



REGULATORY UPDATES

APPLICABILITY OF OBTAINING LEGAL ENTITY IDENTIFIER CODE ON ENTITIES

Reserve Bank of India (“RBI”) vide its various notifications has mandated certain entities to obtain the Legal Entity Identifier Code from Legal Entity Identifier India Ltd (LEIIL) which has been recognized by the Reserve Bank as an issuer of LEI under the Payment and Settlement Systems Act, 2007.

The Legal Entity Identifier (LEI) is a 20-character alpha-numeric code used to uniquely identify parties to financial transactions worldwide. It has been implemented to improve the quality and accuracy of financial data reporting systems for better risk management.

The list of Entities on whom obtaining LEI is mandatory is as follows:

1. All Participants (other than individuals) in the over-the counter markets for rupee interest rate derivatives, foreign currency derivatives, and credit derivatives in India;
2. The Corporate Borrowers having aggregate (fund and non-fund based) exposure of ₹50 crore and above to Scheduled Commercial Banks; or
3. All Participants (other than individuals) undertaking transactions in the Money market, G-Sec market, and Forex market in India; or
4. All non-individual customers initiating or receiving transactions of ₹50 crore and above through RTGS and / or NEFT

Further, RBI via its circular dated 21st April, 2022 has extended its applicability on non-individual or corporate borrowers enjoying aggregate exposure of ₹5 crores and above from banks and financial institutions (FIs) in the below-mentioned timeline: -

Total Exposure	On or before
<i>Above ₹25 crore</i>	<i>April 30, 2023</i>
<i>Above ₹10 crore, up to ₹25 crore</i>	<i>April 30, 2024</i>
<i>₹5 crore and above, up to ₹10 crore</i>	<i>April 30, 2025</i>

Accordingly, the borrower who are falling the in the above-mentioned criteria are requested to obtain the LEI number from LEILL to avoid any hindrance.

Consequences of the Non-Compliance

Borrowers who fail to obtain LEI codes from an authorized Local Operating Unit (LOU) shall not be sanctioned any new exposure nor shall they be granted renewal/enhancement of any existing exposure.

Please refer below the links for the respective circulars issued by the RBI in this regard.

<https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NOTI3143399AEE12E684FCF9FEEA7E03E0E9064.PDF>

<https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NOTI827FB2CBDDD52D4E2C941681CE92E5678C.PDF>

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT8365250BB4E43B466BBDCA941515498FBB.PDF>

<https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NEFT65551DCFBD1E41E6ACBD1B5D89F01329.PDF>

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT34676C62BB410446DD99D7D1F409FF50DE.PDF>

<https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NOT185246CB2BC78DA4F7188740B5528CA73D2.PDF>

DISCLAIMER

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