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About this Document

This document describes concepts unique to the Global LEI System referenced with data included in the quarterly Global LEI System Business Reports.

Change History

This section records the history of all changes to this document.

<table>
<thead>
<tr>
<th>Date</th>
<th>Version</th>
<th>Description of change</th>
<th>Author</th>
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<tbody>
<tr>
<td>2022-07-19</td>
<td>1.2</td>
<td>ROC policies update</td>
<td>GLEIF</td>
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Where changes are made for clarity and reading ease only and no change is made to the meaning or intention of this document, the version number will be increased by 0.1.

Where significant changes are made to this document, the version number will be incremented by 1.0.
1. Introduction

The Global Legal Entity Identifier Foundation (GLEIF) publishes quarterly reports, which highlight key developments relevant to the adoption of the Legal Entity Identifier (LEI). Specifically, the reports assess annual growth and renewal expectations, evaluate the level of competition between LEI issuing organizations operating in the Global LEI System and analyse LEI renewal rates and reference data corroboration. In addition, the reports deliver statistics on direct and ultimate parent information provided by legal entities. After the implementation of the new ROC policies, the reports also provide summary statistics on new entity categories and fund relationship.

The quarterly reports refer to concepts and definitions unique to the Global LEI System. To facilitate an easy understanding of the reports, this document summarizes relevant concepts. Detailed information on the concepts summarized here are available on the GLEIF website.

2. State of play of LEI issuance and LEI growth potential

GLEIF, in partnership with the Regulatory Oversight Committee and the LEI issuing organizations, is on a journey to increase the rate of LEI adoption so that in the future, the Global LEI Index will capture an increasing number of entities engaging in financial transactions globally, providing a 360-degree view.

The Global LEI Index contains historical and up-to-date LEI records including related reference data in one authoritative source. The reference data provides information on a legal entity identifiable with an LEI. The Global LEI Index is the only global online source that offers open, standardized, and high-quality legal entity reference data.

The quarterly Global LEI System Business Reports detail:

1. Total number of LEIs issued globally and recent issuance trends.
2. Countries with the most LEIs and high rates of new LEI issuance.
3. Important activity by LEI issuers.
4. Overall LEI growth expectation for the year.
5. Statistics on direct and ultimate parent information.

3. Competition in the Global LEI System
LEI issuing organizations – also referred to as Local Operating Units (LOUs) – supply registration, renewal and other services, and act as the primary interface for legal entities wishing to obtain an LEI. A legal entity is not limited to using an LEI issuer headquartered in its own country; instead, it can use the registration services of any LOU that is accredited and qualified to validate LEI registrations within its authorized jurisdiction. The Global LEI System is designed to encourage competition between LEI issuers to the benefit of legal entities seeking to obtain an LEI. The fees charged for the issuance and maintenance of an LEI are entirely a matter for the LEI issuing organizations and must be cost-based.

The quarterly Global LEI System Business Reports detail:

1. Least competitive markets with more than 1,000 LEIs based on the number of LEI issuers providing services in this country.

2. Most competitive markets with more than 1,000 LEIs based on the number of LEI issuers providing services in this country.

3. A legal entity is free to change the LEI issuer responsible for managing its LEI, i.e. to transfer its LEI and related reference data from the former LEI issuer (transfer out) to the chosen issuer (transfer in). Starting with the second report published in July 2017, we show the LEI issuers that have the most transfer activity.

4. LEI renewal rates

Renewal means that the reference data connected to an LEI is re-validated annually by the managing LEI issuer against a third party source. Legal entities that have obtained an LEI are obliged to renew it regularly. This is a key feature that distinguishes the LEI from other identifiers for the following reasons: Firstly, the principle of renewal is essential to ensure that the information available on a legal entity with an LEI is accurate and up to date. No other global and open entity identification system has committed to a comparable strict regime of regular data verification. Secondly, the users of the data are aware of whether the information related to a specific LEI has been re-validated recently or not. The Global LEI System is unique in providing absolute transparency on the timeframe when data has last been verified. If a legal entity fails to renew and re-certificate its LEI registration by the ‘Next Renewal Date’ stated with its LEI reference data, then the registration status of this LEI will be set from ‘issued’ to ‘lapsed’.

The quarterly Global LEI System Business Reports detail:

1. Total number of LEIs duly renewed versus the total number of LEIs that are supposed to renew globally.

2. Countries with more than 1,000 LEIs featuring the highest renewal rates.

3. Countries with the highest rates of non-renewed LEIs.

5. 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 LEI-Common Data File (CDF) format defines how LEI issuing organizations report their LEI and Level 1 reference data. The CDF format specifies the field ‘ValidationSources’. If the value included with this field in the publicly available LEI data record states ‘Fully Corroborated LEI’, this means: Based on the validation procedures in use by the LEI issuer responsible for managing this LEI record, there is sufficient information contained in authoritative public sources to corroborate the information that the legal entity has provided for the record.

The quarterly Global LEI System Business Reports detail:

- Percentage of total LEIs issued that are fully corroborated by the LEI issuer.

6. Statistics on the reporting of parent information by legal entities

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’. 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. This data allows the identification of the direct and ultimate parents of a legal entity and vice versa, in order that the entities owned by individual companies can be researched.

The quarterly Global LEI System Business Reports detail:

1. **Records related to direct and ultimate parents that have an LEI**: If the direct and / or ultimate parent of an LEI registrant has obtained an LEI, the following applies: The child legal entity will be obliged to provide the LEI, respectively, of its direct and ultimate parent to the LEI issuing organization. The ‘Relationship Record Common Data File format’ applies to relationship records for LEI registrants whose direct and ultimate parents have obtained an LEI. The quarterly Global LEI System Business Reports identify the percentage of reported relationship records where parents have an LEI. In addition, the reports state the number of child entities associated with a parent entity that has an LEI. The reports also indicate the percentage of fully corroborated relationship records. This means the relationship data provided by the child entity has been validated against an explicit relationship statement found in key sources (e.g. consolidated financial statements).

2. **Records related to direct and ultimate parents that do not have an LEI**: when the parent does not consent to obtain an LEI or to authorize its “child entity” to obtain an LEI on its behalf. The quarterly Global LEI System Business Reports identify the percentage of reported relationship records where parents do not have an LEI.

3. **Records related to legal entities that do not have a direct or ultimate parent**: The quarterly Global LEI System Business Reports identify the percentage of LEI registrants that do not have a direct or ultimate parent according to the definition used for Level 2 data collection. This will include for instance (i) the entity is controlled by natural person(s) without any intermediate legal entity meeting the definition of parent in the Global LEI System; (ii) the
entity is controlled by legal entities not subject to preparing consolidated financial statements (given the definition of parents in the Global LEI System); (iii) there is no known person controlling the entity (e.g., diversified shareholding).

4. **Records related to legal entities whose relationship information is non-public and therefore creates obstacles to releasing this information:** Whenever the relationship information is non-public and therefore creates obstacles to releasing this information. An entity is not required to provide non-public relationship information in order to register or renew an LEI.

7. **Statistics on the new ROC policies implementation**

The new ROC policies identify resident government entities and international organizations as specific entity categories.

The quarterly Global LEI System Business Reports detail:

1. Number of government entities by quarter.
2. Top 5 jurisdictions reporting government entities.
3. Number of international organizations by quarter.
4. Top 5 jurisdictions reporting international organizations.

The new ROC policies also report fund relationship for fund entities. The quarterly Global LEI System Business Reports detail:

1. Number of entities reporting fund relationship.
2. Top 5 jurisdictions of legal entities reporting fund relationship.
3. Validation status of fund relationship reporting.
4. Detailed fund relationship reporting categories.