

# Alacra Reference Data Alert

MAY 2015

## Inside the GIIN—Issue I

The GIIN or 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. While institutions can choose not to comply with this requirement they will be subject to a 30 percent withholding tax on some of their US-sourced payments. In addition, noncompliance could be perceived as an attempt to shield US tax evaders and can create an unnecessary reputational risk for the the institution.

Each of the entities is assigned one of five roles:

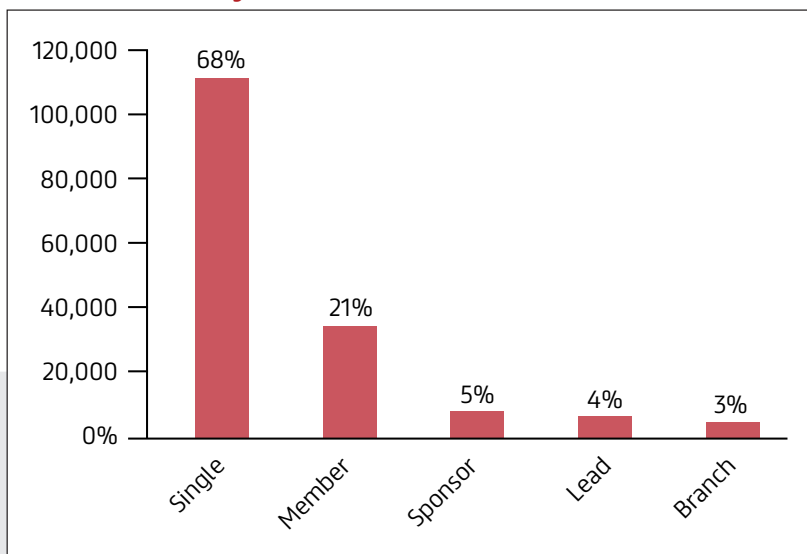
### LEAD

An entity that initiated the FATCA registration process for Member entities.

### SINGLE

An entity or branch that has no Member entities.

## GIIN Entities by Role



*Note: Percentages do not sum to 100% as each entity can have more than one role.*

### SPONSORING ENTITY

An entity that will perform due diligence, withholding, and reporting obligations for other entities. A sponsoring entity will receive a separate GIIN that should only be used when it is fulfilling its obligations as a sponsor.

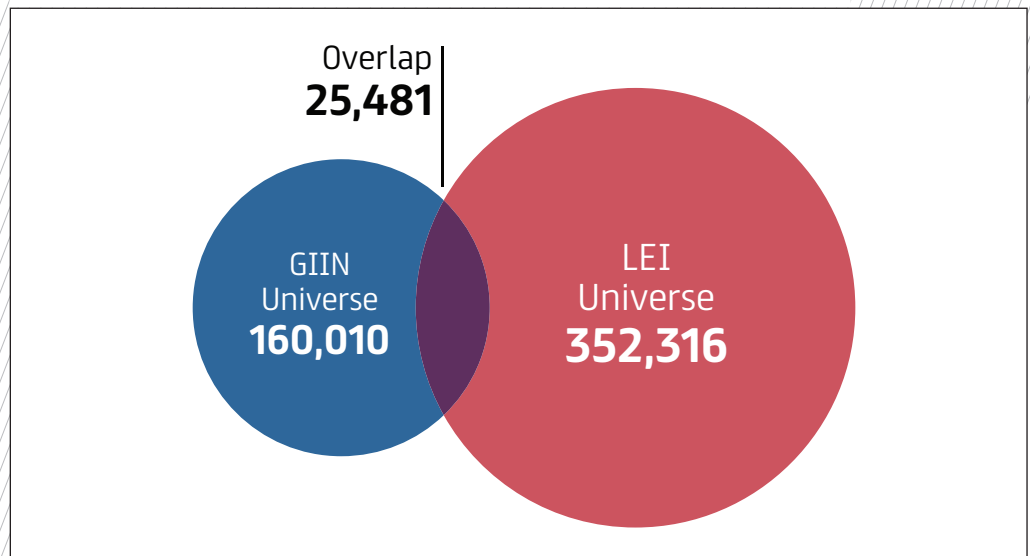
### MEMBER

An entity that obtains a GIIN through its corresponding Lead or Sponsoring entity.

### BRANCH

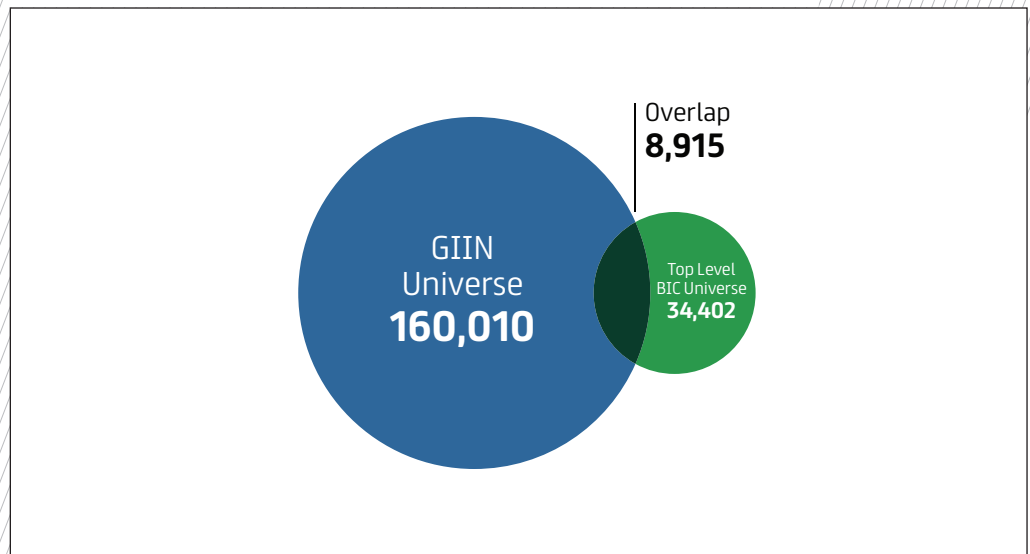
An entity that is a “branch” of the main entity – though the documentation is unclear exactly what the IRS means by branch. Each approved branch will be issued a GIIN. If more than one branch is entered with the same country name, then all branches in that country will receive the same GIIN.

## Overlap Between the GIINs and the LEI Universe



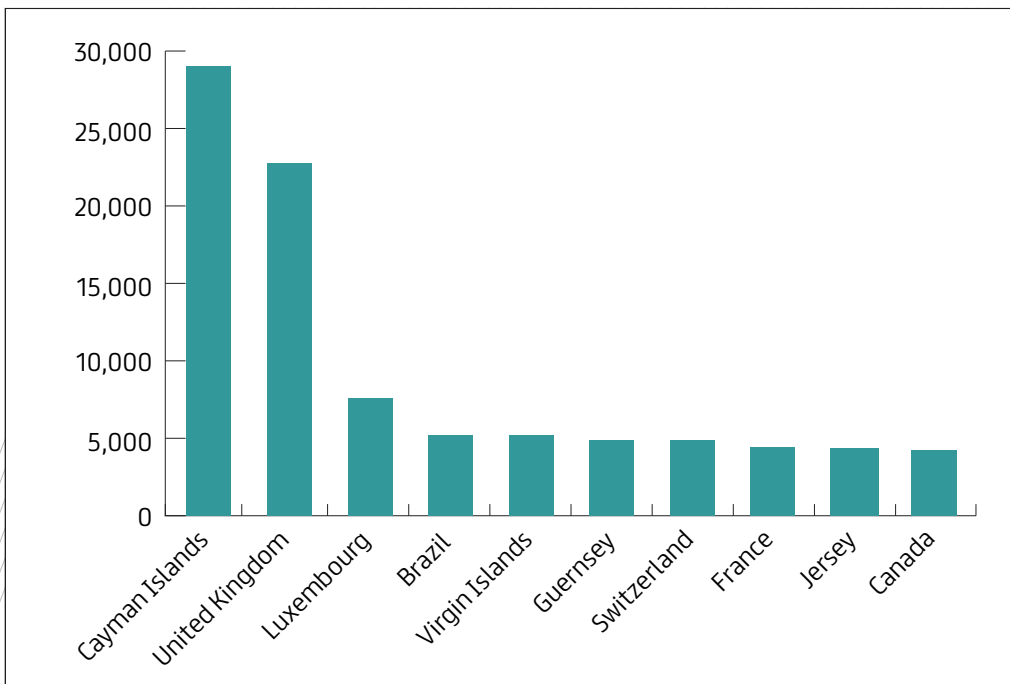
The Alacra Authority File Plus provides reference data and entity identifier mapping on a universe of over 600,000 entities that are either rated, regulated or listed, as well as cross-referenced mapping to all entities with a Legal Entity Identifier (LEI) and GIIN. The chart above shows the overlap between the GIIN universe and the LEI universe (without those entities registered by the Japanese LOU).

## Overlap between the GIINs and the BIC Universe



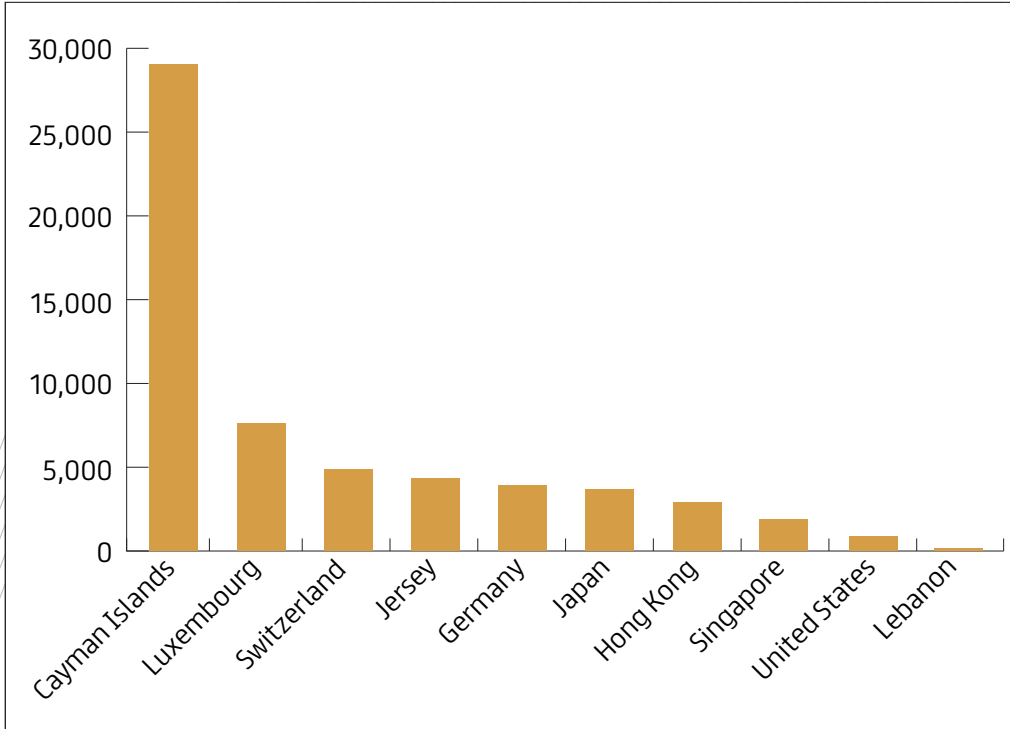
SWIFT (The Society for Worldwide Interbank Financial Telecommunication) supplies secure messaging and payment instruction services to financial entities. The Bank Identifier Code (BIC) is unique identification code for a particular financial institution and is used when transferring money between banks,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

## Top 10 Registration Domiciles for GIINs



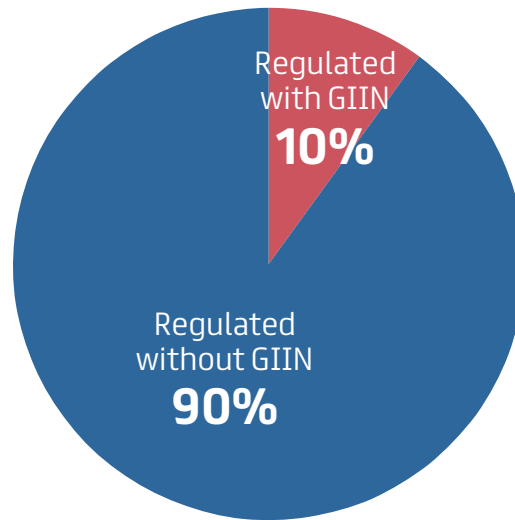
The Cayman Islands and United Kingdom make up over 32% of the total registrations and the Top 10 countries make up over 57%.

## Top 10 Registration Domiciles for GIINs by "Secrecy" Countries



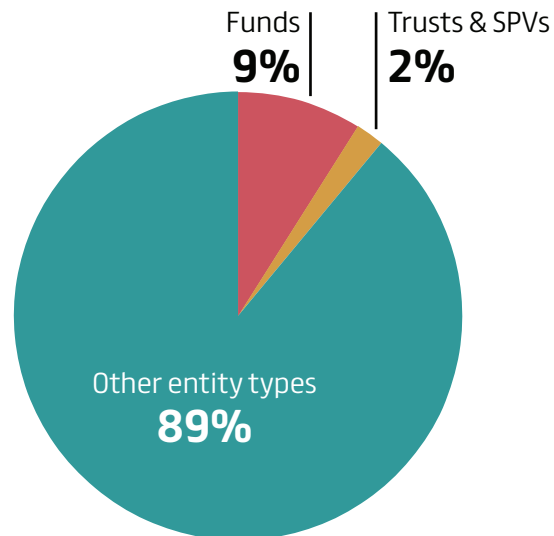
Launched in 2013, the Financial Secrecy Index ranks jurisdictions according to their secrecy and the scale of their activities. A politically neutral ranking, it is a tool for understanding global financial secrecy, tax havens or secrecy jurisdictions, and illicit financial flows. Over a third of all the GIINs registered are for entities that are domiciled in a top 10 FSI country. <http://www.financialsecrecyindex.com/>

## Percentage of Regulated Entities with a GIIN



Alacra tracks all the entities that are regulated by a G-20 or European Union regulator. Of the 85,302 entities that are regulated, 8,259 have registered a GIIN.

## Percentage of GIIN Entities that are either Funds, Trusts or SPVs



About 11% of all entities that have registered a GIIN are either a fund, trust or SPV.

## Understanding the GIINs database

### ENTITY NAME

The FFI entity name is “as entered” by the registrant so there is plenty of inconsistency around the name under which the entity has registered itself. While some entities have registered themselves using their legal name, others have been registered using their local names or with abbreviations in their name. Furthermore, there are several thousand names that are “overloaded” with geographical and other modifiers in the name, often in parentheses, e.g., “BlackRock Multi-Asset Portfolio III (Exclusively for Qualified Institutional Investors with Re-Sale Restrictions for the Japanese Investors)”.

### NATIVE LANGUAGE

For countries with languages written in the Latin alphabet, the entity names are mostly written in the native language – French in France, German in Germany and Turkish in Turkey (e.g. BNP PARIBAS OBLI REVENUS). However the information about Chinese, Greek and Saudi Arabian entities is generally presented in English (e.g. Zhejiang Yongkang Rural Cooperative Bank). Russian and Ukrainian entities are somewhere in between – written mostly in English, though proper nouns and other non-translatable words are in the native language (e.g. PrJSC IC PZU Ukraine Life Insurance).

### VALIDATION

The IRS does not perform any normalization or validation to match up the entity with its formal legal name so there is no consistent name to use when matching to counterparties.

### ADDITIONAL ATTRIBUTES

The GIIN database is populated with a very limited number of attributes. In addition to the GIIN, all that is provided is the entity name and country name. There are no additional attributes to aid in the identification process.

### BRANCHES

An FFI should only register one branch per country. If it registered more than one branch within the same country, then all those branches will use the same GIIN. The IRS does not record each branch's name, but rather records the word "Branch" as its name. It should be noted, that while branches are allowed in the GIIN data, the documentation does not explicitly state what the IRS means by branch.

### DUPLICATES

The GIIN database is a role-based database rather than an entity-record database. One entity can have multiple roles (i.e., it may be a “single”, “member”, “sponsor”, “lead” or “branch”), and, consequently, can have multiple GIINs. In such cases, the IRS assigns the same entity separate GIINs for each role. So it is possible for an entity to appear more than once in the IRS file, but with different GIINs. An entity appearing twice in the file is not a duplicate per se.

## Fun (and strange and unusual) GIIN facts

- More than 800 entities have the country name provided as “other”.
- More than 200 entities contain the word “branch” but do not have the category code “branch”.
- There are almost 28,000 entities that end in the word “limited”.
- There are many obscure entity names (e.g. “Mrs Eileen Mary Ledger Will Trust”, “Mrs Gemma L Bailey Marriage Settlement”). Indeed, there are 3,668 entity names that contain the word “will” and 3,929 entity names that contain the word “settlement”.
- 666 entities begin with “UBS”.
- 6,285 of the names contain words in parentheses. Some of the most common of these are “hedged”, “CAD-hedged” and geographical modifiers.

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**IN THE NEWS**

# *Alacra first to link GIINs to LEIs, and other common entity identifiers*

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## **FOR IMMEDIATE RELEASE**

11 May 2015, New York & London: Alacra, the leader in client onboarding, reference data and business research solutions, today announced the addition of GIINs (Global Intermediary Identifier Number) to the Alacra Authority File Plus (AAF+). GIINs are issued by the IRS to foreign financial institutions (FFIs) as part of the Foreign Account Tax Compliance Act (FATCA) and create reporting and compliance obligations for the organizations with which they do business. There are approximately 140,000 institutions with GIINs, including banks, funds, trusts, asset managers and insurance companies.

The IRS process of assigning GIINs is significantly constrained by a lack of linkages and mapping to any commonly used public identifiers, such as the Legal Entity Identifier (LEI) and the CIK (Central Index Key). Alacra has moved quickly to help clients by adding all the entities with GIINs to the latest version of the AAF+. Through the AAF+ Alacra provides access to a database of all the rated, regulated and listed entities globally, as well all the entities with LEIs or GIINs. Each entity is cross-mapped to all the public identifiers, as well as proprietary vendor identifiers, such as the BIC (Bank Identifier Code) through an appropriate end-user license.

Alan Samuels, Vice President of Alacra Reference Data Solutions, commented: "The limitations of the IRS provision of GIINs have the potential to adversely impact users. The inconsistent naming conventions, and the lack of additional attribute information can really hamper the correct identification of an entity. Given our knowledge of reference data and excellent search technology I was sure we could do better – and we have. To my knowledge, our new AAF+ is the only solution able to cross-reference and map such a wide range of entity identifiers."

In addition to the 200,000 rated, regulated and listed entities already held in Alacra's database the inclusion of unique entities with LEIs and GIINs adds 400,000 entities, taking the AAF+ to around 600,000 entities.

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