

LEI for Cross border Transactions

1. The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by the Reserve Bank in a phased manner for participants in the over the counter (OTC) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralised payment systems.

2. In order to further harness the benefits of LEI, it has been decided that AD Category I banks, with effect from October 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of ₹50 crore and above (per transaction) under FEMA, 1999. As regards non-resident counterparts/ overseas entities, in case of non-availability of LEI information, AD Category I banks may process the transactions to avoid disruptions. Further, AD Category I banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions even before October 1, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.

3. AD Category-I banks shall have the required systems in place to capture the LEI information and ensure that any LEI captured is validated against the global LEI database available on the website of the Global Legal Entity Identifier Foundation (GLEIF).

4. AD banks may bring the contents of this circular to the notice of their constituents concerned and advise entities who undertake large value transactions (₹50 crore and above) under FEMA, 1999 to obtain LEI in time, if they do not already have one issued.

5. Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the GLEIF, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) (<https://www.ccilindia-lei.co.in>), which is also recognised as an issuer of LEI by the Reserve Bank under the Payment and Settlement Systems Act, 2007. The rules, procedures and documentation requirements may be ascertained from LEIL.

Legal Entity Identifier India Limited (CIN- U74900MH2015PLC268921) – A Wholly Owned Subsidiary of The Clearing Corporation of India Ltd. acts as a Local Operating Unit (LOU) for issuing globally compatible Legal Entity Identifiers (LEIs) in India.

“LEIL has been recognized by the Reserve Bank of India as an “Issuer” of Legal Entity Identifiers under the Payment and Settlement Systems Act 2007 (as amended in 2015).” LEIL has been Accredited by the Global Legal Entity Identifier Foundation (GLEIF) as a Local Operation Unit (LOU) for issuance and management of LEI's.

Why is a Legal Entity Identifier required for my organization?

The Legal Entity Identifier (LEI) is a global reference number that uniquely identifies every legal entity or structure that is party to a financial transaction, in any jurisdiction. LEIL will assign LEIs to any legal identity including but not limited to all intermediary institutions, banks, mutual funds, partnership companies, trusts, holdings, special purpose vehicles, asset management companies and all other institutions being parties to financial

transactions.

LEI will be assigned on application from the legal entity and after due validation of data. For the organization, LEI will

Serve as a proof of identity for a financial entity

Help to abide by regulatory requirements

Facilitate transaction reporting to Trade Repositories