

Alacra Reference Data Alert

SEPTEMBER 2015

Inside the LEI—Issue VII

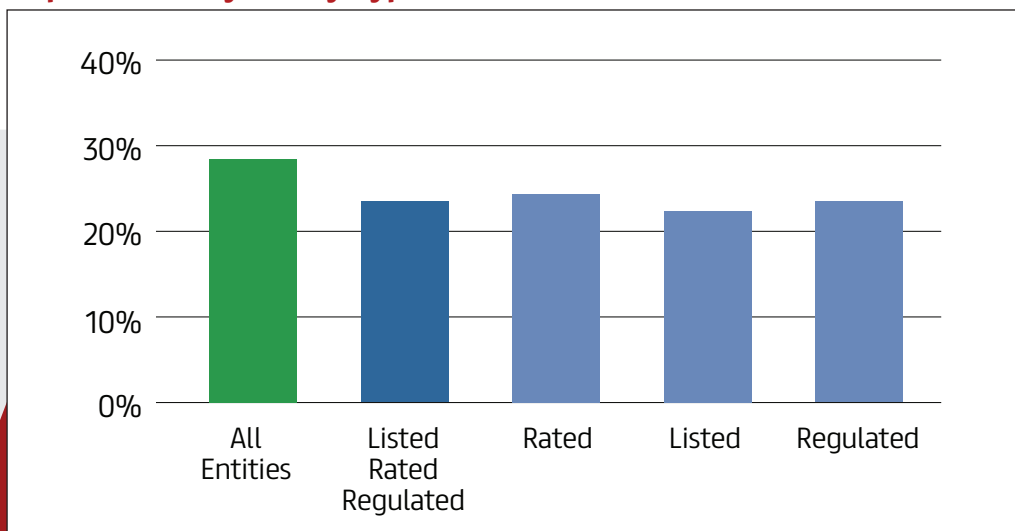
In line with growth over the last year, the LOUs continue to issue around 20,000 LEIs a quarter, taking the total number of LEIs assigned to around 385,000. This growth in issuance continues to be driven by a small number of LOUs. Almost half of the LEIs that have been issued to date have come from one LOU, the US GMEI Utility, while over 80% of the LEIs have been issued by only 4 LOUs – GMEI (US), WM Datenservice (Germany), London Stock Exchange (UK) and UICCIAA (Italy).

A number of LOUs have grown their global business operations to assign LEIs across multiple countries. While some LOUs are merely “filling the gap” by being a source of LEIs for neighboring countries without their own LOU, some LOUs are actively operating in jurisdictions that have their own LOUs. In particular, we are seeing the rise of the “super-LOU” where three of the major LOUs are each assigning LEIs across over 100 countries. These “super-LOUs” are actively marketing their services and, in some cases, competing with each other.

At the same time, almost 85,000 of the LEI registrations have not been renewed—meaning that almost 22% of the total LEI universe have lapsed. When you remove the universe of LEIs that are less than a year old (and thus have not reached their first renewal date) the lapse rate is closer to 28%.

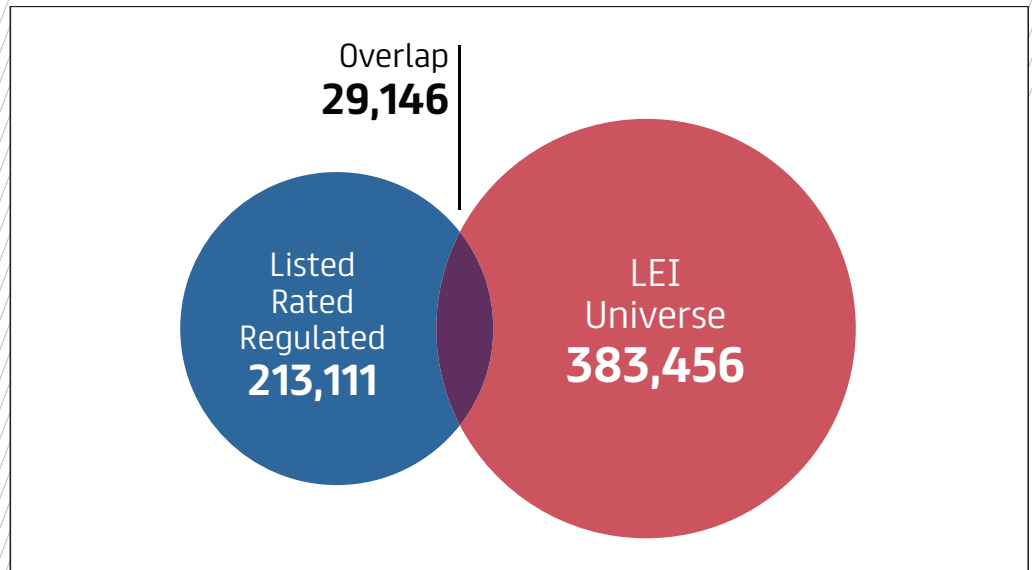
On a positive note, however, the lapse rate appears to be trending lower from its previous highs. The lapse rate for entities issued LEIs in 2014 (prior to September) is only 23%, while the lapse rate for entities issued LEIs in 2013 is 36% and for entities issued LEIs in 2012 is 27%.

Lapse Rates by Entity Type



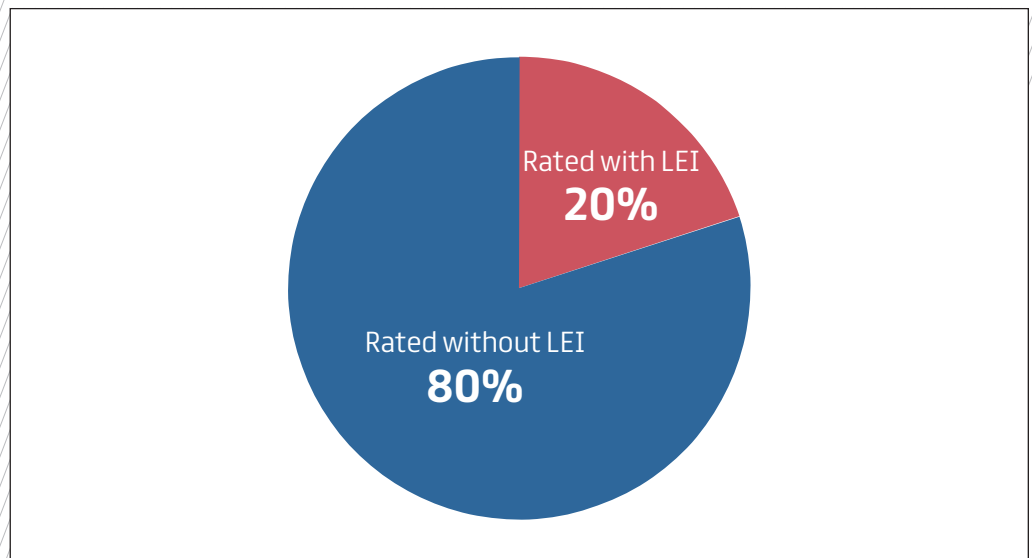
It is also interesting to note that among the listed, rated and regulated universe of entities with LEIs, the lapse rate is lower, coming in at under 23% (rather than 28%). As issuance of LEIs to entities that are active in the financial markets grows (as evidenced by them being rated, regulated and/or listed) we expect the LEI lapse rate to decrease as the LEI will become increasingly important within this universe.

Overlap Between AAF and LEI Universe



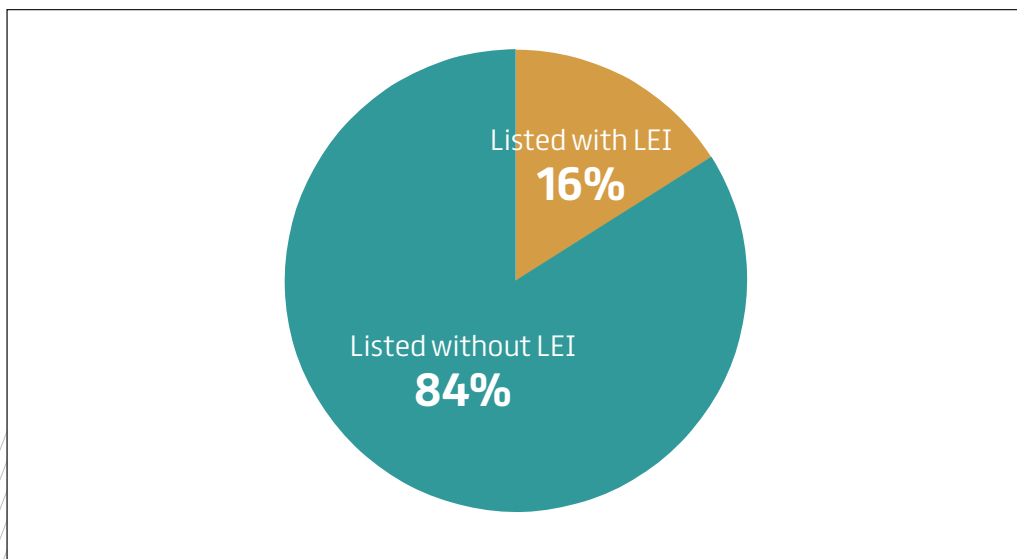
The Alacra Authority File provides reference data and entity identifier mapping on a universe of almost 215,000 entities that are either rated, regulated or listed. This dataset contains most of the common customers and counterparties of large, global financial institutions. The chart above shows the overlap between the rated, regulated and listed universe and the LEI universe (without the entities registered by the Japanese LOU).

Percentage of Rated Entities Assigned an LEI



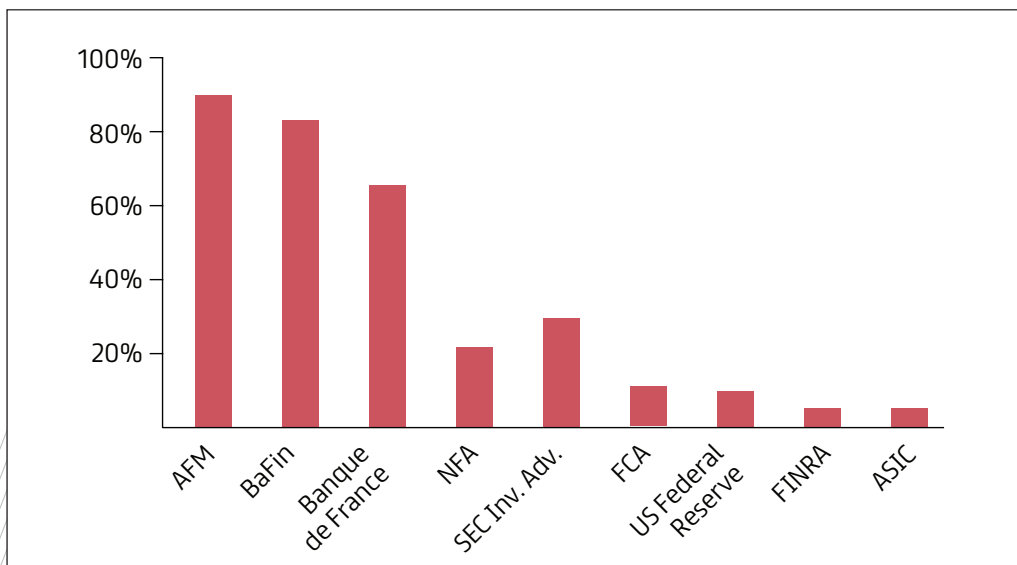
The rated universe Alacra covers includes those entities/issuers rated by A.M. Best, Fitch, Moody's, and S&P. This totals around 62,000 entities globally. About 20% of these entities have been assigned an LEI, a continued increase from 16% in March 2015 and 18% in June 2015.

Percentage of Listed Entities Assigned an LEI



Alacra tracks all entities that have either a debt or equity listing on a global exchange. Of the approximately 90,000 entities that are listed, only 16% have been assigned an LEI. This is the same as the 16% assignment level from June 2015.

Percentage of Regulated Entities Assigned an LEI



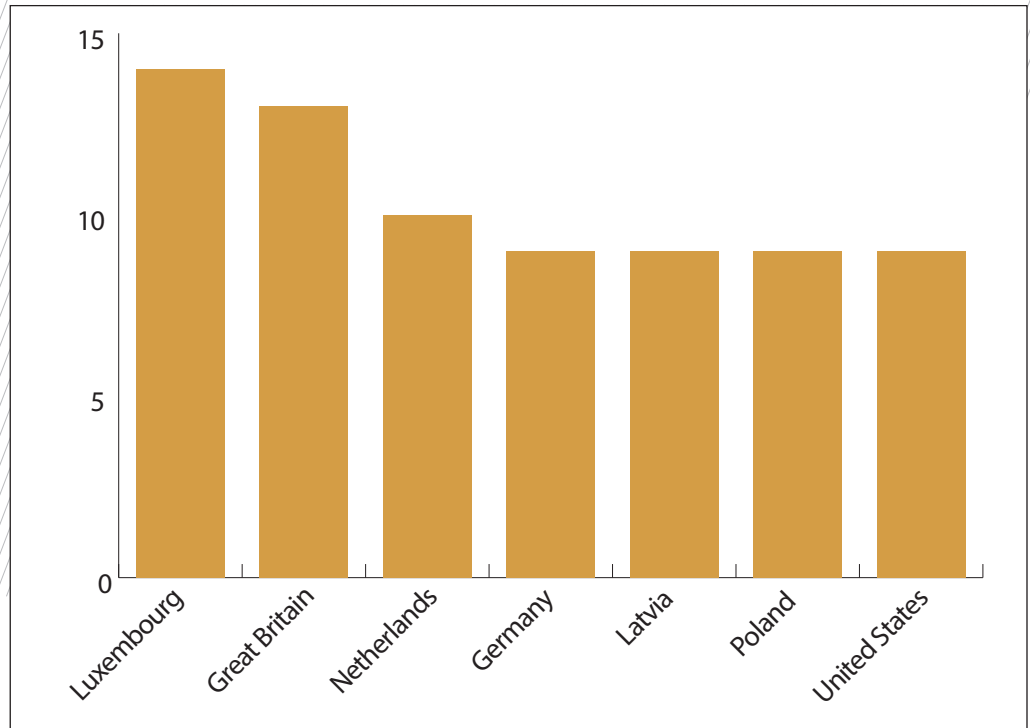
Alacra tracks the regulatory status of legal entities around the world. We monitor over 65 global financial market regulators that are currently regulating about 87,000 entities. Ideally all regulated entities worldwide would have an LEI, replacing the entity identifiers currently used by regulatory bodies.

LOU Global Penetration

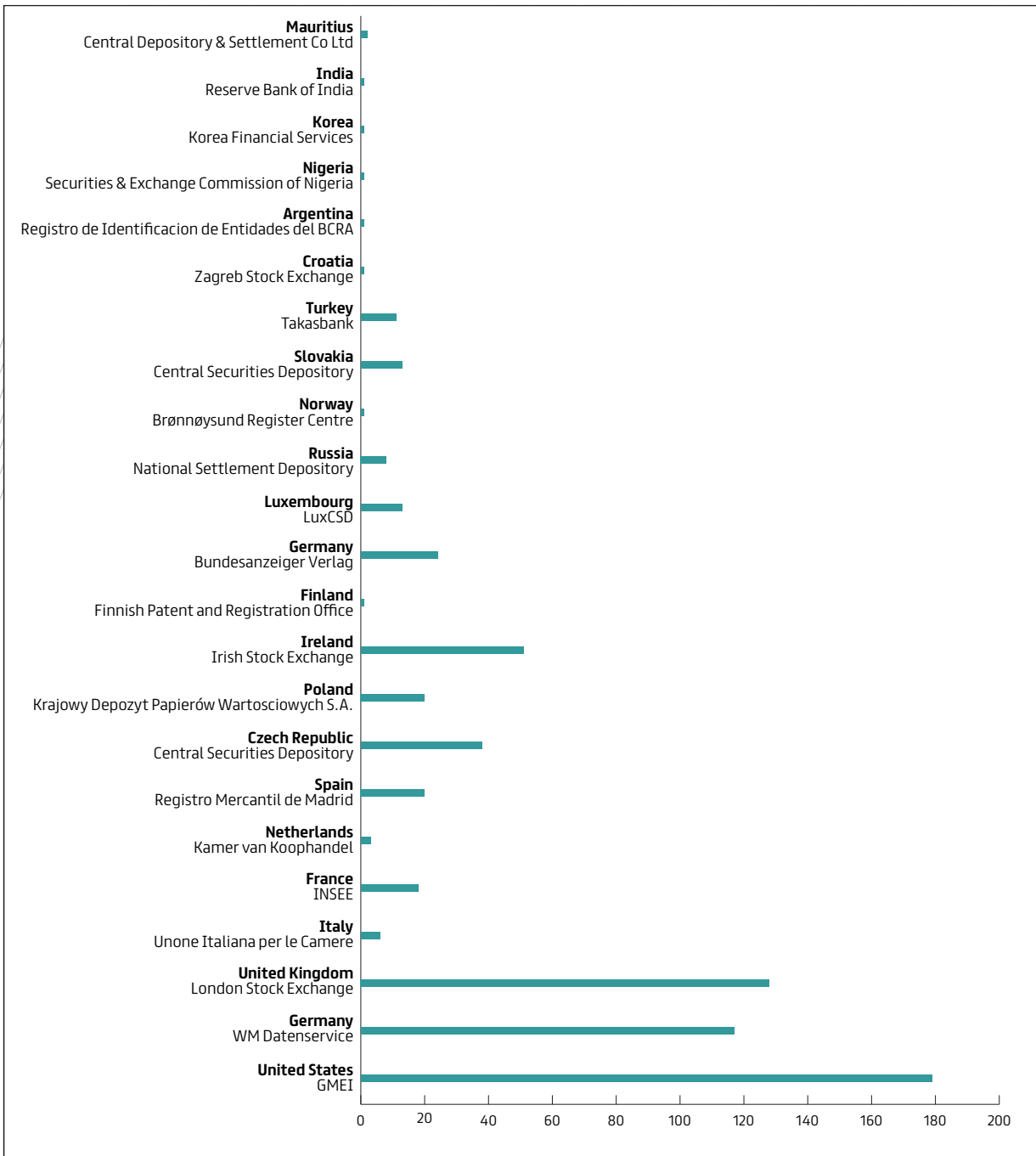
When obtaining an LEI, an entity can work with any LOU, irrespective of the location of the entity, or of the LOU. A number of LOUs have grown their global business operations to assign LEIs across multiple countries.

While some LOUs are merely “filling the gap” by being a source of LEIs for neighboring countries without their own LOU, we are seeing LOUs actively operating in jurisdictions with their own LOUs.

Countries With Most Multi-LOU Activity

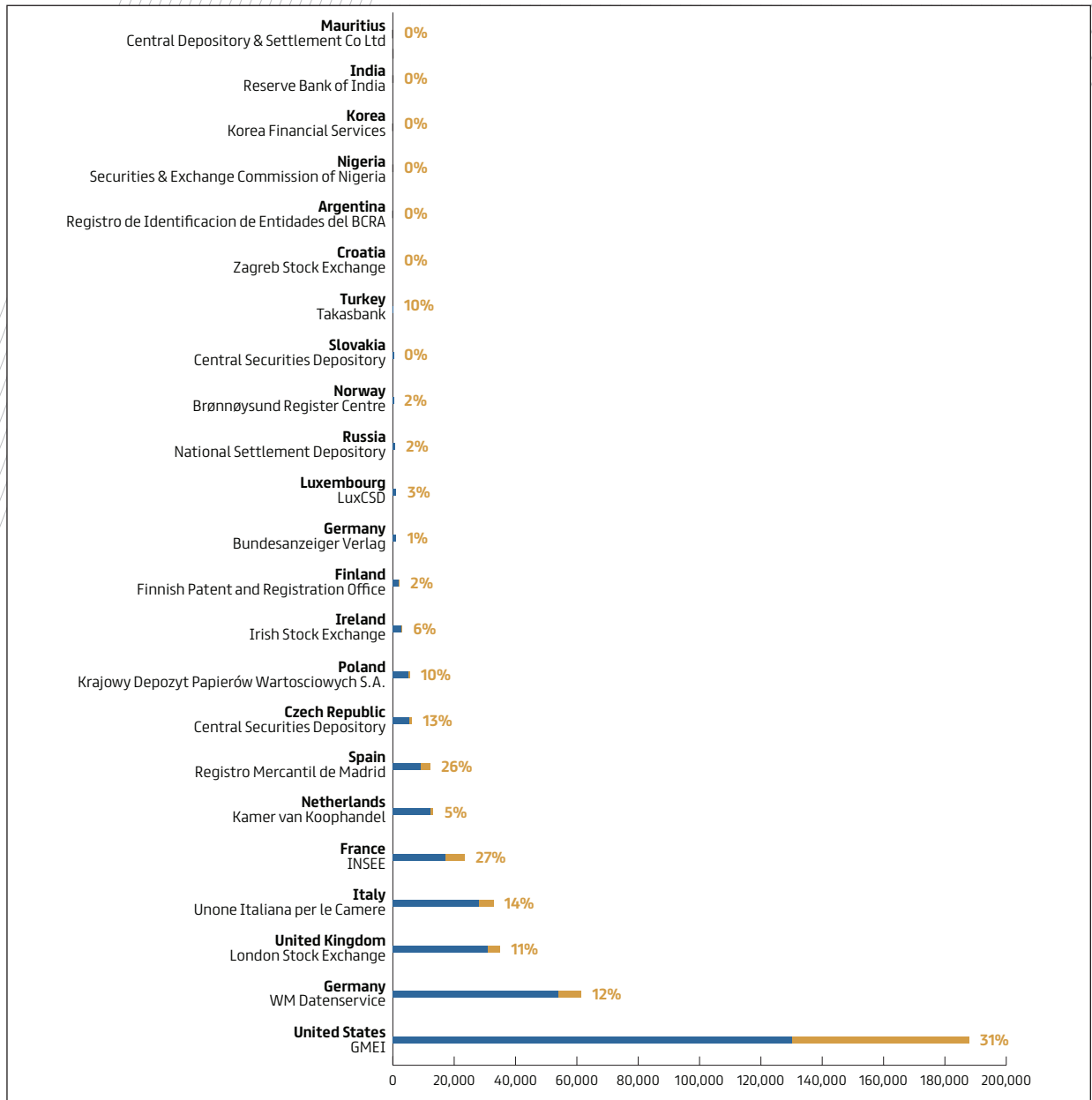


LOU Presence in Multiple Countries – Rise of the Super-LOU



We are seeing the rise of the “super-LOU” where three of the major LOUs are each assigning LEIs across over 100 countries. These “super-LOUs” are actively marketing their services and in some cases competing with each other.

Number of LEIs Assigned by LOU

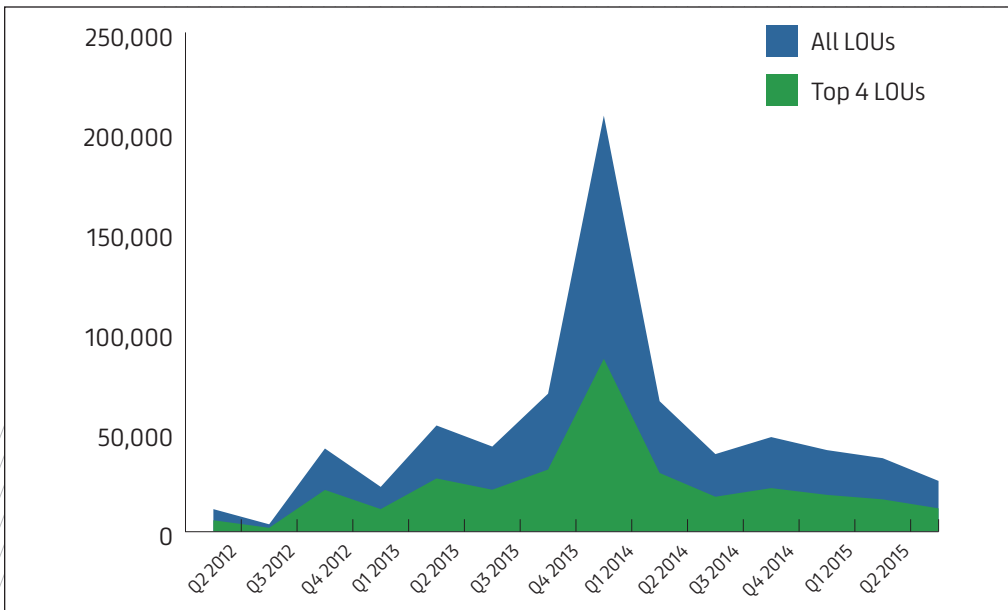


This chart shows the number of LEIs that have been assigned by 23 of the 25 endorsed LOUs. The gold bars represent LEIs that have been assigned but have since lapsed, i.e., they have not been renewed by the entity since first being registered. The percentage of lapsed LEIs to active LEIs is shown next to each LOU's bar.

The US-based GMEI continues to lead the way having assigned almost as many LEIs as the rest of the LOUs combined. However, it also has the greatest percentage of lapsed LEIs at 31% (though closely trailed by INSEE, the French LOU, at 27% and RMM, the Spanish LOU, at 26%).

Overall, around 85,000 LEIs have lapsed, representing 22% of the total LEI universe. This represents an increase of 15,000 LEIs since June 2015 pushing the lapse rate up from 20%.

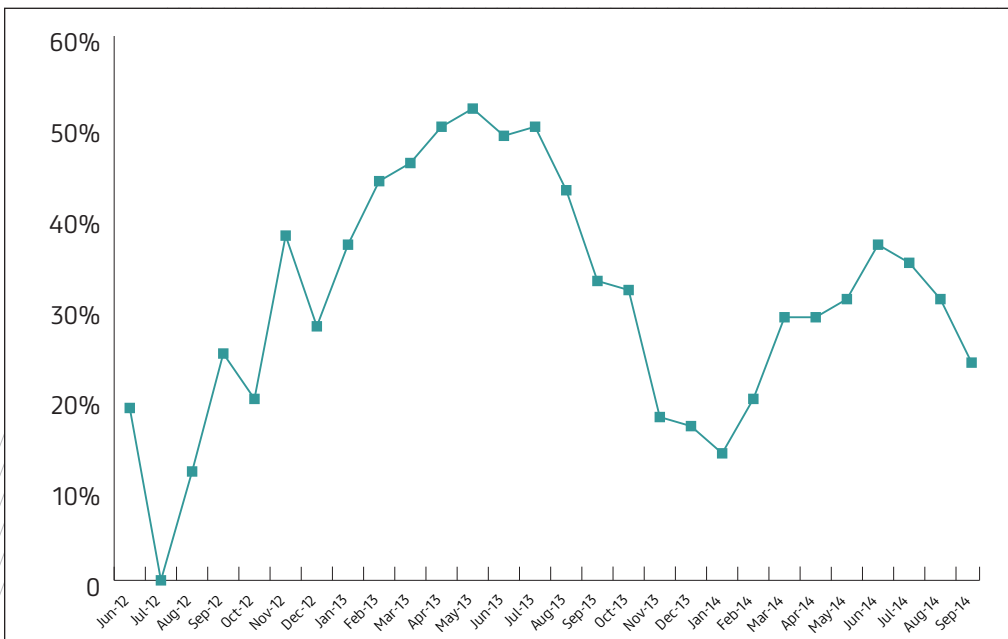
LEI Issuance Over Time



While LEI issuance has been fairly stable at around 20,000 new LEIs being assigned per quarter, it is interesting to note that there was a major spike at the end of 2013 and the beginning of 2014. Indeed, over 120,000 new LEIs were issued in the first quarter of 2014.

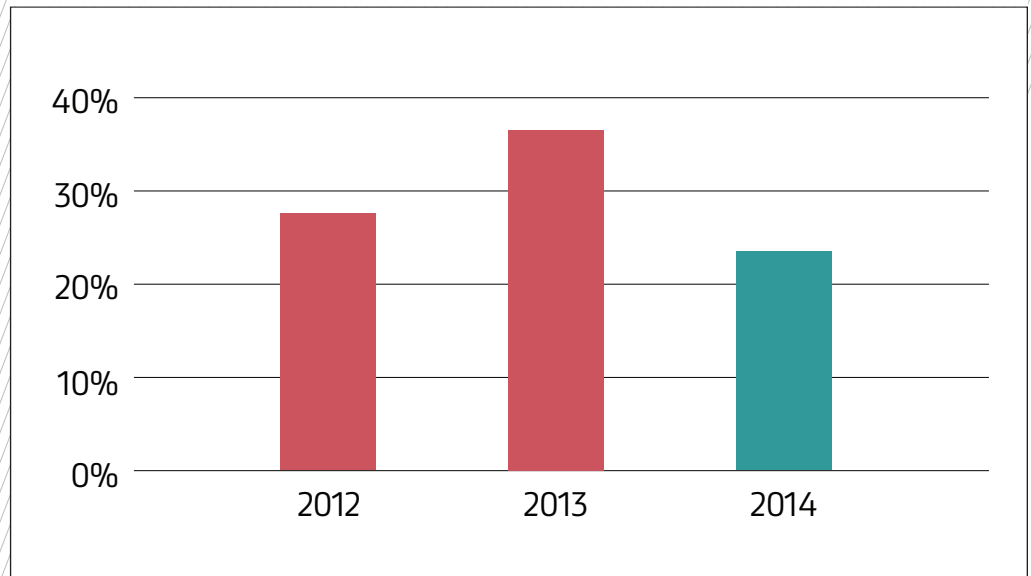
Almost half of the LEIs that have been issued to date have come from one LOU, the US GMEI Utility, while over 80% of the LEIs have been issued by only 4 LOUs—GMEI (US), WM Datenservice (Germany), London Stock Exchange (UK), and UICCIAA (Italy).

LEI Lapse Rates Over Time



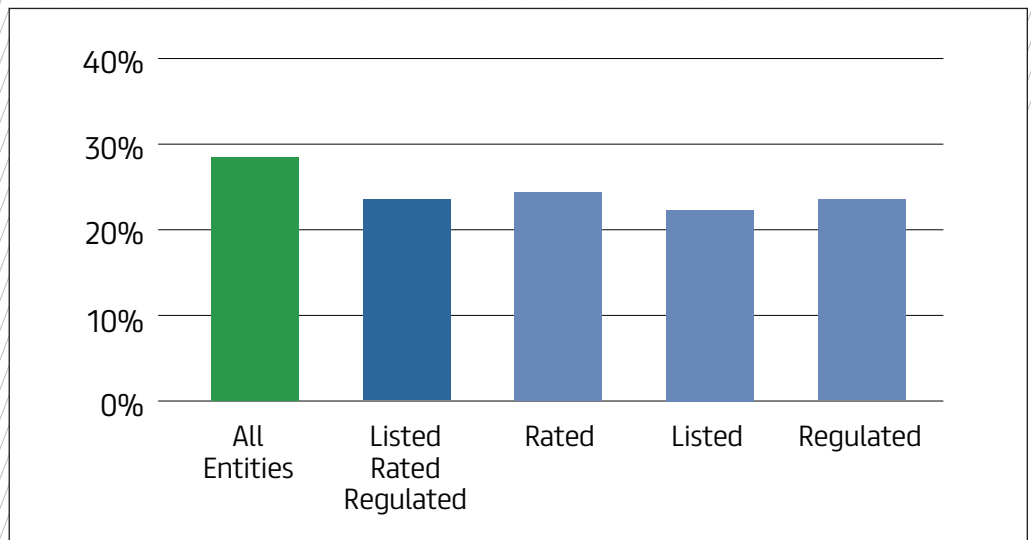
Almost 85,000 of the LEI registrations have not been renewed meaning that almost 22% of the total LEI universe has lapsed. However, when you remove the universe of LEIs that are less than a year old (and thus have not reached their first renewal date) the lapse rate is closer to 28%.

Average LEI Lapse Rate



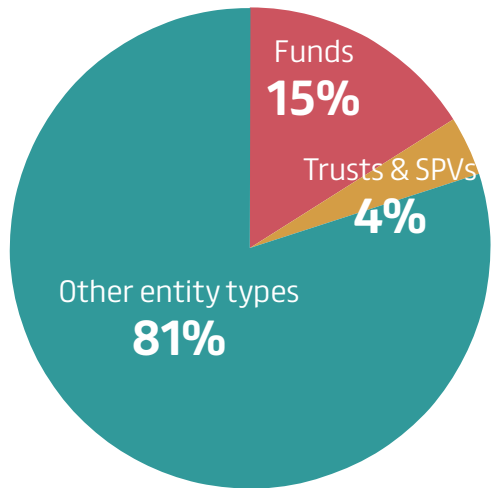
On a positive note, however, the lapse rate appears to be trending lower from its previous highs. The lapse rate for entities issued LEIs in 2014 (prior to September) is only 23%, while the lapse rate for entities issued LEIs in 2013 is 36% and for entities issued LEIs in 2012 is 27%.

Lapse Rates by Entity Type



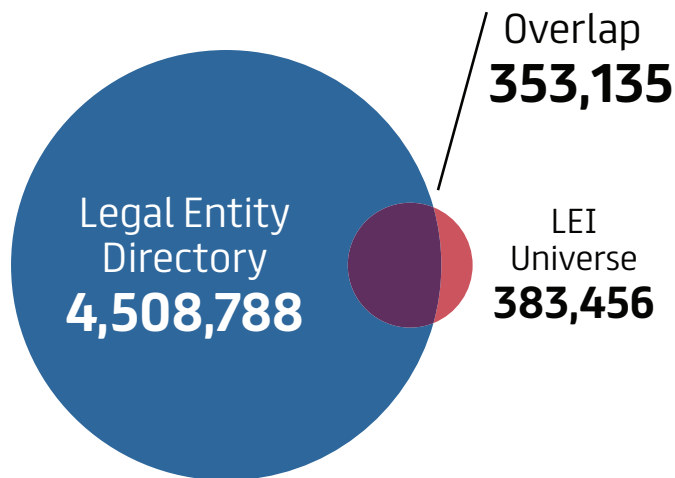
Among the listed, rated and regulated universe of entities with LEIs, the lapse rate is lower, coming in at under 23%.

Percentage of LEI Entities that are Either Funds, Trusts or SPVs



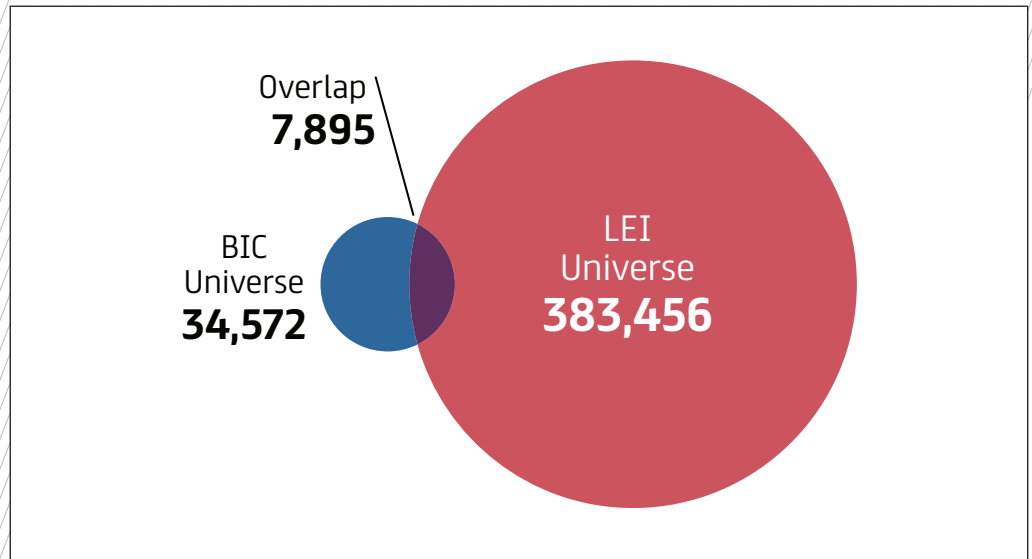
Similar to our analysis in June 2015, about 19% of all the entities that have been assigned an LEI are either a fund, a trust, or an SPV.

Overlap Between LEI and LED



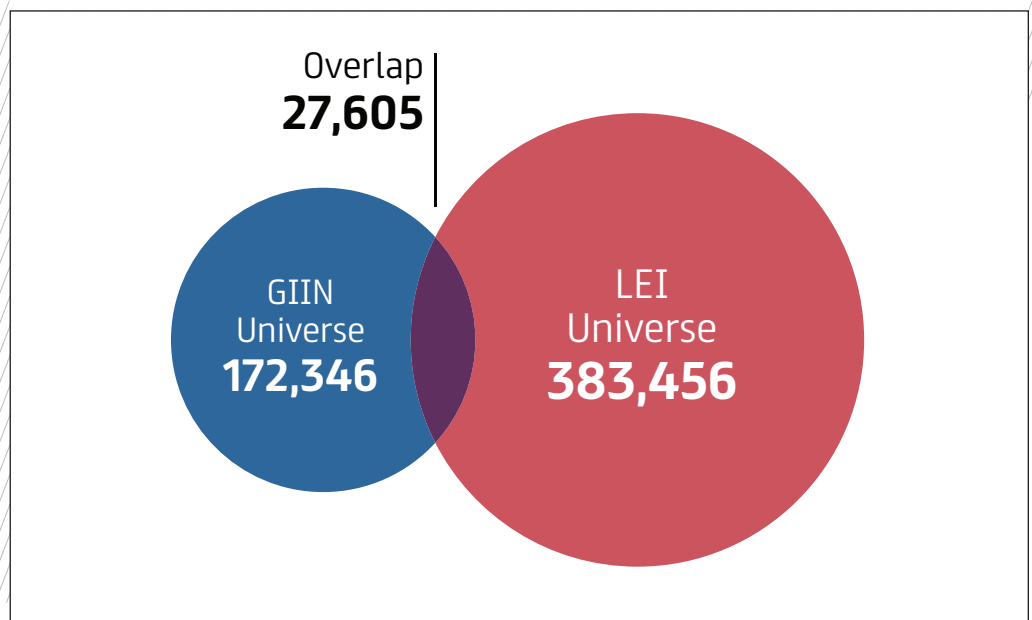
On a daily basis, Alacra's Legal Entity Directory tracks a superset of over 4.5 million unique legal entities maintained by the major data vendors. Where an entity has an LEI, it will typically be covered by a major data vendor, but millions of entities in their universes do not yet have an LEI assigned.

Overlap Between BIC Entities and the LEI Universe



SWIFT (The Society for Worldwide Interbank Financial Telecommunication) supplies secure messaging and payment instruction services to financial entities. The Bank Identifier Code (BIC) is a unique identification code for a particular financial institution and is used when transferring money between banks, particularly for international wire transfers. The chart above shows how many top level entities in the BIC universe also have an LEI.

Overlap Between the GIIN Universe and the LEI Universe



The GIIN (Global Intermediary Identifier Number) is issued by the IRS to foreign financial institutions (FFIs) as part of the Foreign Account Tax Compliance Act (FATCA). The goal of FATCA is to reduce US tax evasion by requiring FFIs such as banks, funds, trusts, asset managers and insurance companies to report certain information to the IRS about their US accounts. The chart above shows how many FFIs in the GIIN universe also have an LEI.

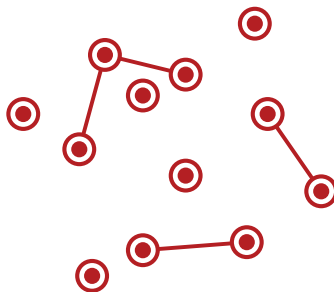
*Need LEIs or GIINs mapped to
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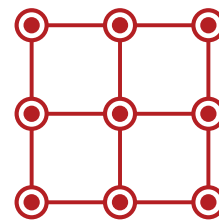
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