



# The Global LEI Initiative

## A Third Month of Net 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 – August, 2016 reporting on LEI issuance.<sup>1</sup>**

The chart below follows the nine 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 nine month reporting period, the month of August is the third month in a row of a net gain in LEIs issued vs LEIs lapsed since GLEIF started reporting in January, 2016.

At the August 2016 end of reporting period, 459,136 LEIs had been “Issued”, of which 69.5% or 319,451 had been “Validated” vs. July month end’s 313,378

<b>Report of LEI Population</b>								
<b>2016</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>
Total LEIs Issued	419,175	424,559	430,338	436,019	442,186	449,027	454,699	459,136
Newly Issued	4,747	4,992	5,459	5,178	6,067	6,512	5,387	4,308
Lapsed	6,742	7,418	11,330	7,318	6,383	5,364	4,614	4,141
Increase/decrease	-1,995	-2,426	-5,871	-2,140	-276	+1,148	+773	+167

The success of the LEI initiative is premised on all financial market participants in all markets obtaining an LEI. We estimate that currently 10% of all the necessary LEIs have been issued, primarily to counterparties in swaps markets. The totality of categories of LEIs to be issued (see below) is spelled out in the report **A Global Legal Entity Identifier for Financial Markets** accepted by the Financial Stability Board (FSB) for implementation by the GLEIF.<sup>2</sup>

*“For purposes of this definition, the term ‘legal entity’ refers to a legal person or structure organised under the laws of any jurisdiction. Legal entities include, but are not limited to, unique parties that are legally responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts, regardless of whether they are incorporated or constituted in some other way (eg trust, partnership, contractual, etc). It excludes natural persons, but includes governmental organizations; and supnationals, defined as governmental or non-governmental entities established by international law or treaty or incorporated at an international level. Examples of eligible legal entities include, without limitation: all financial intermediaries; banks and finance companies; all entities that issue equity, debt or other securities for other capital structures; all entities listed on an exchange; all entities that trade stock or debt; investment vehicles, including mutual funds, pension funds and alternative investment vehicles constituted as corporate entities or collective investment agreements (including umbrella funds as well as funds under an umbrella structure, hedge funds, private equities, etc); all entities under the purview of a financial regulator and their affiliates, subsidiaries and holding companies; and counterparties to financial transactions.”*

<sup>1</sup>GLEIF Data Quality Report – August, 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-august-2016#>

<sup>2</sup> Report to the Financial Stability Board, A Global Legal Entity Identifier for Financial Markets, [www.fsb.org/wp-content/uploads/r\\_120608.pdf](http://www.fsb.org/wp-content/uploads/r_120608.pdf), at page 35, June 8, 2012

The GLEIF is faced with a herculean task to fulfil the mission given to it by the FSB, not only to sustain existing LEIs through its annual renewal process but to expand LEI issuance beyond counterparties in swaps transaction. In the FSB's most recent annual report **Implementation and Effects of the G20 Financial Regulatory Reforms**, this mission was again stated.<sup>3</sup>

*“The global Legal Entity Identifier (LEI) system has issued over 440,000 LEIs in 195 countries as of 20 June 2016. This unique identifier is used in two-thirds of FSB jurisdictions to support regulatory activities, for instance in connection with financial reporting. Additional uses are contemplated, such as in the area of correspondent banking. Further adoption of the LEI by legal entities worldwide and its use by authorities for a wider range of regulatory purposes is essential to fully reap its collective benefits.”*

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<sup>3</sup> Financial Stability Board, Implementation and Effects of the G20 Financial Regulatory Reforms 2nd Annual Report, <http://www.fsb.org/wp-content/uploads/Report-on-implementation-and-effects-of-reforms.pdf> at page 16, Aug. 31, 2016

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