



# Seminar on Accounting for Global Value Chains

## 6-8 June 2017

### **Chapter 12:**

# **The Global Groups Register (GGR) and the LEI initiative**

# GGR Background



- Following UNSC Decision 46/107, requesting the GGR creation "building on and taking into account lessons learned from the ongoing EGR project", Eurostat and UNSD started collaborating on this matter in 2016.
- For the moment we are in a **preliminary phase** targeting a report to be presented to the UNSC in its March 2018 meeting.
- Subject to the UNSC approval, the real project should start in 2018.

# Main conclusions reached so far



- Data collection, compilation and dissemination of GGR will be different from EGR. No GGR data sharing agreements among all countries.
- Likely to be located on a global platform with inputs from many sides. The access for updating and use should be controlled, but open.
- GGR to grow organically depending on opportunities, interests from the community of official statistics and interests from a multitude of associations (public, private and civil society). Collaborative effort among public and private sector partners → win-win game.

# Main conclusions reached so far



- Some specific info could be collected with the international work on GVCs: (e.g. North American Automotive industry). Not all industry sectors for all regions of the world will be covered. Focus on major industries & relevant regions first.
- Some relationship information should be collected through direct contact with MNEs (international profiling).
- Eurostat is exploring some web-scraping techniques → could be used both for EGR and GGR.
- UNSD should be responsible for the structure of the database, the design of the system and the quality verification.

# LEI Background



- Potential source for GGR and EGR: *unique worldwide identification of the entities and no cost.*
- 2011 - G-20 mandates the Financial Stability Board to create a global Legal Entity Identifier (LEI) for entities engaging in financial transactions.
  - **result of joint public and private sectors efforts**
  - **supports public authorities and market participants.**
- Initial implementation = focus just on the entities taking part on derivative contracts; extended rapidly → more general coverage of legal entities.
- Governance body = Regulatory oversight committee (ROC), with members and observers from more than 70 authorities (including the EU Commission (DG FISMA) and the ECB).

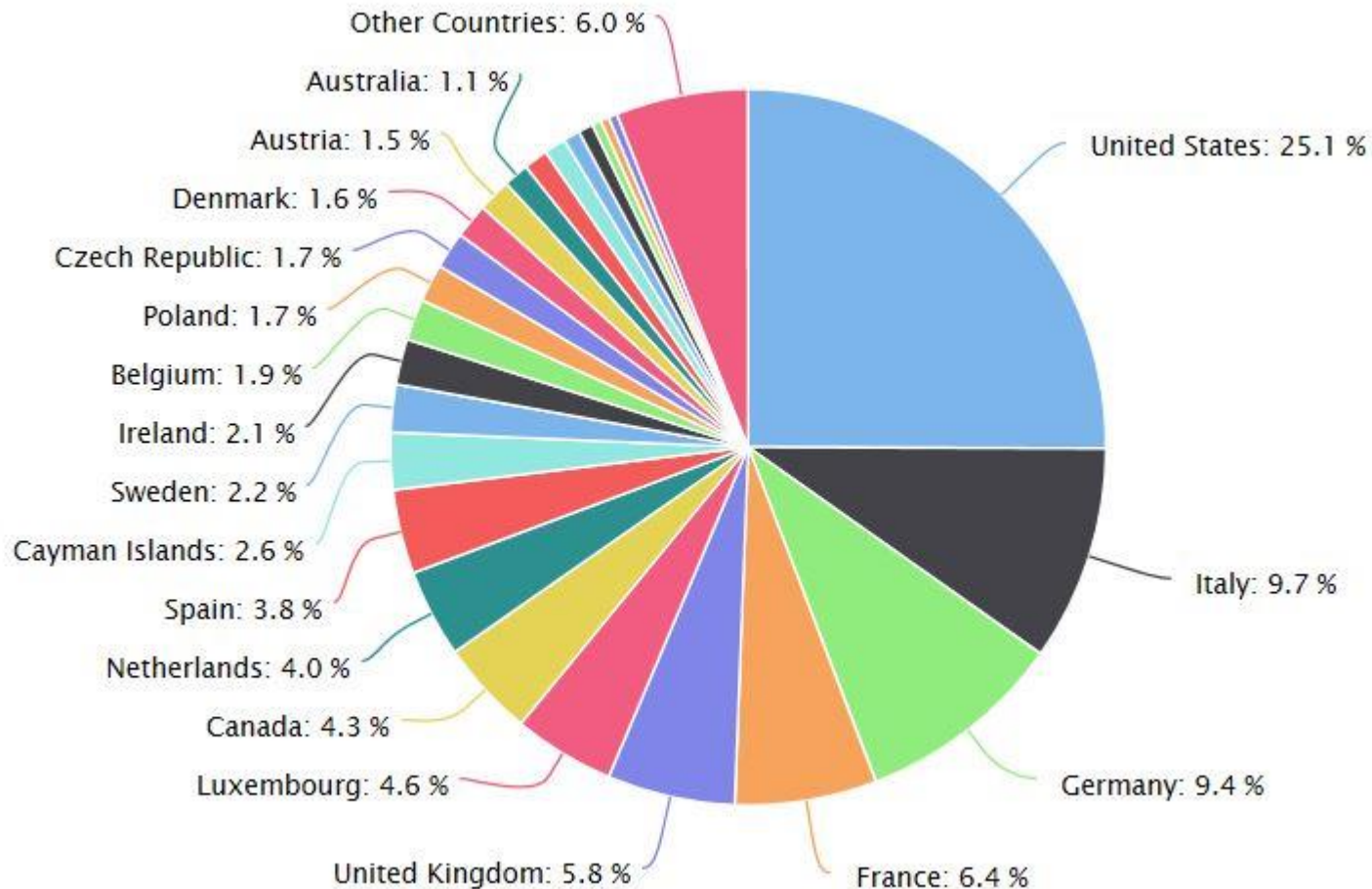
# LEI situation



About 515.000 entities have a LEI identifier in the world.

1/2 in the EU  
1/4 in the USA  
1/4 in the rest of the world.

Mainly but not only in the financial sector.





- Just recently (May 2017) GLEIF started collecting relationships information (Level 2 data). Relationships for the complete LEI population expected by the first half of 2018.
- In Dec 2016 GLEIF announced "We expect that, by 2020, we will look at an LEI population of about 1.5 million as a result of regulation".
- The European Securities and Market Authority (ESMA) reports that there are 19 EU regulatory actions, of which 13 made mandatory the use of the LEI and the other 6 recommends it.

# Eurostat and the LEI



- We support the LEI initiative: improving the identification of legal units in national BRs and in the EGR; cross-border relationships among them.
- As long as the LEI is not broadly used, the LEI will be used as additional source for EGR. On-going work to establish the flow. Basic aims :
  - To improve the quality of the EGR in terms of coverage of Legal Units specifically to outside EU.
  - To incorporate the LEI as additional identifier in the EGR as additional attribute for linking of registers.
- GLEIF should change the business model to reach a broader implementation.
- We think that the use of the LEI should be mandate at administrative level rather than at statistical level.