How, as NSI, deal with this new unique global identifier called LEI?

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Outlines of the presentation

• 1. In France, a long time use of a unique business ID for administrative purposes and business statistics purposes

• 2. The INSEE involvement in the Global LEI System (GLEIS)

• 3. The reasons to INSEE involvement in the GLEIS
1. In France, a long time use of a unique business ID for administrative purposes and business statistics purposes

- As early as 1948, Insee noticed the interest to set up a unique identifier for each business, to allow matchings with administrative sources.

- In 1973, a Government’s decree creates officially the French Inter-Administrative Register of legal and local units called **SIRENE** and gives its maintaining to INSEE
  - Five groups of administrations concerned:
    - INSEE (statistics), Social Security, Tax administration, Clerk’s office of Commercial Courts and Chambers of Craftsmanship
  - **Permanent update** by the information received by one of the administrations
  - INSEE allocates a **not meaningful ID number** at each unit, at its registration
  - INSEE provides for each unit a **main activity code**
1. In France, a long time use of a unique business ID for administrative purposes and business statistics purposes

• In 1994, a French law enforced that:
  – this inter-administrative ID number, allocated by INSEE, becomes **Unique** and **Mandatory used** for relationships between administrative bodies and businesses.

• In fact, this ID number becomes also the unique ID for:
  – B to B transactions (e.g. in orders and invoices),
  – Relationships between business and its employees (this ID number is mandatory part of the wage slip),
  – Relationships between business and its banks (this ID number is mandatory to open a bank account),
  – Relationships between the Social Security bodies and the populations when referring to their employers,
  – ...
1. In France, a long time use of a unique business ID for administrative purposes and business statistics purposes

• The value added by INSEE by managing the inter-administrative BR SIRENE and by providing the SIREN unique ID for legal units, offers benefits to the French administrative system but, even more so, to French business statisticians for:
  – their sampling frames,
  – the interlinking of administrative data bases,
  – the knowledge on the Groups,
  – the implementing of the new Enterprise units,
  – the demographic studies on firms and local units.

• A necessary condition: the INSEE tasks for managing the inter-administrative BR SIRENE tasks are run under administratives laws and regulations and separated from the statistical tasks.
2. The INSEE involvement in the GLEIS

- **In June 2012**, the G20 endorsed at the Los Cabos Summit a Global Legal Entity Identifier System (GLEIS) which uniquely identifies parties to financial transactions.
  - Refer to ECB presentation
- **In July 2012**, the French financial market authorities ask INSEE to be the French LOU.
- **In Nov. 2012**, INSEE presents its solution during a private sector preparatory group meeting.
- **In January 2013**, the French Ministry for Economy and Finance assents to the ROC Charter
- **In March 2013**, the French Ministry for Economy and Finance sponsors INSEE as pre-LOU
- **In July 2013**, INSEE starts to allocate LEI to French legal entities and open its LEI website LEI-France.insee.fr
2. The INSEE involvement in the GLEIS

• The establishment of the GLEIS is designed in 2 phases:
  1. LEI allocation to requested legal entities and daily publication of the allocated LEI list including related identity data.
  2. Add set of relationship (ownership/hierarchy) data

• The 1\textsuperscript{st} phase runs:
  – 19,000 LEI allocated by INSEE,
  – 300,000 LEI allocated by all pre-LOUs (worldwide)

• The 2\textsuperscript{nd} phase is only being defined.
  – Difficult to start but very important to improve the data quality on the relationships between legal entities.
3. Reasons to INSEE involvement in the GLEIS

- To maintain a high quality level of linkage between all ID established for administrative purposes and those established for statistical purposes.
  - LEI↔SIREN
  - LEI↔European Business Register ID
  - LEI↔European Group Register ID
  - ...

- To use these links to improve business statistics by adding purely financial data.

- To better update the perimeters of the Groups and to more easily define the Profiled Enterprise at national level and also at EU level
  - By the knowledge of the relationship (ownership/hierarchy) data (when the 2\textsuperscript{nd} phase will run).
3. Reasons to INSEE involvement in the GLEIS

• Being LOU in the GLEIS is not so easy for a NSI which is a public sector body:
  – LEI is clearly a tool for administrative purposes,
  – but the GLEIS was created in a competitive environment,
  – with initialy the only participation of private sector

• Now INSEE is now followed in the GLEIS by other public bodies from other countries …

• … but not yet by others NSI.
To conclude

- The main advantages for Insee, to be part of the GLEIS in being a LOU, are
  - to cover all the identification systems of the French units (legal, administrative or statistical)
  - to be able to move easily from one system to another.

- By this, Insee saves the value added of the national inter-administrative business register Sirene and extends it to an international environment.

- However this requires to operate in a competitive world
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Thank you for your attention!

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