



# NordLEI

LEI issuer in the Nordic and Baltic region

## **01 December 2016 update: The Global Legal Entity Identifier System takes leap to connect the corporate dots globally**

Like a bar code identifier for entities that engage in financial market transactions, the Legal Entity Identifier (LEI) has become deeply embedded in financial markets in recent years. Whilst broadly adopted in its current state with approximately 475 000 LEIs in existence, the next generation of the Global Legal Entity Identifier System (GLEIS) is now about to emerge.

The GLEIS is designed to ultimately help answer three questions: Who is who? Who owns whom? And who owns what? The information available with the LEI reference data to date (e.g. the official name of a legal entity and its registered address) is referred to as 'Level 1' data and provides answer to the question of 'who is who'. In a next step of the GLEIS evolution (expected to be fully implemented early 2018), the LEI data pool will be enhanced to include the 'Level 2' data that will help answer the question of 'who owns whom'. This will manifest itself as references to any direct and ultimate parent for each record of the GLEIS (where applicable), and hence make the GLEIS a unique and free data source that allows corporate dots to be connected globally.

Although the benefits of adding the ownership dimension to the GLEIS is apparent to financial markets participants, the intended implementation is not without challenges. Well aware of this, the GLEIF (Global Legal Entity Identifier Foundation) seeks to avoid imposing unwarranted costs or complexities that could be detrimental to the expansion of the system by adopting an incremental approach. The LEI ROC is aware that a first phase may not meet all the needs expressed in earlier related consultations and will work on expanding the scope of relationship data in future phases, in consultation with relevant stakeholders.

GLEIF has recently communicated that it will start publishing, as a first step, Level 2 data collected by the 'first mover' LEI issuers in early 2017. The mandatory collection, validation and publication of parent information will commence during the second quarter of 2017. As of this date, all LEI issuers are expected to collect Level 2 data as part of their clients' registration and maintenance of LEI data.

The forthcoming expansion of the GLEIS with respect to ownership structures is however not the intended end state of the GLEIS. In the coming years, the GLEIS evolution will continue even further with the ambition to allow for relationships also beyond direct and ultimate parents (e.g. joint ventures, partial ownership and control, executives and members of boards, as well as credit securities and collaterals).

NordLEI in its role as registration agent to DTCC/the GMEI Utility follows the Level 2 data progress closely and intends to volunteer in the mentioned prototype exercise. The necessary upgrades to the NordLEI web portal will be launched in a timely manner to meet any new requirements imposed by the Level 2 implementation.

Yours sincerely

Anders Åström  
CEO, NordLEI