

FEMA ke FUNDAE

Legal Entity Identifier

#FamiliarwithFEMA

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Jain Shrimal & Co.



Priyanka – Indian Resident

Hello, Mr FEMA Gyani. Hope you are doing well!! Yesterday, while filing the Form FC- I came across the term “Legal Entity Identifier”. What is the term mean? Is it mandatory to fill it in form.



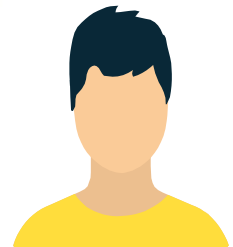
Priyanka

Can you brief more about it?

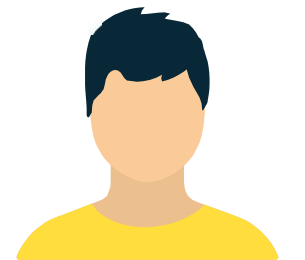
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Hi Priyanka. I am doing well. LEI code is introduced by RBI under it’s circular “**Introduction of Legal Entity Identifier for Cross-border Transactions**” which is used to uniquely identify parties in financial transactions worldwide.

Sure, Priyanka.



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The Legal Entity Identifier (LEI) is a **20-digit alpha-numeric code**. The Code comprises of:-



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3 3 5 9 0 0 A 5 N 2 L 3 F 1 G 8 8 0

Prefix used to ensure the uniqueness among codes from LEI issuers

Entity-specific part of the code generated and assigned by LOUs according to transparent, sound and robust allocation policies

Two check digits as described in the ISO 17442 standard.

Is this code require for all types of transactions ?



Priyanka

The LEI code is required for the followings:-

- A. Over the counter (OTC) derivative
- B. Non-derivative Market
- C. Large corporate borrowers
- D. Large value transactions in centralised payment systems.



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Note:- LEI is not required in following cases:-

1. In the transactions where both remitter and beneficiary are individuals.
2. For Governments or their Departments / Ministries. However, Corporations / Undertakings, including those fully owned by the Government, shall need to obtain LEI.



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Is there any amount limit for the requirement of the LEI code?



Priyanka

Yes, with effect from October 1, 2022 all the **single payment transactions of ₹50 crore and above** undertaken by entities should include remitter and beneficiary LEI information. This is applicable to transactions undertaken through the NEFT and RTGS payment systems.



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Priyanka

I have one more doubt FEMA gyaani, what will happen if non-resident counterparts/ overseas entities does not have the LEI information.

As per the RBI circular both the remitter and beneficiary should have LEI information. In case of non- availability of the non-resident LEI information, AD Category I banks may process the transactions to avoid disruptions. But it is recommended to have LEI information of the both.



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Priyanka

From where I can obtain the LEI code?

LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) (<https://www.ccilindia-lei.co.in>), which is also recognized as an issuer of LEI by the Reserve Bank



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Priyanka

Can you explain the procedure for applying for LEI code?

Sure Priyanka, firstly visit the website of LEIL i.e., <https://www.ccilindia-lei.co.in>

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The Following is the process to apply for LEI on the website of LEIL:-

1. Go to Download Tab and download the documents under Tab "Legal Doc Download" as per the requirement.
2. The applicant who is authorized through letter of authority in the format prescribed by LEIL/general board resolution will create an online account
3. The applicant will submit the online registration form and makes the payment
4. The entity will be required to upload the necessary documents on the online form.
5. In this case legal entity is unable to upload documents the entity has to courier the required physical documents to LEIL.
6. LEIL will verify the documents received payment and the online form and then issue the LEI number.




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Will an LEI be the same for all classes of assets (bonds, mortgages, etc.)?

Priyanka




Yes. The Legal Entity Identifier (LEI) is a unique identifier for any given legal entity. It is not an identifier for instruments. As a result, that legal entity will use its LEI for reporting of any type of financial transaction it enters into regardless of the asset class.

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Is there any requirement to renew the LEI code?

Priyanka



Yes Priyanka. The LEI code **is valid for a period of one year** from the date of registration. After that, it is required to be renewed.

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Priyanka

What will happen if after one year the LEI code not renew?

If the LEI number is not renewed the LEI status is set to **“LAPSED”**.



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Priyanka

Okay. Is there any important point to keep in mind?

Yes Priyanka. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.



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Priyanka

Thank you FEMA gyaani. Now I understood the Legal entity identifier.

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Thank You!

Let's meet every
Wednesday.

To make you more familiar with FEMA,
we are happy to listen to your

Comments

Feedbacks

Suggestions



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