



# The Global LEI Initiative –

Another Month of Lapsed LEIs Exceeding New LEIs

**A Research Note by  
Financial InterGroup**



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**The Global Legal Entity Identification Foundation (GLEIF) has been reporting statistics on LEI data. We are pleased to bring you this Research Note on the GLEIF's January – October, 2016 reporting on LEI issuance.<sup>1</sup>**

The chart shown on the next page follows the ten (10) month period, month-by-month, of reports of total issued LEIs, newly created LEIs and lapsed LEIs (failure to renew LEIs on first or subsequent annual anniversary of LEI registration). In this month's reporting period, the month of October continues a second month of net new LEIs issued and resumes a net loss in LEIs issued vs LEIs lapsed since GLEIF started reporting in January, 2016.

Obtaining (issuing) a LEI is not the critical metric, renewed LEIs are. This will become even more critical when ultimate/immediate parent LEIs are added to the GLEIS. The integrity and timeliness of the GLEIS data is at stake if financial market participants cannot get this resolved. The ROC may wish to specifically identify either the Chief Compliance Officer, Chief Risk Officer or Chief Financial Officer as the responsible party for this important maintenance function.

This issue of integrity and timeliness extends beyond the timely renewals of the LEI to the other two 'barcodes of finance', the UPI and the UTI. It was never a matter of issuing unique numbers, it was always about a coordinated effort to issue, synchronize and maintain these codes.

Maintaining a financial market participant's identity throughout its many reorganizational events, whether it is a change as a reference entity, counterparty or issuer / manufacturer of financial products / contracts is difficult within each firm. It is quite the challenge to coordinate necessary changes to a single set of global identifiers so that all users of this data across all firms will have access to correct and timely data. That is because these three identifiers are being designed separately, not as the integrated and synchronized identification system that industry members encouraged long before the financial crisis made this problem evident to regulators.

The current design of the LEI allows for validating the registering market participant after the fact in many instances, relies on business registry validation which commonly lags financial industry validation needs and leaves one-third of LEIs perpetually un-renewed. The current proposal for the ISIN-inspired UPI has the codes produced in real-time but without validating the reference data. While there are various proposals for the UTI, most require a valid LEI to be present to make the UTI unique in real-time even though the LEI in many instances is not available when needed to produce a real-time UTI.

It seems that more understanding must first be brought to bear before we conclude that the global identification scheme and its technology underpinnings as currently envisioned will be fit for purpose.

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<sup>1</sup>GLEIF Data Quality Report – October, 2016, <https://www.gleif.org/en/lei-data/gleif-data-quality-management/about-the-data-quality-reports/download-data-quality-reports/download-data-quality-report-october-2016>

**Report of Total Issued LEIs, Newly Created LEIs and Lapsed LEIs  
For the Period January to October 2016**

Report of LEI Population										
2016	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Total LEIs Issued	419,175	424,559	430,338	436,019	442,186	449,027	454,699	459,136	464,321	469,370
Newly Issued	4,747	4,992	5,459	5,178	6,067	6,512	5,387	4,308	4,847	4,920
Lapsed	6,742	7,418	11,330	7,318	6,383	5,364	4,614	4,141	5,346	5,466
Increase/decrease	-1,995	-2,426	-5,871	-2,140	-276	+1,148	+773	+167	-499	-546

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