GLEIF GLOBAL LEGAL ENTITY IDENTIFIER FOUNDATION

The Legal Entity Identifier

25th Meeting of the Wiesbaden Group on Business Registers, 8 November 2016, Tokyo

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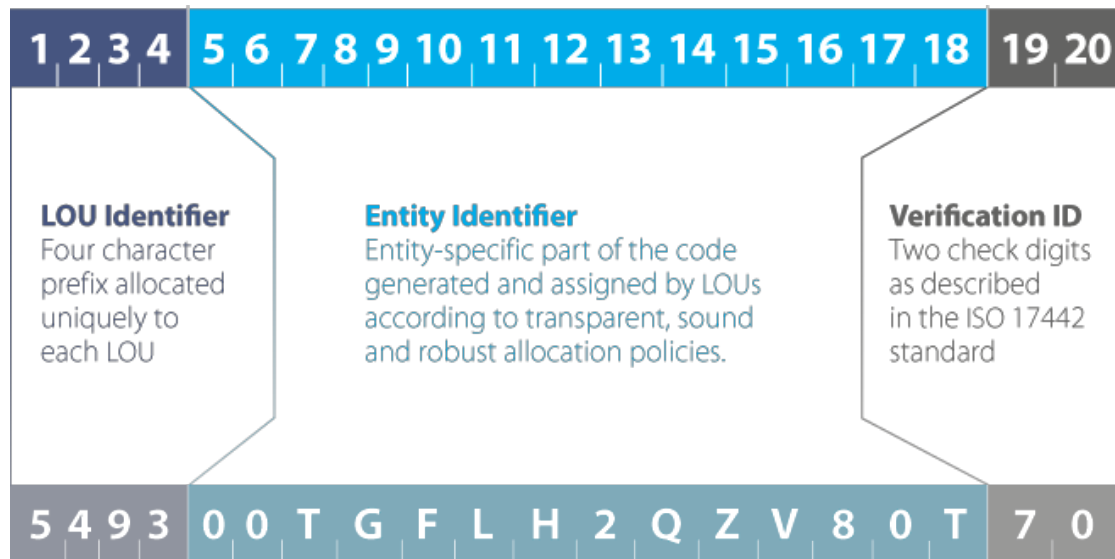**Restricted information for Wiesbaden Group**

Introduction
History

- In 2011, the Group of Twenty (G20) called on the Financial Stability Board (FSB) to provide recommendations for a global LEI and a supporting governance structure.

- The Global LEI System (GLEIS) is designed to help answer three basic questions:

    - Who is who? - Level 1

    - Who owns whom? - Level 2

    - Who owns what? - Level 3

- Current practice of LEI is **Level 1**. In a next step, the LEI reference data will be enhanced to include information on 'Who owns whom' or '**Level 2**' data.

Introduction
What is the LEI?

LEI

- Unique 20 digit alphanumeric code based on the ISO 17442 standard assigned to legal entities

LEI Code

1 2 3 4	5 6 7 8 9 10 11 12 13 14 15 16 17 18	19 20
LOU Identifier Four character prefix allocated uniquely to each LOU	**Entity Identifier** Entity-specific part of the code generated and assigned by LOUs according to transparent, sound and robust allocation policies.	**Verification ID** Two check digits as described in the ISO 17442 standard
5 4 9 3	0 0 T G F L H 2 Q Z V 8 0 T	7 0

Example: ABB Sécheron S.A., Switzerland

ISO = the International Organization for Standardization

Understanding the LEI
LEI Common Data File Format

- According to the ISO 17442 standard, a legal entity is a unique party that is legally or financially responsible for the performance of financial transactions or has the legal right in its jurisdiction to enter independently into legal contracts.

- The LEI comes with basic business card information as defined in the LEI Common Data File Format.

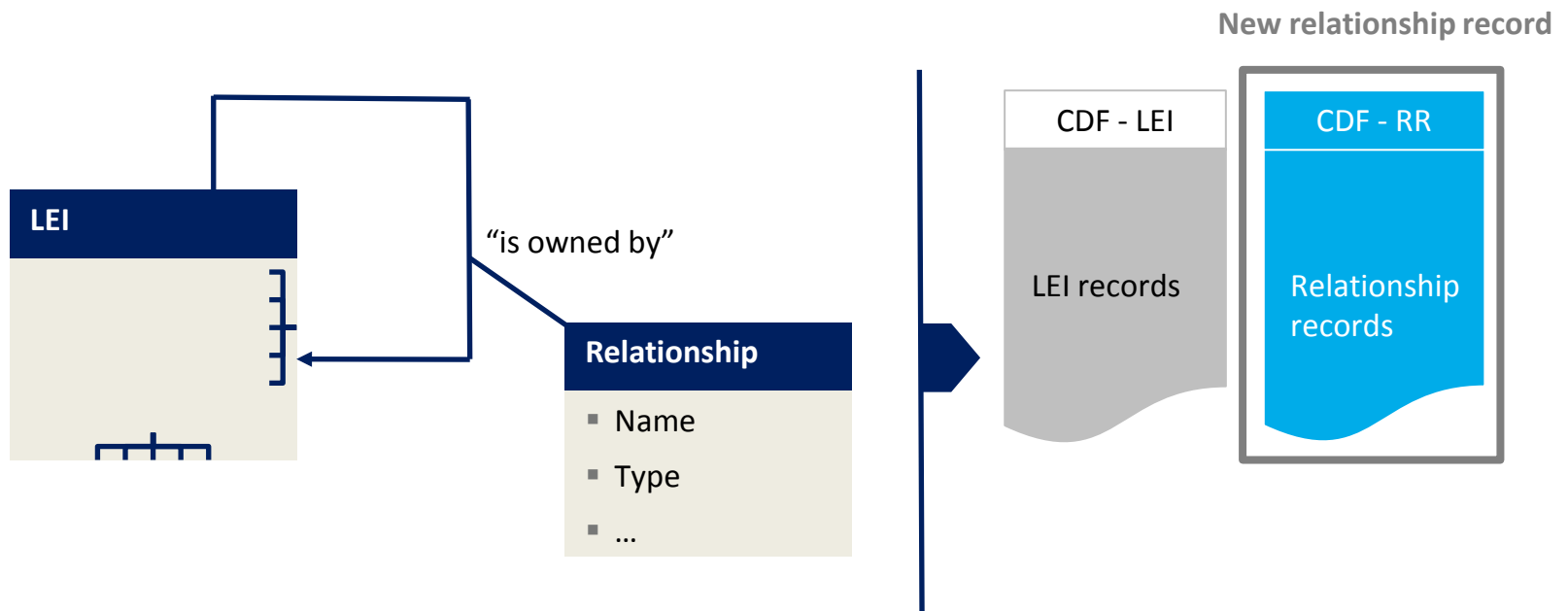| LEI Data Record		[1..*]
LEI	LEI	[0,1]
Entity	Entity	[1]
LegalName	Name	[1]
OtherEntityNames	OtherEntityName	[0..n]
LegalAddress	Address	[1]
HeadquartersAddress	Address	[1]
OtherAddresses	OtherAddress	[0..n]
BusinessRegisterEntityID	BusinessRegisterEntityID	[0,1]
LegalJurisdiction	JurisdictionCode	[0,1]
LegalForm	Name	[0,1]
AssociatedEntity	Associated	[*]
EntityStatus	EntityStatusEnum	[1]
EntityExpirationDate	DateTime	[0,1]
EntityExpirationReason	EntityExpirationReasonEnum	[0,1]
SuccessorEntity	Successor	[0,1]
Registration	Registration	[1]
InitialRegistrationDate	DateTime	[1]
LastUpdateDate	DateTime	[1]
RegistrationStatus	RegistrationStatusEnum	[1]
NextRenewalDate	DateTime	[1]
ManagingLOU	LEI	[1]
ValidationSources	ValidationSourcesEnum	[0,1]
Extension	Extension	[0,1]

Current Usage of the LEI for Regulatory Reporting
Beyond OTC Derivatives

- Regulators participating in the GLEIS first focused on introducing the LEI for counterparties to **OTC derivatives transactions.**

- Starting 1 January 2018, with upcoming regulation in the European Union, the LEI will be required for financial transaction reporting across **equity, debt, derivatives, and other financial markets.**

- Other interesting applications being considered for the LEI are as follows:

  - AnaCredit (European Union): The LEI is suggested as an identifier of counterparties for **credit reporting**

  - FERC (United States): The LEI is proposed for the identification of market participants for **electricity market surveillance.**

  - CPMI (International): The LEI is discussed as a mean to identify parties involved in **payment processing**

Status of Level 2 Data Collection Implementation
Who owns whom

- On 10 March 2016 the LEI ROC published a document, entitled 'Collecting data on **direct and ultimate parents of legal entities** in the Global LEI System – Phase 1'.

- Out of several optional relationship types the ROC policy defined **"Accounting Consolidation"** as the first implementation (full consolidation in parent balance sheet).

New relationship record

LEI Reference Data
Enhance Standardization

LEI

- In order to enhance the usability of the Level 1 data collection, the LEI Common Data File Format reporting has two important remaining items of **standardization**:

    - **Legal Form:** In cooperation with ISO, the legal entity's legal form will be adjusted to a standardized scheme that identifies distinct legal forms in a jurisdiction. This will allow classification of legal entities by their legal form.

    - **Registration Authority:** On 31 August 2016, GLEIF published the 'Registration Authorities List'. It contains 652 registration authority sources. This standardizes the cross reference by the legal entity to its local authoritative source and enables users of the LEI data to more easily link the LEI to other data sources.

Benefits to Statistical Business Registers for LEI Application

- It can be difficult for a local statistical business register to understand entities relevant to the national economy that are registered in other jurisdictions.

- There is a need for a **global identifier** that serves to **connect local identification systems**. The LEI serves as a high-quality identifier that is accessible **free of charge** as a **broad public good** for the benefit of the users of the public and private sector.

- As such the LEI can act as a **building block** to help to uniquely identify and monitor all entities relevant to a jurisdiction.

- The collection of **relationship information** between parent and child entities will provide important additional reference data for statistical business registers.

Example – AnaCredit
LEI as a practical counterparty identifier

ECB Attributes list_AnaCredit

Counterparty reference data

#	Attribute
7	Legal Entity Identifier (LEI)
8	National identifier
9	Head office undertaking identifier
10	Immediate parent undertaking identifier
11	Ultimate parent undertaking identifier
12	Name
13	Address: street
14	Address: city/town/village
15	Address: county/administrative division
16	Address: postal code
17	Address: country
18	Legal form
19	Institutional sector
20	Economic activity
21	Status of legal proceedings
22	Date of initiation of legal proceedings
23	Enterprise size
24	Date of enterprise size
25	Number of employees
26	Balance sheet total
27	Annual turnover
28	Accouting standard

LEI Common Data File Format

Data File		
LEI File Header		[0,1]
ContentDate	DateTime	[0,1]
Originator	LEI	[0..1]
FileContent	FileContentEnum	[0..1]
DeltaStart	DateTime	[0..1]
RecordCount	Integer	[0..1]
Extension	Extension	[0,1]
LEI Data Record		[1..*]
LEI	LEI	[0,1]
Entity	Entity	[1]
LegalName	Name	[1]
OtherEntityNames	OtherEntityName	[0..n]
LegalAddress	Address	[1]
HeadquartersAddress	Address	[1]
OtherAddresses	OtherAddress	[0..n]
BusinessRegisterEntityID	BusinessRegisterEntityID	[0,1]
LegalJurisdiction	JurisdictionCode	[0,1]
LegalForm	Name	[0,1]
AssociatedEntity	Associated	[*]
EntityStatus	EntityStatusEnum	[1]
EntityExpirationDate	DateTime	[0,1]
EntityExpirationReason	EntityExpirationReasonEnum	[0,1]
SuccessorEntity	Successor	[0,1]
Registration	Registration	[1]
InitialRegistrationDate	DateTime	[1]
LastUpdateDate	DateTime	[1]
RegistrationStatus	RegistrationStatusEnum	[1]
NextRenewalDate	DateTime	[1]
ManagingLOU	LEI	[1]
ValidationSources	ValidationSourcesEnum	[0,1]

The LEI already covers 7 – 18 reference data

Limitations

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