

LEIs are a rich source of new business for CSDs

Legal Entity Identifiers (LEIs) represent a stream of data that CSDs can turn into new products for current and future users.



One of the livelier discussions at the 2019 World Forum of CSDs in Marrakech from 8-12 April 2019 is what new services CSDs can supply.

This need is urgent not only because CSDs are under constant pressure to cut costs and risks, but because expectations of CSDs are rising.

Legal entity identifiers (LEIs), prescribed by the G20 to mitigate the risk of another 2007-08-style financial crisis, are an unlikely opportunity for CSDs.

But Gerard Hartsink, chairman of the Global Legal Entity Identifier Foundation (GLEIF), thinks LEIs can help CSDs to grow revenue.

He told Dominic Hobson that CSDs can blend LEIs with other data sets to create novel risk management products for their clients.

He thinks those products will appeal to any corporate entity managing counterparties, suppliers and customers, and not just in financial markets.

Since they are well-placed to promote LEIs in their home markets, CSDs will not just help themselves, but help GLEIF drive adoption of LEIs.

“Risk managers face a complex challenge in consolidating data from multiple data feeds, and then managing the cash and collateral demands and opportunities the data contains. CSDs could develop data consolidation services, based on LEIs, to help them.”

Gerard Hartsink

- LEIs are a massive undertaking which will take time to complete
- LEIs aim to replace a multitude of different national identifiers with a global set that conforms to the ISO 17442 standard
- The Global LEI Foundation (GLEIF) has set itself a target of 30-40 million unique LEIs being adopted by 2020
- The real value of LEIs lies in using them in business processes, where use cases indicate annual savings of up to \$500 million
- The CSD role as registrars and numbering agencies to issuers and investors makes them natural promoters of LEIs
- CSDs can profit from LEIs by using them to build novel risk management products for corporates, banks and asset and wealth managers
- Regulators can do more to accelerate adoption of LEIs around the world

To read Gerard Hartsink interview about how CSDs can benefit from the progress the GLEIF is making in LEI adoption, click here.
<https://www.wfc2019.net/articles/>

We have also summarised the key insights of the interview in the adjacent box.

For those of you who have not yet booked their place at WFC 2019 **Register** WFC 2019 Committee. I look forward to seeing you there.

Monica Singer

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