



# Welcome to the Global Legal Entity Identifier Foundation (GLEIF) Webinar

## Creating Business Value with the LEI

**16 November 2017, 15.00 CET (no audio until this time)**

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Webinar attendees will remain muted to reduce background noise

**#GLEIFlive**

# Introducing Presenters



**Stephan Wolf**

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# Agenda



- 1. Get ready for MiFID II / MiFIR: Late movers must act now!**
- 2. Connect the corporate dots with LEI: Progress 2017 and next steps**
- 3. Data quality management: Further increasing usability of LEI data**
- 4. McKinsey & Company and GLEIF research: Creating business value with LEI**
- 5. Questions and Answers**

# GLEIF: Who we are and what we do



## Who we are

- GLEIF is a supranational not-for-profit organization responsible for ensuring the operational integrity of the Global LEI system.



## What we do

- By providing free access to open, standardized and high quality legal entity reference data, we enable smarter, less costly and more reliable decisions about who to do business with.



# Key terms: Legal Entity Identifier & Global LEI Index



## Legal Entity Identifier (LEI)

- 20-digit, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO).
- Connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions.



## Global LEI Index

- Publicly available LEI data pool can be regarded as a global directory, which greatly enhances transparency in the global marketplace.
- Only global free online source that provides open, standardized and high quality legal entity reference data.



**Get ready for MiFID II / MiFIR:  
Late movers must act now!**

## Get ready for MiFID II / MiFIR now



- Market participants that have to comply with the forthcoming European Union (EU) revised Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR) need to obtain an LEI as soon as possible.
- While many EU regulations already obligate certain markets or market participants to have an LEI for transaction reporting, MiFID II is unique as it will require LEIs for transaction reporting across all asset classes.
- **European Securities and Markets Authority (ESMA):** “Failure to obtain an LEI (by the firm or its client) in time will prevent firms from being able to comply with the reporting requirements applicable in the EU as of 3 January 2018.”
- **Clients of investment firms that trade a European instrument on a European venue are required to get an LEI even if:**
  - They are not an EU entity
  - They are not operating or domiciled in the European Economic Area
  - They are not directly subject to EU regulations
  - They are the non-reporting counterparty
  - They had no previous obligation to get one

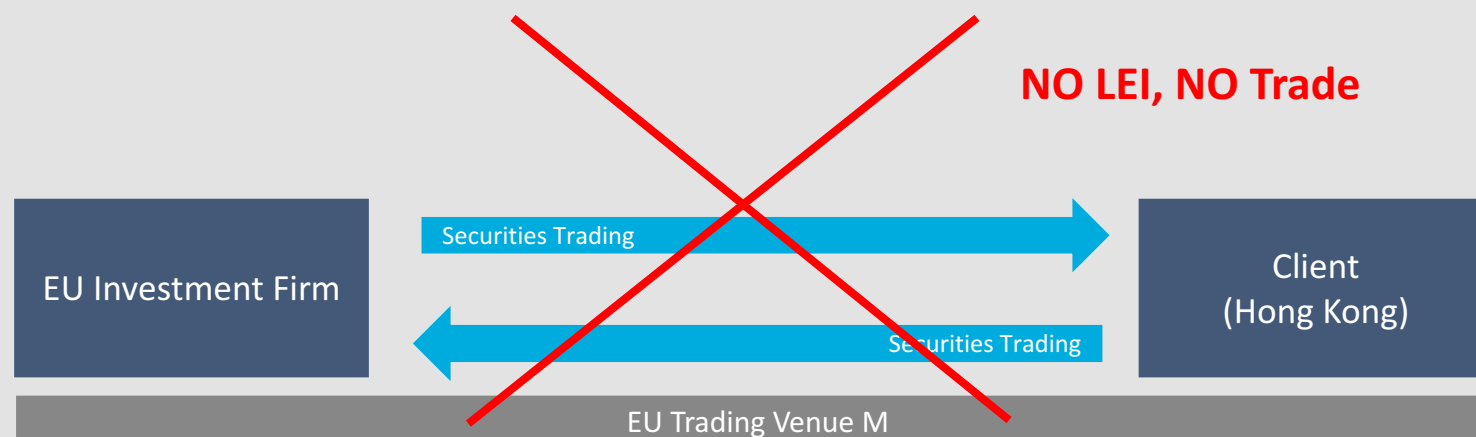
# Get ready for MiFID II / MiFIR now



## Before: No LEI Obligation



## After: LEI Obligation for *Investment Firm*





# Get ready for MiFID II / MiFIR now



## Call to action

- Immediate registration is encouraged
- Delays are only anticipated if impacted market participants register late
- Later registrations will have an increased chance of delay
- There is no guarantee that entities who leave it late to register will receive an LEI in time to comply with the regulation coming into force
- **Contact your LEI issuer of choice today**

## Registration Agents

- To further streamline LEI issuance, GLEIF has introduced the concept of the 'Registration Agent'
- A Registration Agent assists legal entities to access the network of LEI issuing organizations

## Where to find relevant information

- To find a list of all LEI issuing organizations as well as more information on the Registration Agent concept, refer to the GLEIF website

## **Connect the corporate dots with LEI: Progress 2017 and next steps**

## Who is who: Enhanced visibility

LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions.

### Level 1 data: Information on who is who

- The business card information available with the LEI reference data is referred to as 'Level 1' data
- It provides the answer to the question of who is who

### Common Data File (CDF) format version 2.1

- The LEI-CDF format defines how LEI issuing organizations report their LEI and Level 1 reference data
- The CDF formats provide the specificity needed for the operational implementation of the LEI standard
- In May 2017, GLEIF published the updated LEI-CDF format version 2.1

## Who is who: Business benefits based on LEI-CDF format version 2.1

**CDF 2.1 forces LEI issuer to provide complete information**

- Increased data quality and more reliable data content

**CDF 2.1 enforces permissible values for enumeration in data fields in LEI record**

- Unambiguous information based on clean and fully documented data

**CDF 2.1 enforces consistent formats**

- The data integrates more easily into databases or systems
- As a result of the information being structured more clearly, the data is easier to interpret by both humans and machines

**CDF 2.1 makes available additional information**

- The richer data helps to categorize legal entities and therefore, allows for more insight into the global market place

Since November 2017, LEI-CDF Version 2.1 Concatenated File\* is the authoritative source for LEI and Level 1 reference data.

**GLEIF will continue to make available Level 1 data with its daily Concatenated Files based on both LEI-CDF format version 1.0 and LEI-CDF format version 2.1, respectively, for a transitional period until 1 May 2018.**

**This allows the users of LEI data sufficient lead time to adapt processes and operations in line with the LEI-CDF format version 2.1.**

**\*The GLEIF Concatenated Files, updated daily, contain the content of the files published by the LEI issuing organizations, which list all LEIs issued to legal entities and related reference data.**

# Who owns whom: Creating transparency



## Level 2 data

- Since May 2017, the LEI data pool is being enhanced to include 'Level 2' data to answer the question of who owns whom.
- 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.

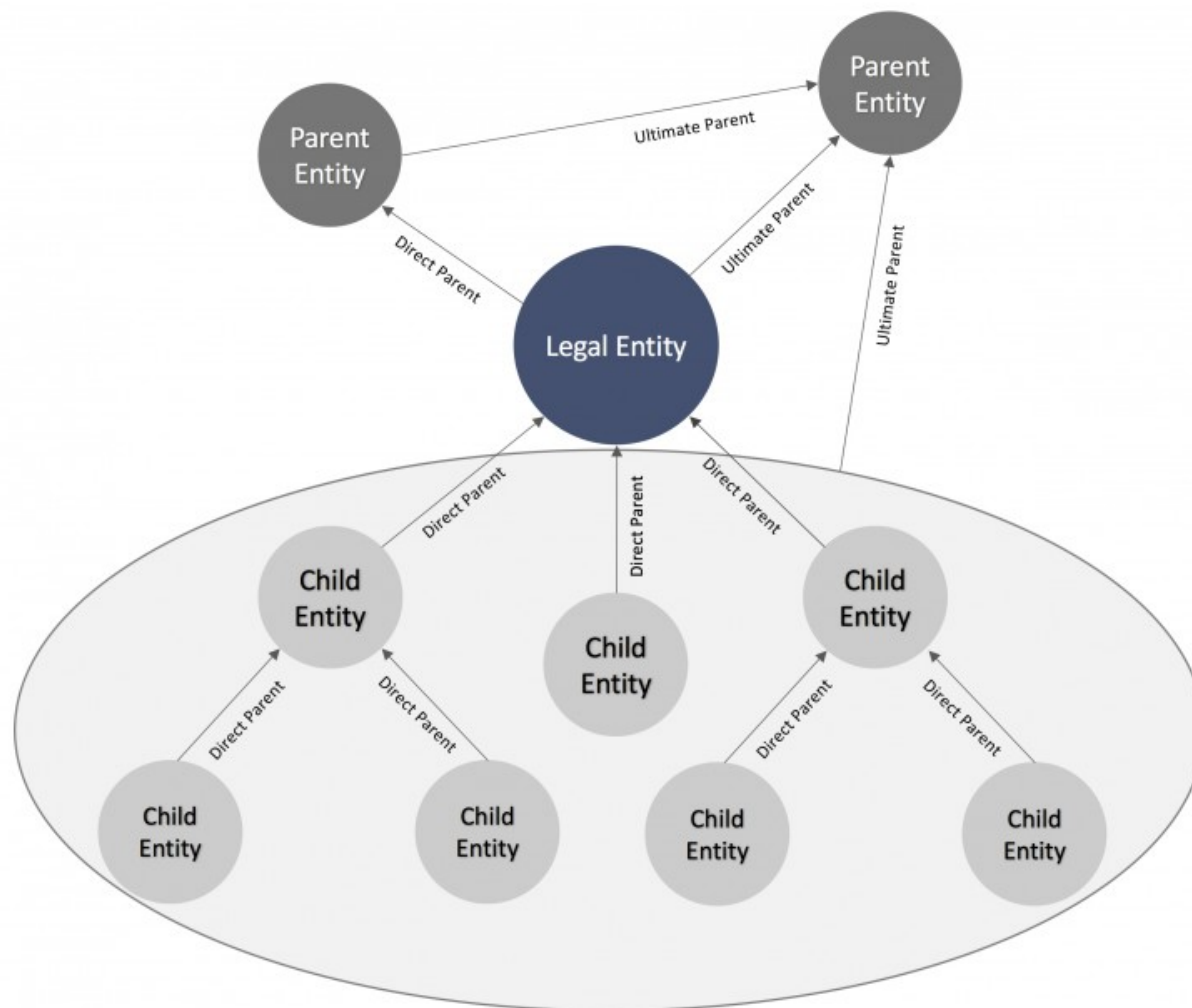
## Level 2 data for LEIs that existed prior to May 2017

- The collection and validation of Level 2 data by the LEI issuing organizations for LEIs that existed prior to May 2017 takes place with the annual renewal of the LEI.
- Renewal means that the reference data connected to an LEI is re-validated annually by the managing LEI issuer against a third party source.

## Mid 2018

- It is expected that Level 2 data for the complete active and verified LEI population will be available in the first half of 2018, i.e. towards the end of the one-year renewal cycle after the date when collection of Level 2 data started.

# Who owns whom: Creating transparency



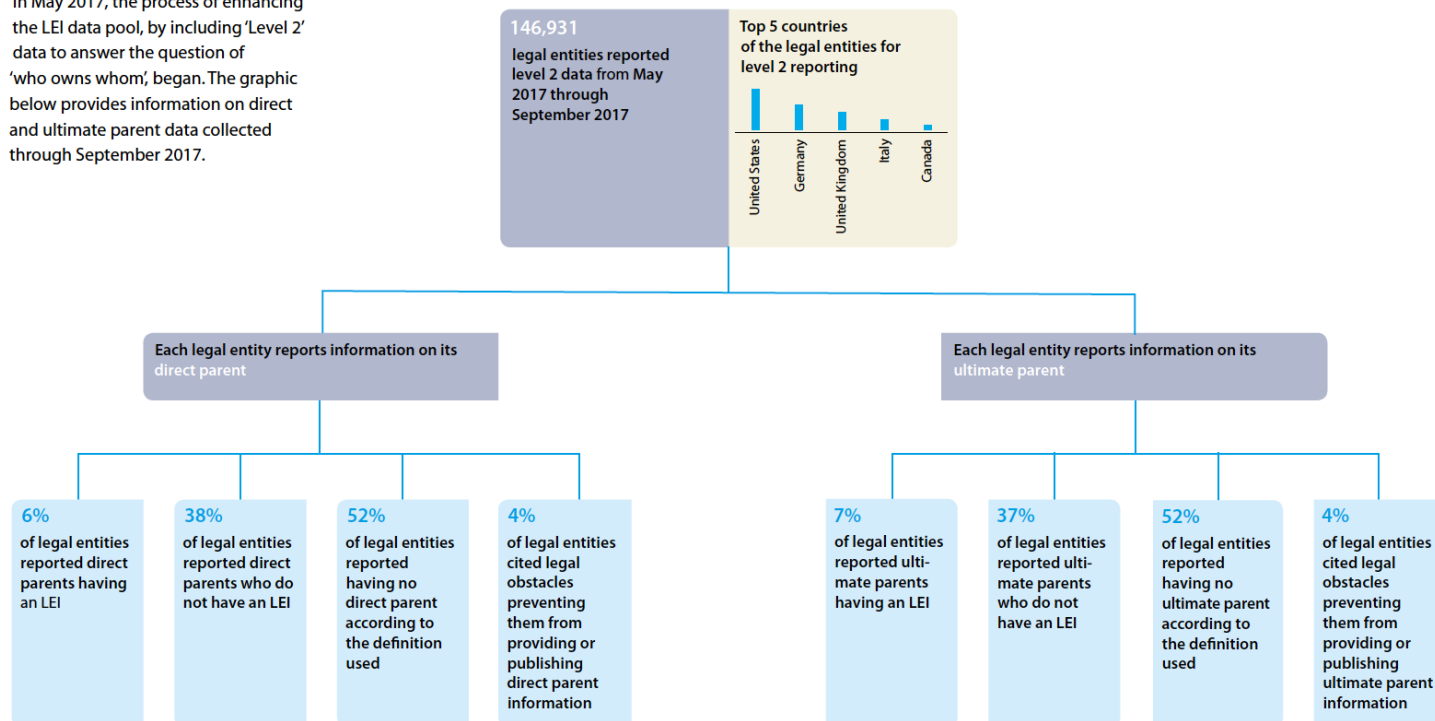
# Who owns whom: Progress report Q3 2017



- **147,000** legal entities reported Level 2 data
- This is **26%** of the total active LEIs (as of 30 September 2017)

## Level 2 data report Q3 2017

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 2017.





# Access LEI data: GLEIF Concatenated Files



[< Previous Date](#)

[📅 Show Concatenated Files for a specific day >](#)

[Next Date >](#)

## Level 1 Data

( Who is Who )

Download LEI-CDF v2.1  
Concatenated File (2017-11-06) 

**Authoritative source:** LEI records

*705,992 Records | 88.86 MB*


Download LEI-CDF v1.0  
Concatenated File (2017-11-06) 

**Legacy format:** Provided for a transitional period  
until 1 May 2018

*705,992 Records | 83.62 MB*

## Level 2 Data

( Who Owns Whom )

Download RR-CDF v1.1  
Concatenated File (2017-11-06) 

**Authoritative source:** Relationship records

*53,876 Records | 2.29 MB*

Download Reporting Exceptions v1.1  
Concatenated File (2017-11-06) 

**Authoritative source:** Reporting exceptions

*488,483 Records | 4.04 MB*

# Access LEI data: LEI search tool



LEI Data | [Global LEI Index](#)

## LEI Search

[< Back to LEI Data](#) [How to Use LEI Search >](#)



The [Global Legal Entity Identifier \(LEI\) Index](#) provides information, updated daily, on all [Legal Entity Identifiers \(LEIs\)](#) issued to date. Interested parties can access and search the complete LEI data pool using the web-based LEI search tool developed by the [Global Legal Entity Identifier Foundation \(GLEIF\)](#). The information made available with the Global LEI Index is based on the data included with the [Level 1 LEI-Common Data File Format Version 2.1 Concatenated File](#).

The LEI search tool developed by GLEIF is a sophisticated yet easy to use search engine. Results are presented in the web browser or in various other formats for further processing (Excel, CSV, XML, JSON). Other features that ensure user friendliness include: pre-defined queries; comparison of results for multiple LEIs; and the ability to store complex queries for recurrent searches.

**705,992** LEI Records available for given search parameters



SUBMIT

[Add Filter](#)

Found **705,992** LEI Records | Showing 1 - 25 of 705,992



Export result set: [Excel](#) [CSV](#) [XML](#) [JSON](#)

- GLEIF has updated the LEI search tool with LEI-CDF format version 2.1 data on 1 November 2017
- In 2018, GLEIF will enhance the LEI search tool with new features:
  - Level 2 data included
  - Historical LEI data included
- All search features will also be included via an application programming interface (API)

## Access LEI data: New GLEIF LEI Look-up API



- New API, launched in September 2017, allows organizations to seamlessly integrate LEI records into their internal systems
  - Responds to market needs identified during a beta test, carried out earlier in 2017, which involved multiple LEI stakeholders including financial institutions, regulators, fintech companies and analysts seeking to include LEI data in automated processes
  - Provides developers with the opportunity to directly access the complete LEI data pool in real time and to perform on-demand checks for changes to specific LEI records in a convenient, easy-to-read format
- Use of the API is free of charge and does not require registration

## **Data quality management: Further increasing usability of LEI data**

# Data quality management goal

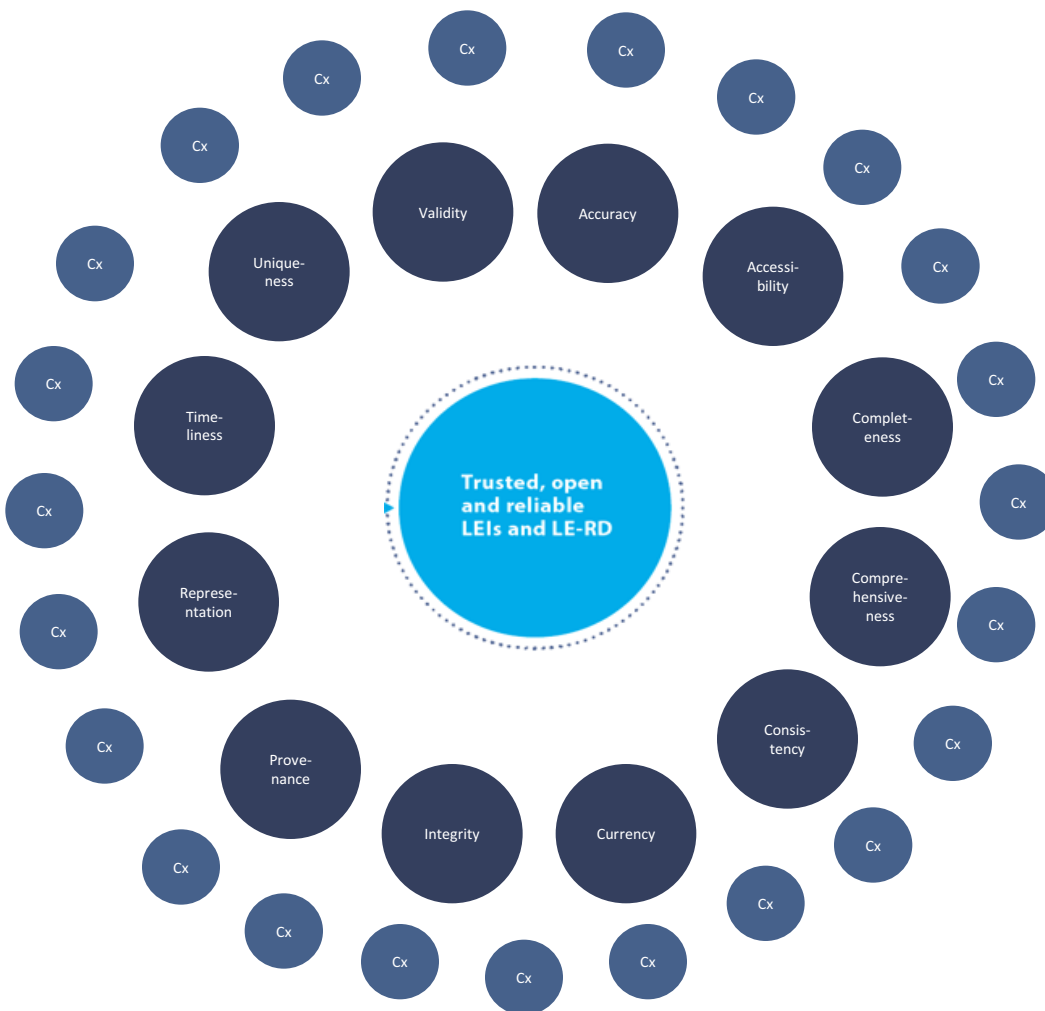


**Goal:** Trusted, open and reliable LEIs and legal entity reference data (LE-RD)

**Metrics:** 12 defined data quality criteria

**Measurement:** 132 data quality checks are defined:

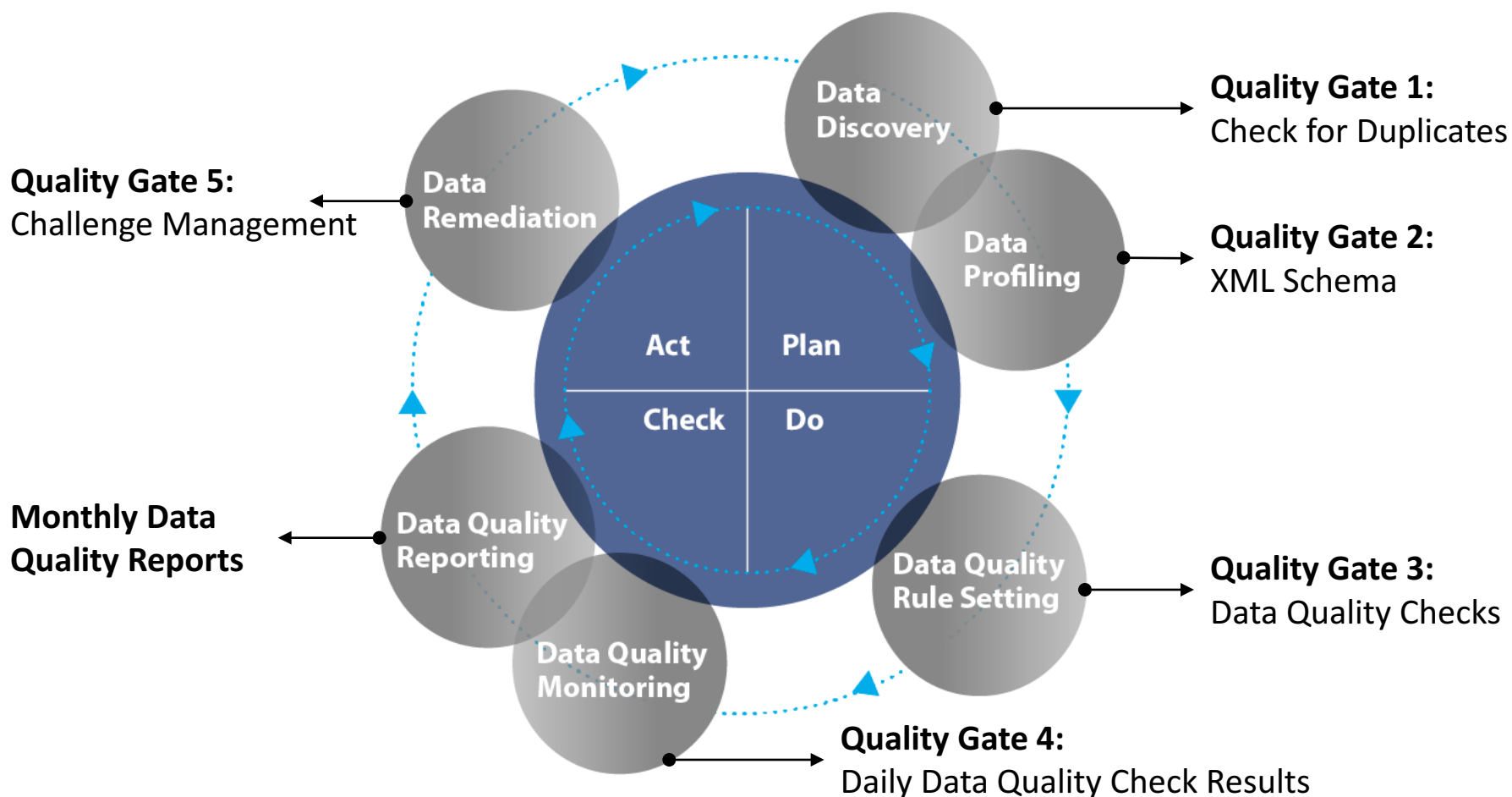
- 57 data quality checks assigned to the data quality criteria in the rule setting document
- 75 data quality checks covered with XML schema



# Data quality cycle



A data quality cycle is used to achieve the data quality management goal.  
Each data quality cycle step is performed through the following assigned quality gates:



## Monthly Data Quality Reports

### Objective

- Report on overall quality of the LEI data pool

### Purpose

- Summarize the results of GLEIF's assessment of the level of data quality in the Global LEI System based on a set of clearly defined quality criteria
- Global LEI Data Quality Reports: These reports demonstrate the overall level of data quality achieved in the Global LEI System
- LEI Issuer Data Quality Reports: These reports analyze the level of data quality achieved by the individual LEI issuing organizations



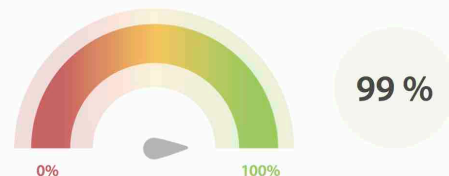
# Global LEI Data Quality Report: October 2017



## Data Quality Scores

### LEI Total Data Quality Score

The LEI Total Data Quality Score is calculated as the equal weighted average of the 7 'Data Quality Criteria' listed below.

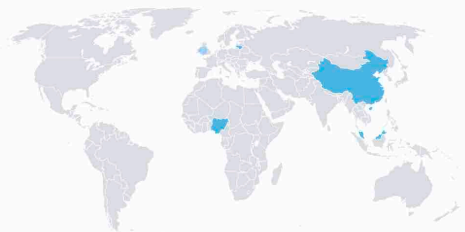


### Summary

The assessment performed on 31 October 2017 shows that the Total Data Quality Score again remained above 99% even though almost 100,000 LEIs were newly issued in this month. This is the highest number of newly issued LEIs in one month since GLEIF started monitoring data quality in January 2016. 19 out of 30 LEI issuers continue to meet quality maturity level 1.

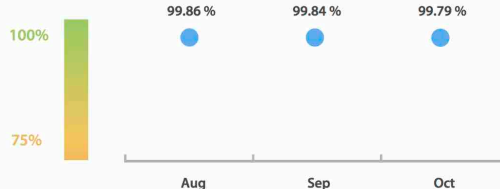
### Top 5 Countries – Data Quality Score

China, Isle Of Man, Lithuania, Malaysia, Nigeria



### LEI Total Data Quality Score Trend

Progress achieved with regard to the continuous optimization of the data quality based on the LEI Total Data Quality Score.



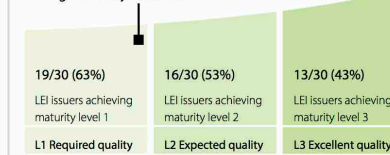
### Data Quality Criteria

	Oct	Sep	Aug	31-Oct-16
Accuracy	100.00 %	100.00 %	100.00 %	100.00 %
Completeness	98.74 %	99.15 %	99.28 %	91.33 %
Comprehensiveness	99.99 %	100.00 %	100.00 %	100.00 %
Integrity	99.92 %	99.89 %	99.91 %	99.90 %
Representation	99.99 %	99.99 %	99.99 %	99.99 %
Uniqueness	100.00 %	99.99 %	100.00 %	100.00 %
Validity	99.90 %	99.89 %	99.86 %	98.12 %

The Data Quality criteria is expected to contain 12 dimensions. Currently a subset of 7 criteria is implemented, to the detriment of the score, as they are averaged on all of them. This is expected to change, on a nonfixed timeline, to include all 12 dimensions.

## Quality Maturity Level

Average maturity level: 0.99



## Statistics

### Totals

	Values
Total issued LEIs	688,346 ↑
Countries	207 ↑
LEI Issuers	30 →

### LEI Activity

	Values
New issued LEIs	99,359 ↑
Renewed LEIs	29,428 ↑
Reactivated LEIs	8,724 ↑
New lapsed LEIs	6,725 ↓

### Top 5 Best Performing LEI Issuers

	Data Quality Score
INFOCAMERE - SOCIETA' CONSORTILE DI INFORMATICA DELL...	100.00 % →
Bloomberg Finance LP	100.00 % →
Krajowy Depozyt Papierów Wartościowych S.A. (KDPW)	100.00 % →
Centrální Depozitář Cenných Papírů, a.s. (CSD Prague...)	100.00 % →
GS1 Germany GmbH	100.00 % →

DISCLAIMER: All figures of this Global LEI Data Quality Report are derived from these sources: 1) Global Legal Entity Identifier Foundation (GLEIF) Concatenated end-of-month files for all months mentioned in this report and 2) Data Quality Reports for all aforementioned concatenated files based on the LEI-Data-Quality-Check Specification v1.5. 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 as a result of inaccuracy or error within the Global LEI Data Quality Report. The text and graphic content of the Global LEI Data Quality Report may be used, printed and distributed ONLY with the copyright information displayed (© Copyright Global Legal Entity Identifier Foundation (GLEIF)).

# Data quality management

## Progress 2017

- Performance regarding consistency and plausibility of the data improved while number of newly issued LEIs multiplied tenfold compared to 2016

## Next steps include, among other things

- Document 'Data Quality Rule Setting Version 2.0', to be published early December 2017, is fully machine readable
- Level 2 data quality checks are introduced
- Details of data quality checks underlying the monthly quality reports are provided as well as a worldwide data quality heat map

## **McKinsey & Company and GLEIF white paper: Creating business value with the LEI**



## The Legal Entity Identifier: The Value of the Unique Counterparty ID

McKinsey&Company

## McKinsey & Company and GLEIF: Creating business value with the LEI



- McKinsey & Company and GLEIF identify significant savings, efficiencies and greater reliability in entity verification processes
- A new white paper explores the wide application of the LEI with combined potential savings of at least U.S. \$650m annually
- Broader, global LEI adoption could yield:
  - The use of LEIs could realize annual savings of over U.S. \$150m within the investment banking industry, including at least 10 percent of the total operational costs of onboarding clients and trading processing
  - Up to U.S. \$500m for banks in the issuance of letters of credit

# McKinsey & Company and GLEIF: Creating business value with the LEI



## LEIs create value in two ways:

- Reducing transactional and operational friction in the identification of transaction counterparties
- Making important information about the background of a legal entity in a particular transaction more accessible and traceable
  - Collectively, these benefits reduce the time spent on identifying counterparties and improve the reliability of information

# McKinsey & Company and GLEIF: Creating business value with the LEI



## McKinsey & Company and GLEIF white paper identifies three new use cases for LEI:

- **In capital markets**, the LEI's primary value is derived from reducing the cost of onboarding clients and of middle-and back-office activities related to the processing of stocks, bonds and other securities trades. All such activities could be simplified and streamlined if LEI usage was more broadly adopted throughout the lifecycle of the client relationship. The use of the LEI would also reduce the time spent on data correction and reconciliation necessitated by inconsistent identification of legal entities.
- **In commercial transactions**, LEIs would enable faster processing of letters of credit and better identification of sellers on e-invoicing networks.
- **In the extension of commercial credit**, LEIs would allow for more robust and efficient KYC diligence on borrowers, as well as better traceability of information on borrowers from multiple sources.

## McKinsey & Company and GLEIF: Creating business value with the LEI



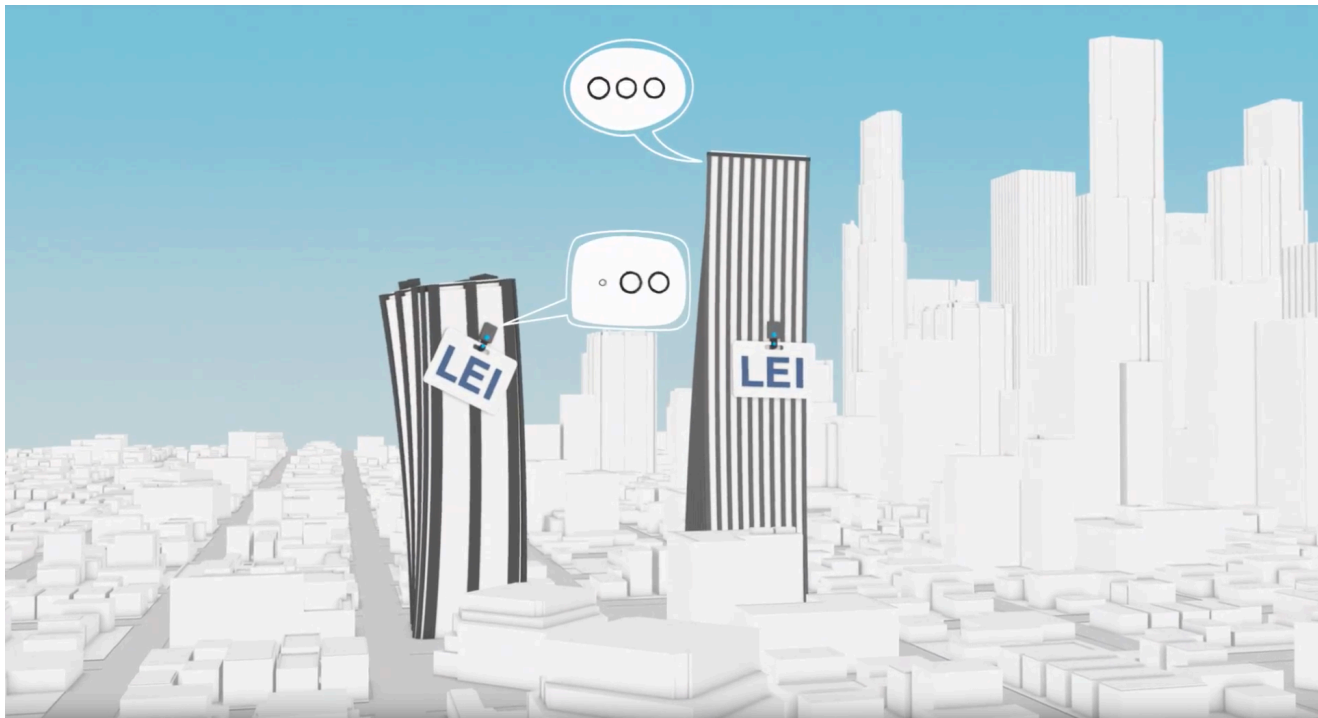
- The new research clearly illustrates the value of the LEI, but its broad application and adoption depends on the creation of a strong network of advocates
- GLEIF is actively encouraging organizations, especially large corporations, small businesses and their banking institutions to work together to discuss and consider the adoption of LEIs in day to day processes
- The joint McKinsey & Company and GLEIF white paper 'The Legal Entity Identifier: The Value of the Unique Counterparty ID' is available for download on the GLEIF website
- **Get an LEI and make it work for you**



## GLEIF Video: Get an LEI and make it work for you



This **four-minute video** outlines how the LEI empowers market participants to cut costs, simplify and accelerate operations and gain deeper insight into the global market place. Available on the GLEIF YouTube Channel and on the GLEIF website.



**Any questions?**

**We enable smarter, less costly and more reliable decisions about who to do business with**



For more information and regular updates on GLEIF activities and LEI developments, visit the GLEIF website which is available in 14 languages at [www.gleif.org](http://www.gleif.org)

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