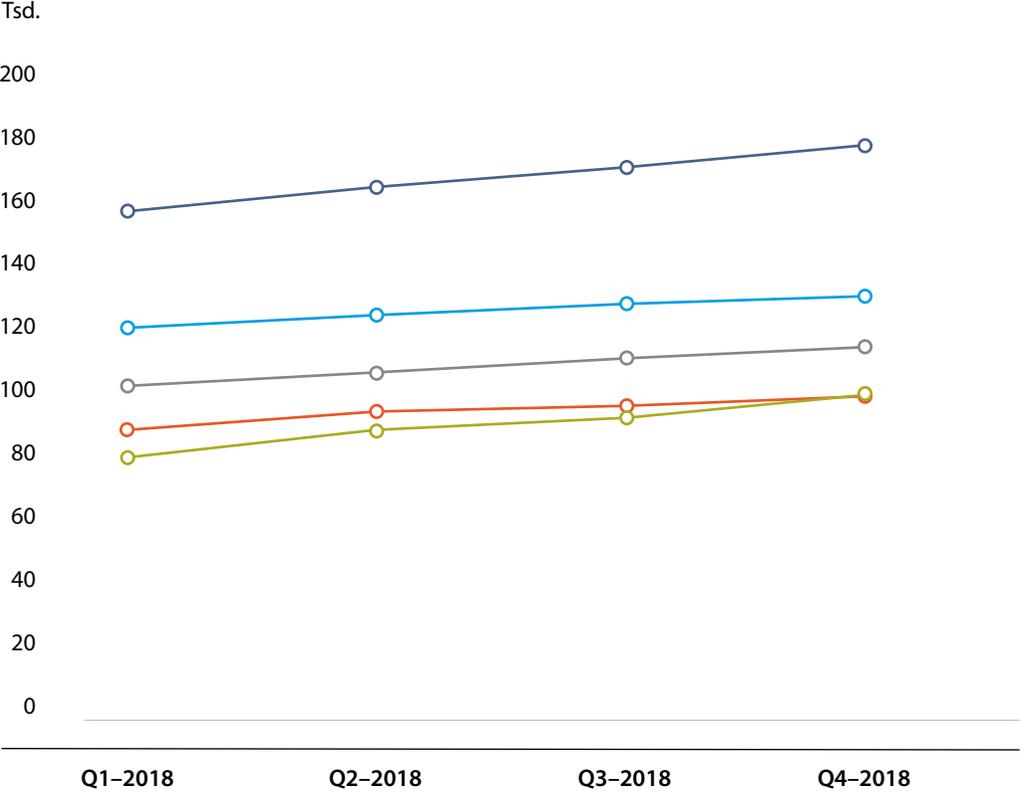
In the fourth quarter of 2018, Business Entity Data B.V. reported that 28.7% of LEIs under its management would have opted out from providing parent information. As a result of reporting by this one LEI issuer, statistics for the entire LEI population indicate that 9.6% of legal entities would have cited 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 fell to only 2.5%.

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

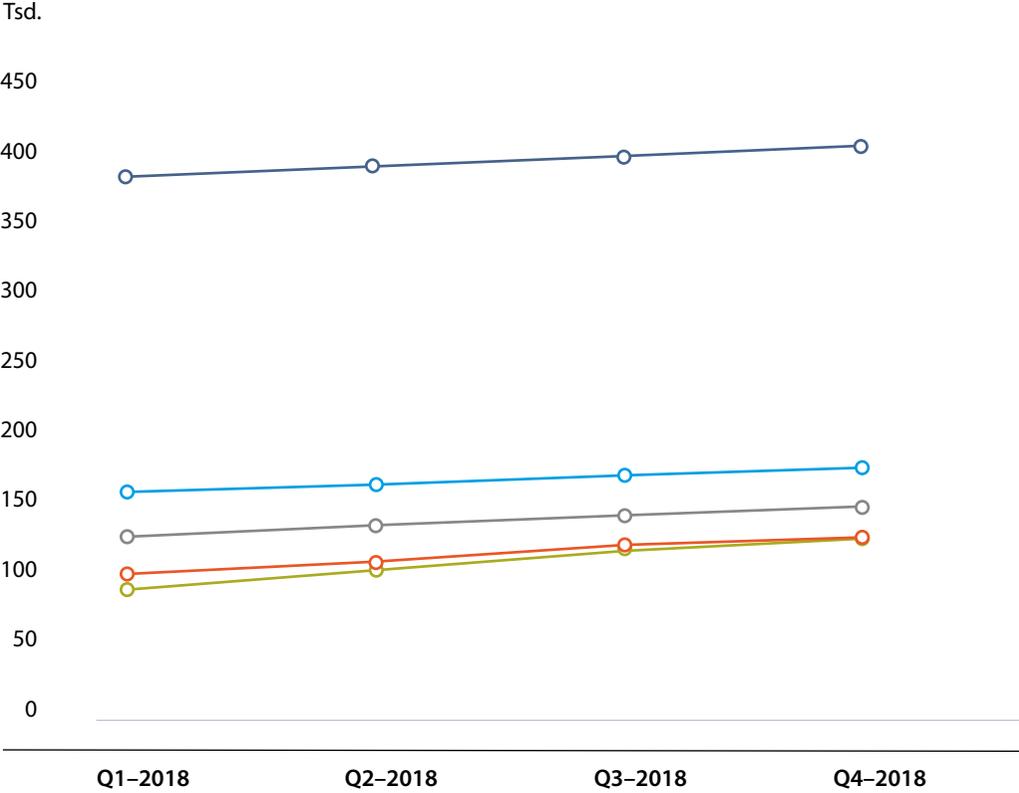
Active LEIs

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



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

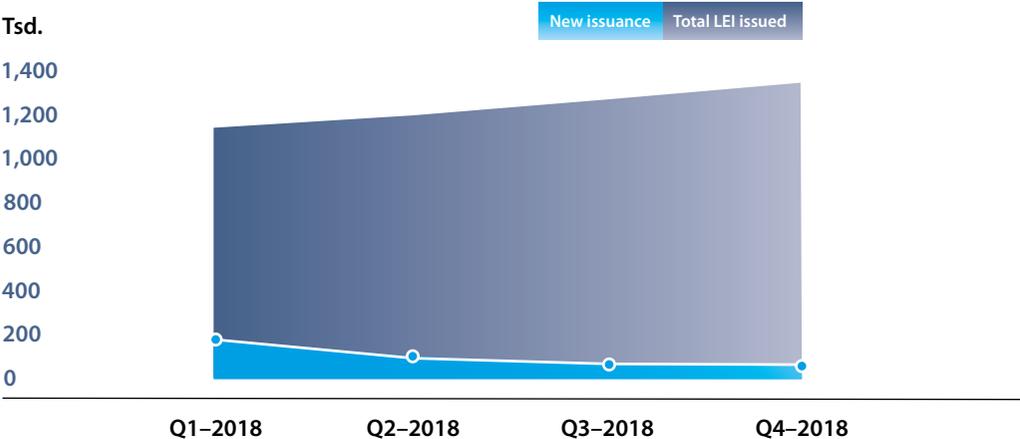
Total LEI Trend-Top 5 LEI issuers | Fig.-3



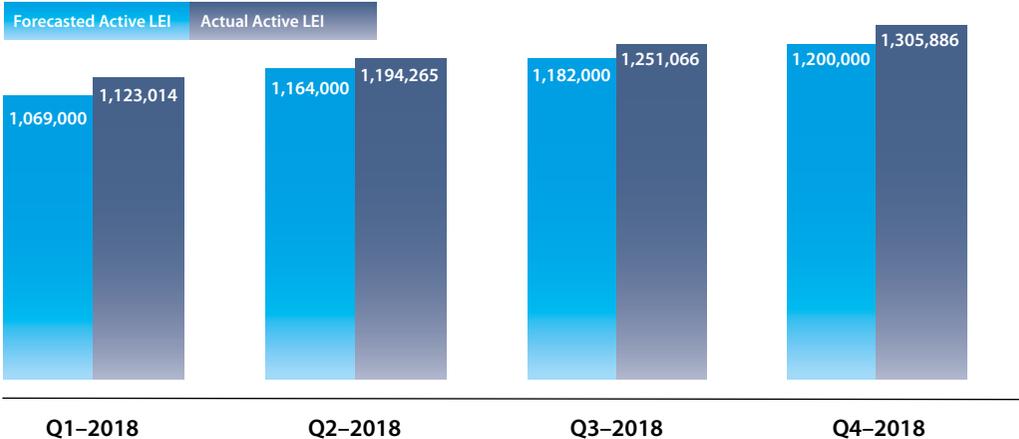
- Business Entity Data BV
- London Stock Exchange
- WM Datenservice
- Kamer van Koophandel (KvK)
- InfoCamere

Growth in Total Number of Active LEIs

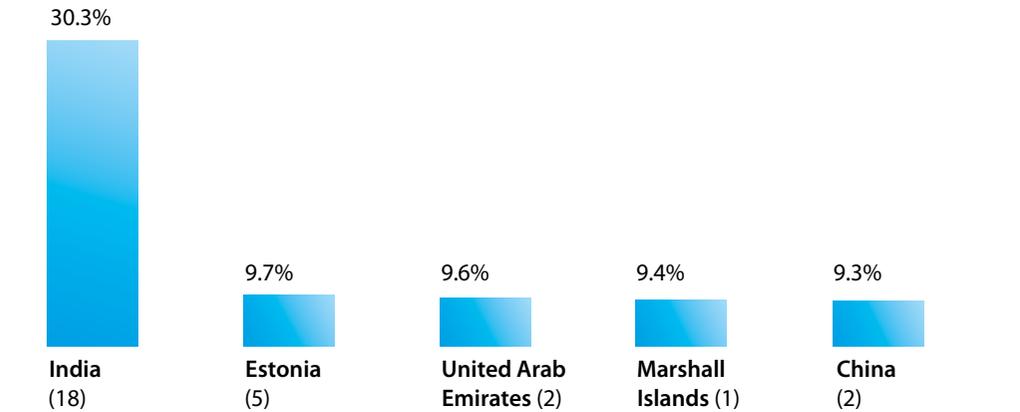
New LEI Issuance | Fig.-4



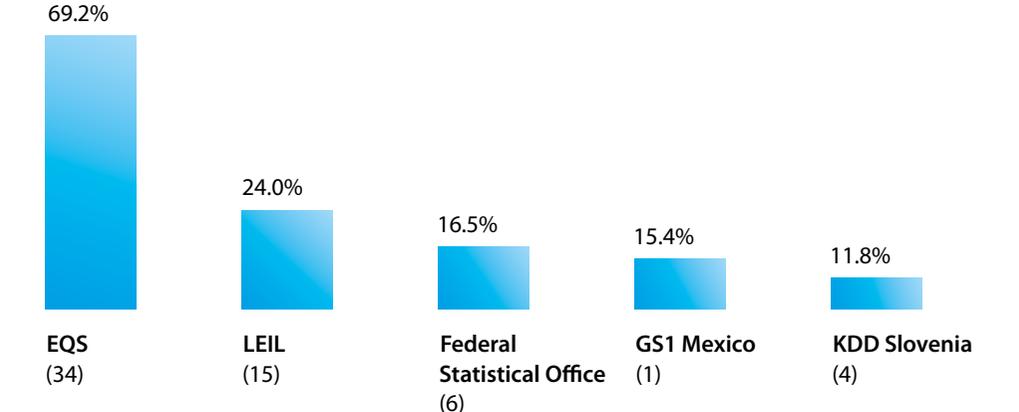
LEI Forecast | Fig.-5



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



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



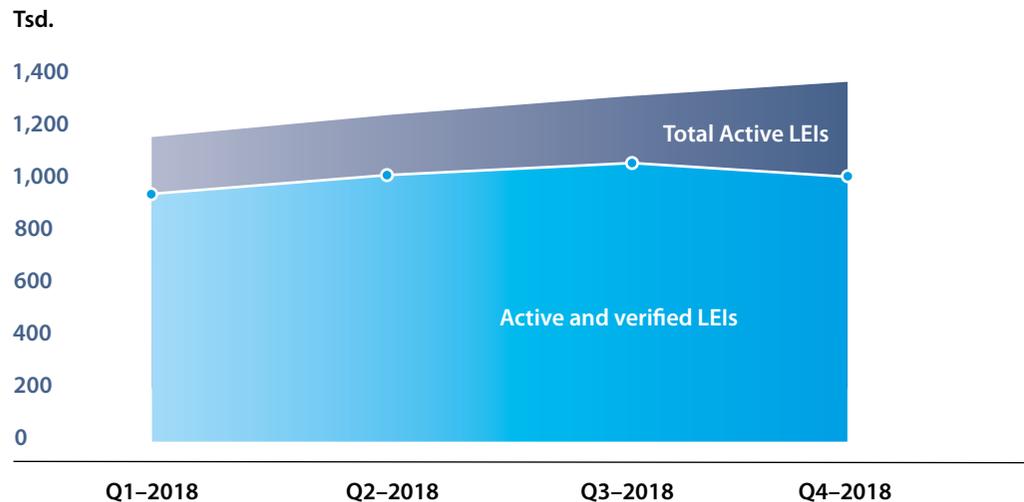
Growth rate of jurisdictions
Total issuance in thousands at most recent quarter-end date in parenthesis

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

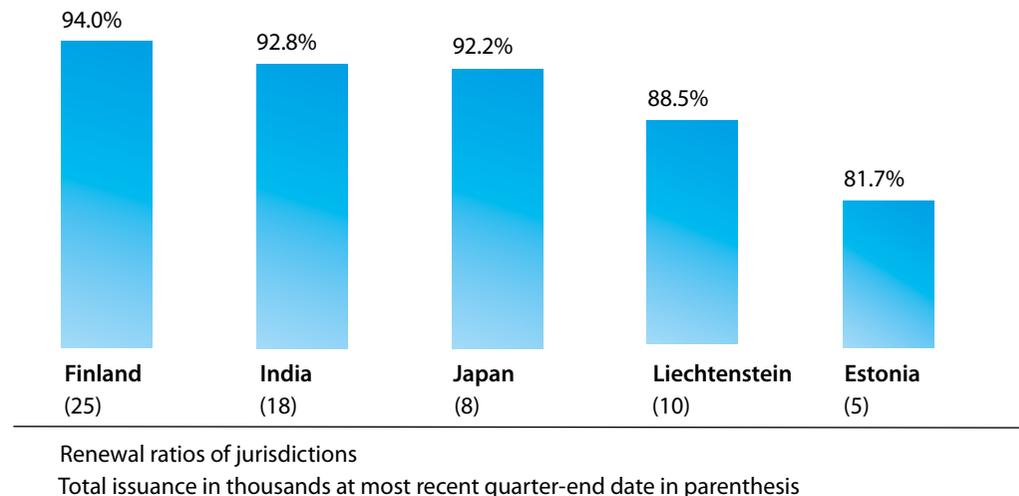
Growth rate of LEI issuers
Total issuance in thousands at most recent quarter-end date in parenthesis

LEI Renewal Activity

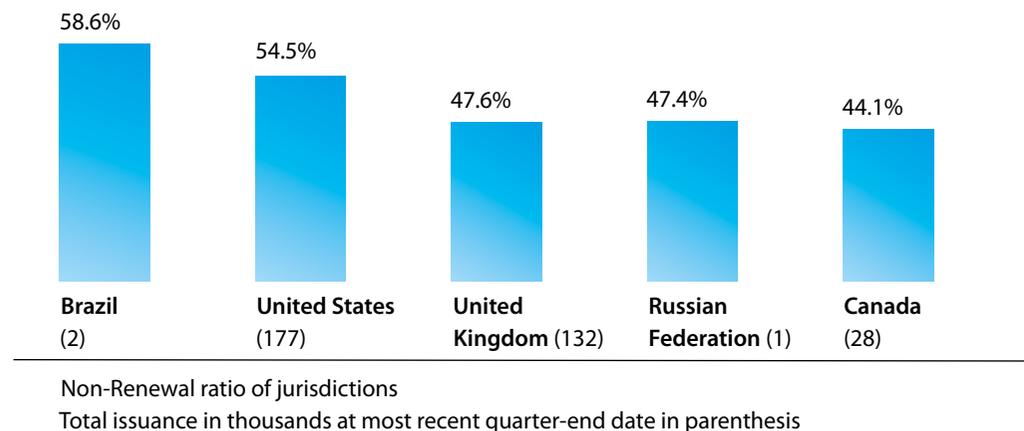
LEI Renewal | Fig.-8



LEI Renewal – Top 5 Jurisdictions | Fig.-9¹

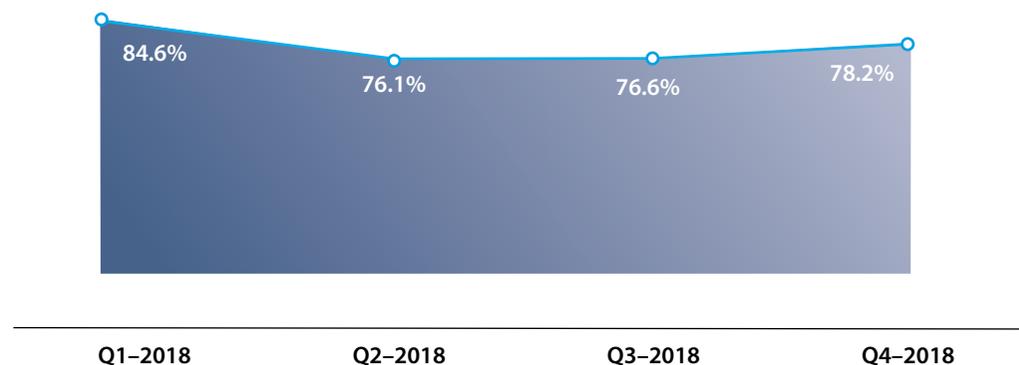


LEI non-Renewal (Lapsed LEIs) – Top 5 Jurisdictions | Fig.-10¹



Reference Data Corroboration by LEI issuers

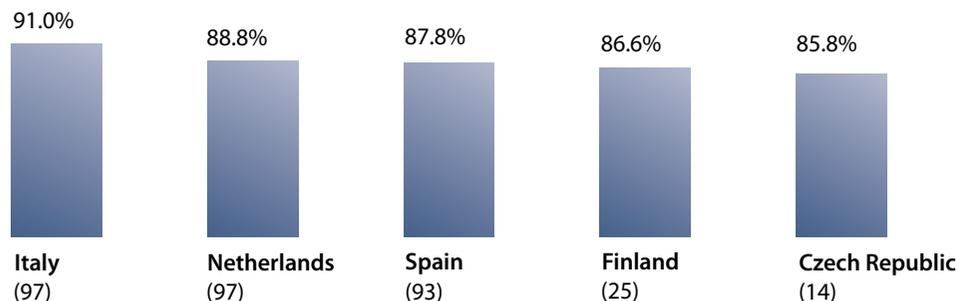
Percentage of Fully Corroborated LEIs | Fig.-11



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

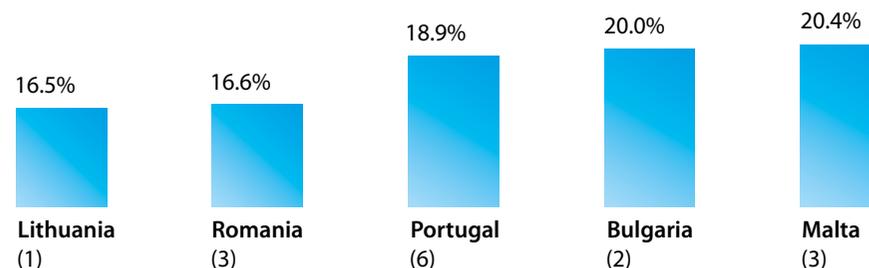
Competition amongst LEI issuers

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



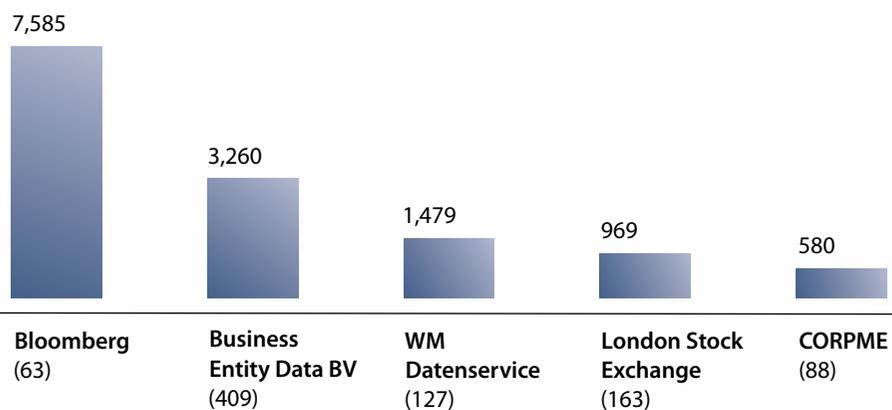
Concentration score of jurisdictions
Total issuance in thousands at most recent quarter-end date in parenthesis

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



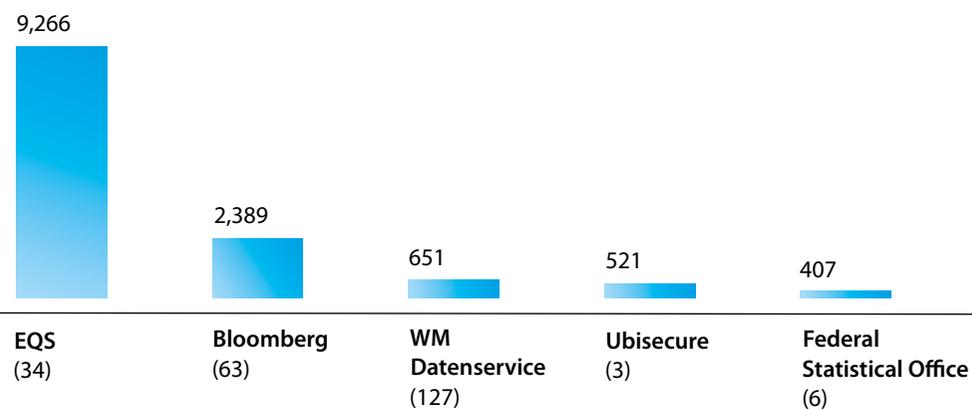
Concentration score of jurisdictions
Total issuance in thousands at most recent quarter-end date in parenthesis

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

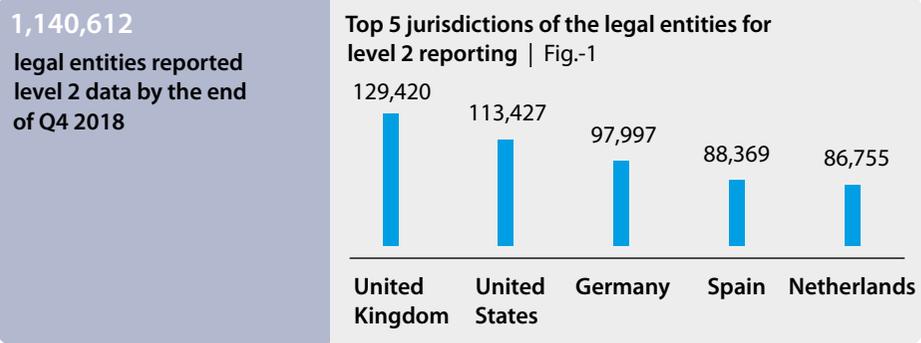


Number of LEIs transferred in
Total issuance in thousands at most recent quarter-end date in parenthesis

¹ Analysis includes only those jurisdictions 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.

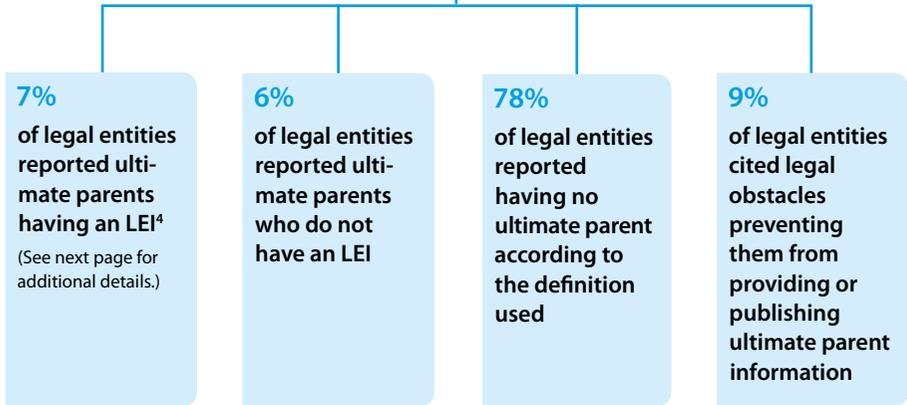
Level 2 data report Q4 2018

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 December 2018¹.



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 02 January 2019

² 99.9% legal entities reported direct parent

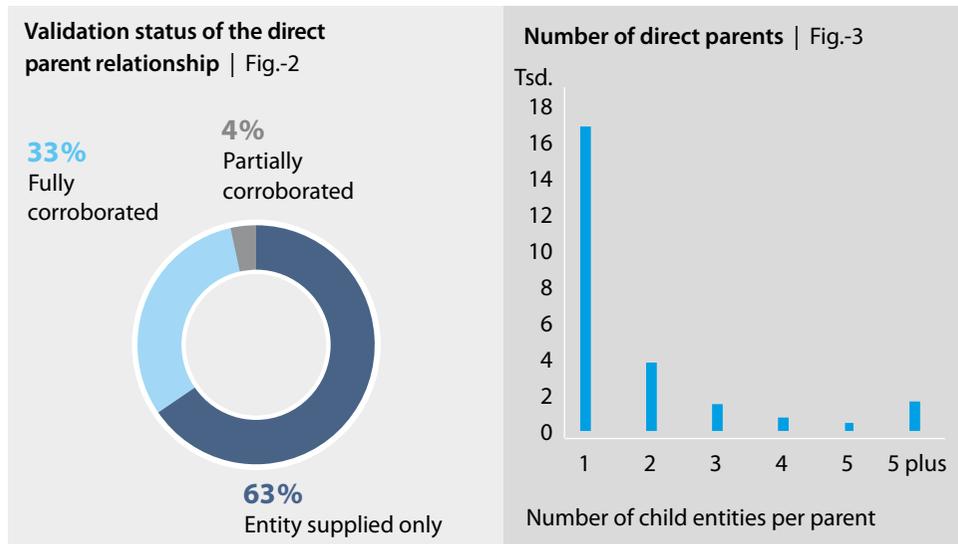
³ 99.9% legal entities reported ultimate parent

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>

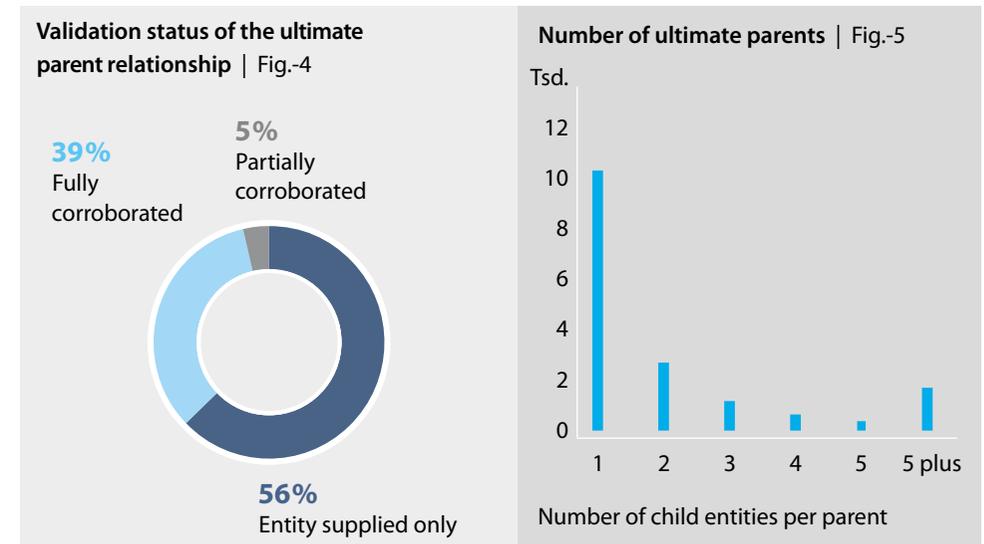
Level 2 data report
Q4 2018

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)).