

Alacra Reference Data Alert

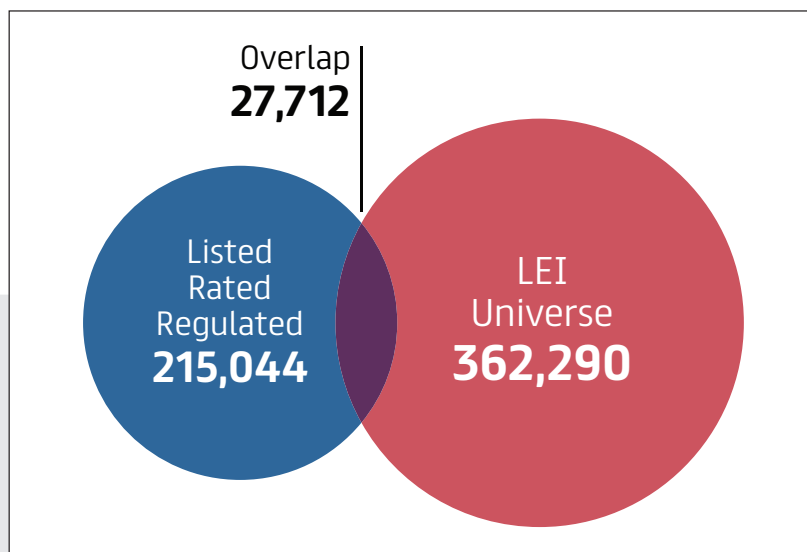
JUNE 2015

Inside the LEI—Issue VI

Currently, more than 360,000 entities have been assigned an LEI. Over 25,000 of those have been newly assigned since our last review in March 2015. Alacra’s current analysis indicates that, while the number of registered entities has increased, quality and utility issues within the database have increased as well. At this point, over 70,000 of the LEI registrations have now lapsed, representing almost 20% of the total LEI universe. The Tokyo-based LOU continues to register entities in Japanese, which may be appropriate, but makes it difficult for many firms to consume the data as their systems do not recognize Japanese characters. Most importantly, there is still not enough regulatory pressure to ensure comprehensive coverage of the “relevant” entities, so the LEI universe remains an eclectic set of entities.

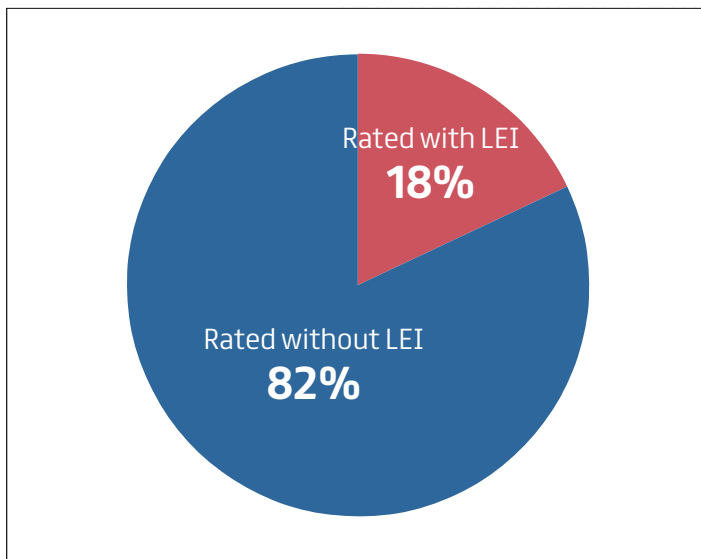
Few of the benefits that were carefully and thoroughly outlined by the global financial community have yet been achieved. While the market continues to view the LEI as a “great start,” only a small fraction of the utility that could be gleaned from the establishment of the LEI has been realized. Alacra continues to believe that these issues (and many others) can be resolved but require the GLEIF to take on a stronger central presence to insist on better process, better quality, and better coverage.

Overlap Between AAF and LEI Universe



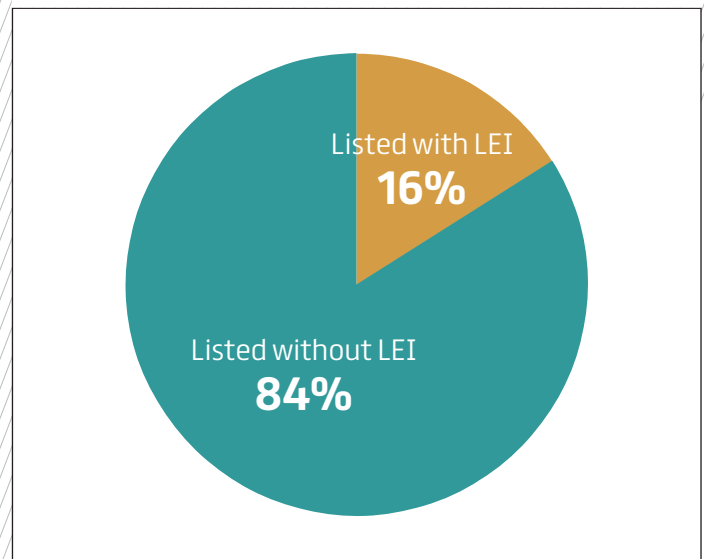
The Alacra Authority File provides reference data and entity identifier mapping on a universe of over 215,000 entities that are either rated, regulated or listed. This dataset contains most of the common customers and counterparties of large, global financial institutions. The chart to the left shows 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



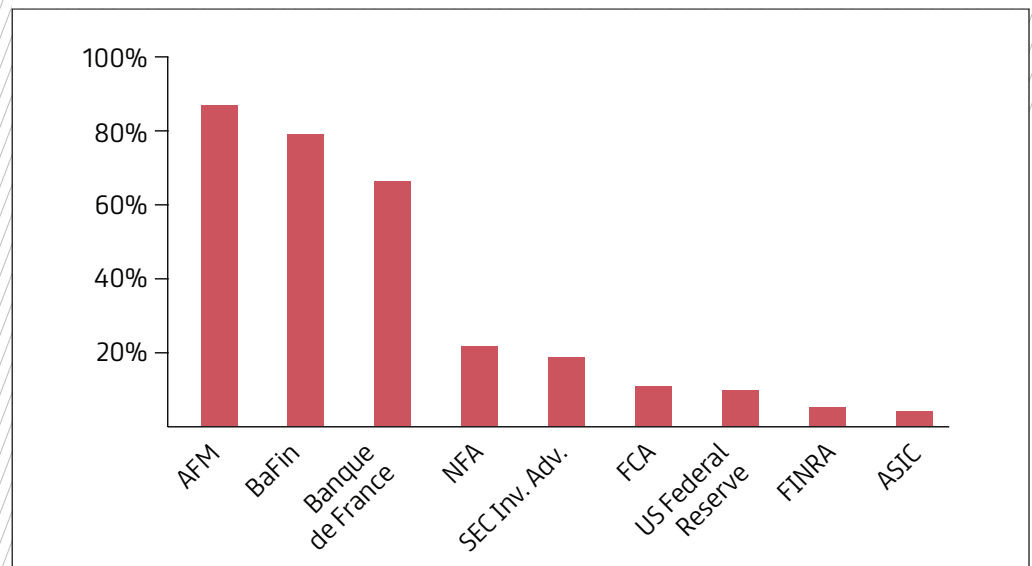
The rated universe Alacra covers includes those entities/issuers rated by A.M. Best, Fitch, Moody's, and S&P. This totals around 67,000 entities globally. About 18% of these entities have been assigned an LEI, a slight increase from 16% in March 2015.

Percentage of Listed Entities Assigned an LEI



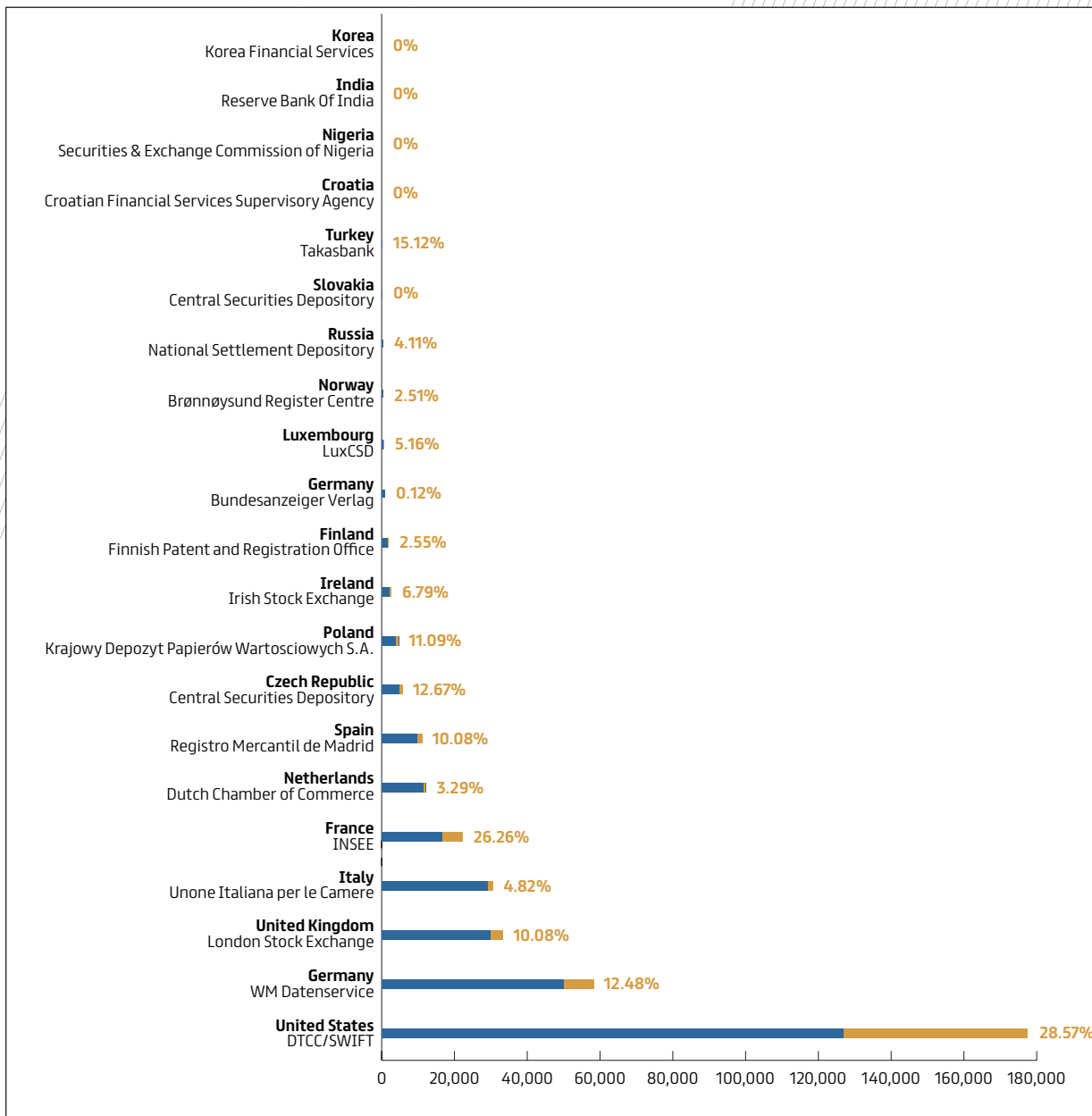
Alacra tracks all entities that have either a debt or equity listing on a global exchange. Of the 85,917 entities that are listed, only 16% have been assigned an LEI. This is not a meaningful improvement on the 15% assignment level from March 2015.

Percentage of Regulated Entities Assigned an LEI



Alacra tracks the regulatory status of legal entities around the world. We monitor over 50 global financial market regulators that are currently regulating about 85,000 entities. Ideally all regulated entities worldwide would have an LEI, replacing the entity identifiers currently used by regulatory bodies.

Number of LEIs Assigned by LOU

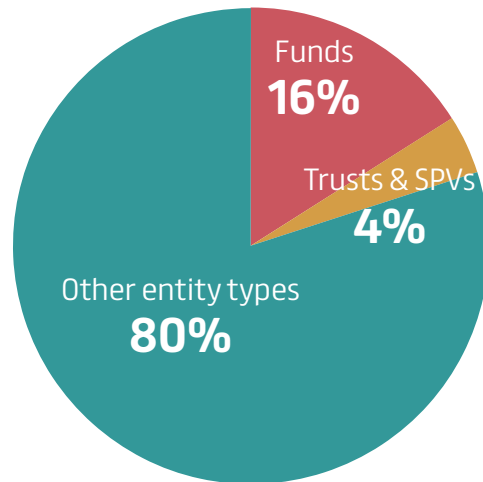


This chart shows the number of LEIs that have been assigned by 21 of the 23 endorsed LOUs. The gold bars represent LEIs that have been assigned, but have since lapsed, i.e., they have not been renewed by the entity since first being registered. The percentage of lapsed LEIs to active LEIs is shown next to each LOU's bar.

The US-based GMEI continues to lead the way having assigned about twice as many LEIs as the rest of the LOUs combined. However, it also has the greatest percentage of lapsed LEIs (though closely trailed by INSEE, the French LOU).

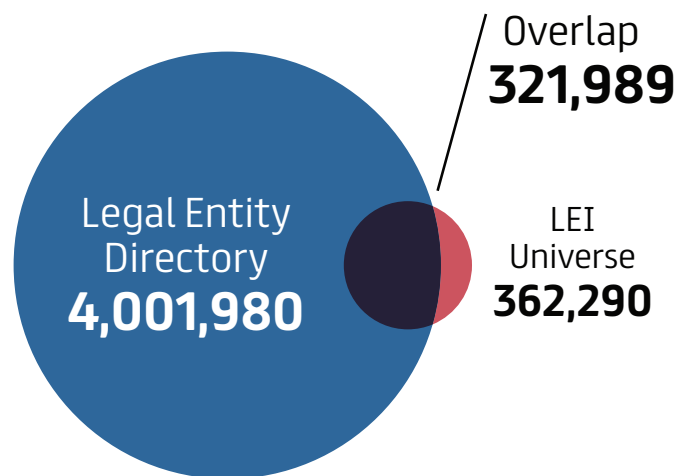
Overall, over 70,000 of the LEI registrations have now lapsed, representing almost 20% of the total LEI universe.

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



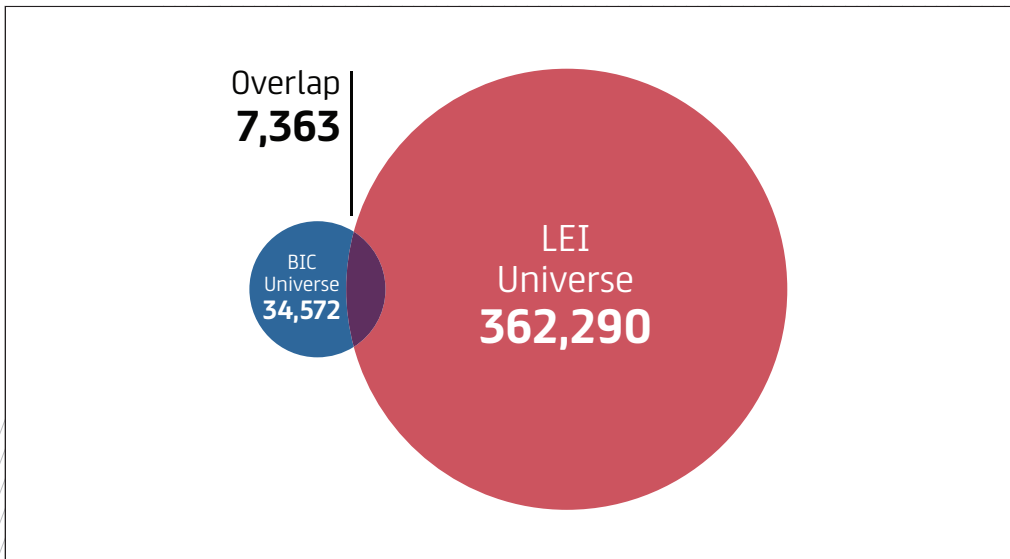
Similar to our analysis in March 2015, about 20% of all the entities that have been assigned an LEI are either a fund, a trust, or an SPV.

Overlap Between LEI and LED



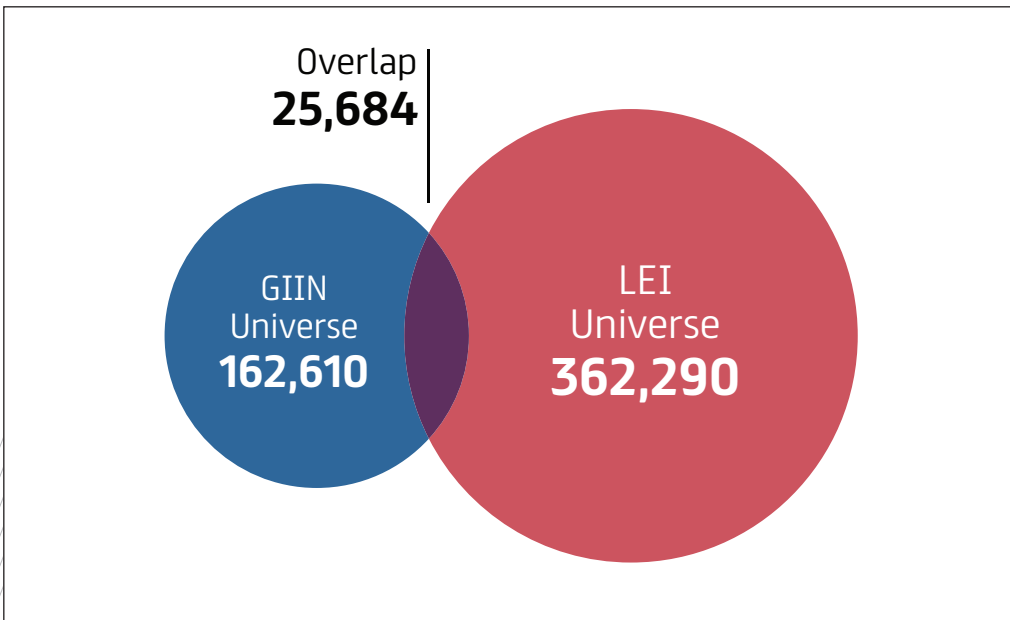
On a daily basis, Alacra's Legal Entity Directory tracks a superset of over 4 million unique legal entities maintained by the major data vendors. Where an entity has an LEI, it will typically be covered by a major data vendor, but millions of entities in their universes do not yet have an LEI assigned.

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 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.

Cross-Referencing and Mapping the LEI to Other Major Identifiers

While it is now relatively easy to download a list of entities with LEIs from www.gleif.org, the process of mapping the correct LEI to a bank's clients, customers and counterparties is significantly constrained by a lack of linkages and mapping to any other identifiers.

Through the Alacra Authority File Plus (AAF+), Alacra provides access to a database of entities that are cross-mapped with all the commonly used public identifiers, as well as proprietary vendor identifiers, such as the BIC (Bank Identifier Code) through an appropriate end-license.

The table below shows a summary of the cross-mapping and overlap between and among multiple identifiers. Again, it is clear the vast majority of entities that have been assigned an identifier in an existing identification system have yet to be assigned an LEI.

IDENTIFIER	LEI	TICKER	CIK	FRN	GIIN	RSSD	BIC
Total	362,290	55,983	73,983	33,989	162,160	8,204	34,572
LEI	X	5,631	617	3,325	25,684	722	7,363
TICKER		X	12,571	86	1805	207	1823
CIK			X	274	962	317	2,728
FRN				X	2,530	1	2,978
GIIN					X	27	12,654
RSSD						X	609
BIC							X

Some Notes on Corporate Hierarchies and Relationship Information

In May 2015, the LEI ROC published a consultation document titled *Task Force on Direct and Ultimate Parents of Legal Entities*, seeking input “into the design of a process for collecting data on direct and ultimate parents of legal entities within the Global Legal Entity Identifier System (GLEIS).” The document is measured in its expectations, and the authors understand the challenges of collecting and maintaining accurate relationship information. It explains why collection of this information should be based on existing accounting definitions:

“Accounting standards have the benefit of providing definitions that are already agreed, publicly available, widely used by financial and non-financial entities, and verified by third parties (external auditors).”

Our research is focused on the utility and quality of the existing LEI database. We undertook some simple analyses of corporate relationship data that is currently available in the public domain.

We looked at subsidiary data for Goldman Sachs published as part of their Exhibit 21 disclosures in their 2014 annual report. (Exhibit 21 lists all subsidiaries of the

registrant, the state or other jurisdiction of incorporation or organization of each, and the names under which such subsidiaries do business. This list may be incorporated by reference from a document which includes a complete and accurate list.)

Goldman's 2014 annual report listed 87 subsidiaries. Through our research we were able to identify 38 of which had been assigned an LEI. While 44% is a pretty good start for the Goldman Sachs hierarchy, the accompanying footnote raises some concerns:

Significant Subsidiaries of the Registrant

The following are significant subsidiaries of The Goldman Sachs Group, Inc. as of December 31, 2014 and the states or jurisdictions in which they are organized. Indentation indicates the principal parent of each subsidiary. The Goldman Sachs Group, Inc. owns, directly or indirectly, at least 99% of the voting securities of substantially all of the subsidiaries included below. The names of particular subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of the end of the year covered by this report, a "significant subsidiary" as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934.

Rule 1-02(w) of Regulation S-X, defines a subsidiary "significant" if it accounts for at least 10% of an entity's total assets at the end of the fiscal year. Significant subsidiaries also need to list their own subsidiaries if they are covered under this 10% rule. This rule applies even if they do not make up 10% or more of the total assets of the main entity. For example, Coca-Cola Company is regulated by the SEC. If Coca-Cola USA makes up more than 10% of Coca-Cola Company, it would be considered a significant subsidiary. If Coca-Cola USA owns Coca-Cola New York and it makes up 10% or more of Coca-Cola USA it must also be listed as a significant subsidiary. This is still true if Coca-Cola New York does not make up more than 10% of the Coca-Cola Company.

So, while at first glance it would seem that 44% of Goldman's subsidiaries have LEIs, the number of subsidiaries in public filings are more likely a small subset of all the subsidiaries actually in Goldman's family tree.

We also looked at Deutsche Bank AG. According to the Federal Financial Institution Examination Council (FFIEC) website (<http://www.ffiec.gov/>) it has 295 subsidiaries. Through our research we were able to identify 83 of which that have LEIs assigned. This represents 28% of subsidiaries.

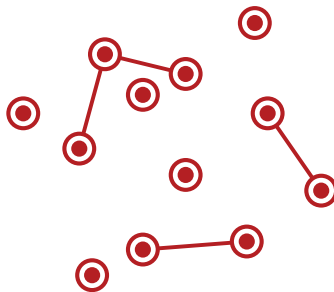
Both these simple research exercises provide evidence for our position that 1) for large financial institutions, the number of subsidiaries that have been assigned LEIs is quite small and that 2) tying these together across geographies and using a random, 20-digit alphanumeric is going to be extremely challenging.

*Need LEIs or GIINs mapped to
your clients and counterparties?*

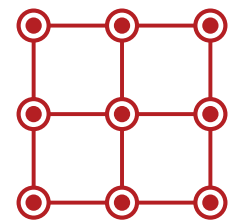
Introducing Alacra Resolve



1 Send us your
entities by email
or upload



2 Our proprietary
software will cleanse,
de-dupe, map and
append



3 We'll send you back
a clean, mapped file
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Fast, accurate, cost-effective

For more information contact alan.samuels@alacra.com

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