



**The Global LEI Initiative –
Optimism Abounds with China, India and US Ramping Up Registrations**

October, 2022

*The LEI is but a small step in the global data standards landscape yet a giant leap forward
for financial transparency.*

TABLE OF CONTENTS

Regulatory Compulsion of the LEI in Remaining Significant Geographies	2
Statistics on LEI Issuance, Renewals and Parent LEIs.....	2
For further Information.....	3

Regulatory Compulsion of the LEI in Remaining Significant Geographies

Significant legislation and regulations have recently been passed or awaiting passage in the remaining geographies most meaningful to the success of the global LEI initiative, the US, China and India. These efforts are focused on financial institutions and, of late, non-financial entities engaged in transferring large payments.

The US House's [Financial Transparency Act](#), and the US Senate's [Financial Data Transparency Act](#) are legislative initiatives which, when reconciled, passed and implemented, would require all financial institutions to use LEIs for all reporting requirements to all financial regulators. China's [Roadmap to Implement Legal Entity Identifier](#), a part of its "One Belt One Road" initiative, has a goal to increase LEI issuance by year-end 2022 to 100,000, a goal nearly accomplished. In India, [mandated use of the LEI](#) is progressing through three government bodies, the Reserve Bank of India, the Securities Exchange Board of India, and Insurance Regulatory and Development Authority of India have.

In China, besides financial institutions; importers and exporters, trade enterprises, and non-financial enterprises involved in cross-border transactions will be required to register a LEI. LEI coverage will include import and export enterprises that "engage in the fight against the Covid-19 pandemic" and the establishment of a mapping between LEI and China's "Unified Social Credit Code". These later two uses for the LEI are somewhat different than their intended uses of mitigating financial risk, not intended to assist in enforcing pandemic confinements or societal controls.

In India besides financial institutions, small and medium sized enterprises engaged in import and export trade have been encouraged to register for a LEI. The appeal to obtain a LEI is focused on legitimizing and creating trustworthiness for their business dealings, especially in overseas dealings.

Statistics on LEI Issuance, Renewals and Parent LEIs

The increase in LEI registration has stabilized around 19,000 per month over the three-quarters of 2022. This month it was 18,007. In order to meet long term registration goals for the LEI, this rate would have to be increased ten-fold. The steadily increasing lapsed rate, now nearly 36% of total issued LEIs, this month it is 35.7%, is troubling. It is a critical metric as it signals deteriorating quality of the LEI data that is not renewed.

There are no new solutions that have been proposed to solve the deteriorating quality of LEI renewals and no push to make LEI renewals mandatory. Also troubling is the one-year renewal window, a large enough time frame for nefarious actors to legitimize their business by creating a trusted identity, and then step away from their accumulated obligations before renewing their LEI.

The charts on the following page summarizes progress of LEI Data initiatives based on [GLEIF's October 10, 2022 Global LEI Data Quality Report](#) and FIG's historical LEI database

Monthly LEI Issuance & Non-renewed (Lapsed) LEIs	2021 Year-end	Jan 2022 Mo-end	Feb 2022 Mo-end	Mar 2022 Mo-end	Apr 2022 Mo-end	May 2022 Mo-end	Jun 2022 Mo-end	Jul 2022 Mo-end	Aug 2022 Mo-end	Sep 2022 Mo-end
Total LEIs issued at Year/Mo-end	2,038,661	2,050,428	2,080,671	2,102,303	2,122,684	2,140,911	2,160,543	2,178,013	2,192,958	2,210,965
Total Active LEIs at Year/Mo-end	1,954,190	1,973,745	1,992,796	2,012,137	2,031,394	2,048,905	2,067,636	2,084,134	2,097,901	2,114,480
Total Lapsed (non-renewed) LEIs	690,397	706,066	719,726	729,095	740,759	751,507	761,029	767,140	777,296	788,240
Non-renewed rate – issued LEIs	33.9%	34.3%	34.6%	34.7%	34.9%	35.1%	35.2%	35.3%	35.4%	35.7%
Non-renewed rate – active LEIs	35.3%	35.8%	36.1%	36.2%	36.5%	36.7%	36.8%	36.8%	37.1%	37.3%
Newly Issued	30,777	21,767	20,243	20,963	19,137	18,471	19,632	17,482	14,933	18,007
Relationship Data										
Number of Immediate & Ultimate LEI Parent Records	264,013	266,408	268,297	320,093	333,405	342,956	350,565	359,702	369,167	380,750
Number of Unique LEIs Reporting both Parent Relationships	123,079	123,438	123,786	123,798	123,923	125,509	124,965	125,534	125,842	126,972
Number of Immediate & Ultimate LEI Parent Exception Records	3,468,286	3,508,031	3,546,379	3,585,611	3,625,804	3,662,597	3,700,038	3,735,325	3,763,817	3,796,982
Number of LEIs with Complete Parent Information (includes those reporting exceptions)	1,786,117	1,863,483	1,874,328	1,895,012	1,915,565	1,934,544	1,953,881	1,972,415	1,986,779	2,011,867

Yearly Comparison LEI Issuance & Non-renewed (Lapsed) LEIs	2016 Year-end	2017 Year-End	2018 Year-end	2019 Year-end	2020 Year-end	2021 Year-end
Total LEIs issued	481,522	975,741	1,337,925	1,542,037	1,777,458	2,038,661
Total Active LEIs						1,954,190
Total Lapsed (non-renewed) LEIs	139,461	169,778	313,915	459,436	585,029	690,397
Non-renewed rate /issued LEIs	29.0%	17.4%	23.5%	29.8%	32.9%	33.9%
Non-renewed rate /active LEIs						35.3%
Newly Issued	4,976	40,237	29,987	16,652	19,364	30,777
Relationship Data						
Number of Immediate & Ultimate LEI Parent Records	n/a	88,198	152,318	208,139	230,755	264,013
Number of Unique LEIs Reporting both Parent Relationships	n/a	51,944	89,826	119,637	132,096	123,079
Number of Immediate & Ultimate LEI Parent Exception Records	n/a	1,067,968	2,156,909	2,519,418	2,965,315	3,468,286
Number of LEIs with Complete Parent Information (includes those reporting exceptions)	n/a	572,818	1,146,554	1,341,015	1,563,458	1,786,117

Note:

In 2016 the GLEIF began recording LEIs and in 2017, LEI Relationship data, in its databases. Since 2016 the GLEIF has been publishing statistics on LEI issuance and renewals, and since May, 2017, on LEI Relationship data.

For further Information



Allan D. Grody

Financial InterGroup - USA

New York, New York USA

Tele. +1 917 414 3608

Email agrody@financialintergroup.com

www.financialintergroup.com

Copyright © 2022 Financial InterGroup.

All rights reserved