

LEGAL ENTITY IDENTIFIER (LEI)

What does it mean?

A LEI is a 20 digit Unique Identification Number that shall be assigned to all entities who are parties to financial transactions being borrowers, lenders, market participants, financial and market regulators, mutual fund / Alternative Investment Fund (AIF) and its schemes including sub-schemes if any, etc. LEI is global in nature and is administered by GLEIF (Global LEI Foundation, Switzerland). As of India is concerned, Reserve Bank, being the country's financial regulator, is entrusted with the task of effective implementation of LEI.

Background:

The concept of LEI dates back to global financial crisis times of 2008, when the regulators worldwide acknowledged their inability to identify parties to transactions across markets, products, and regions. Accordingly, the International Financial Stability Board (FSB) advocated developing a universal Legal Entity Identifier (LEI) applicable to any legal entity that engages in financial transactions. This is to help in evaluating systemic and emerging risk, identify trends and take corrective steps in the global financial scenario. Post approval at G20 Nations Summit in 2011, FSB took lead in developing recommendations for a global LEI and supporting governance structure.

FSB, through its Legal Entity Identifier Regulatory Oversight Committee (LEI ROC), developed the worldwide framework of legal entity identification, called as Global LEI System (GLEIS). For effective implementation of GLEIS, FSB established an operating arm Global LEI Foundation in 2014. LEI ROC ensures that GLEIF upholds the principles of GLEIS. GLEIF through its accredited institution / entity in each country, called as Local Operating Units (LOU) operates the task of allotting LEI codes to legal entities of that country, and managing its data. GLEIF provides on its website a centralized database of LEIs and corresponding reference data. As of 1st September 2018, over 1.2 million entities from over 200 countries and territories had obtained LEIs from 32 operational issuers (LOU) accredited by the GLEIF. It may be noted that LEI can be obtained from any authorized LOU across the world. However, in terms of ease in allotment procedure, it is better to obtain from LOU accredited in the country where the entity operates.

The Indian Scenario:

India, being part of G20 Nations, endorsed the implementation of GLEIS along with other member countries in 2012. Reserve Bank (RBI), as part of its developmental and regulatory policy measures, vide its Statement on Developmental and Regulatory Policies, dated October 4, 2017, emphasised implementation of LEI in India in a phased manner, making LEI mandatory for all corporate borrowers having aggregate fund and non-fund based exposure of INR 5 Crore and above. RBI mentioned in its statement that LEI will facilitate assessment of aggregate borrowing by corporate groups and in monitoring the financial profile of an entity /group.

Legal Entity Identifier India Limited (LEIIL) was established in the year 2015 to facilitate the implementation of LEI in India. LEIIL is a wholly owned subsidiary of "The Clearing Corporation of India Ltd". LEIIL was recognized by RBI as an authorized "Issuer" of LEIs under The Payments and Settlements Act 2007. LEIIL has been accredited by the GLEIF as a LOU for issuance and management of LEI's in India. Till date around 12,875 LEIs are issued in India, including those to LEIIL and RBI itself. The first four digits of the 20 digit LEI represent LOU and 3358 is the code for LEIIL (LOU in India).

RBI vide its letter dated June 1, 2017, implemented LEI for the participants of Over-The-Counter (OTC) Derivatives market in a phased manner and will be closed by extended date September 30, 2018 (earlier scheduled to be closed by March 31, 2018) and vide its letter dated November 2, 2017, RBI proposed to implement LEI for corporate borrowers in a phased manner as below:

Total Exposure to SCB	To be completed by
INR 1000 Cr and above	Mar 31, 2018
Between INR 500 Cr and INR 1000 Cr	Jun 30, 2018
Between INR 100 Cr and INR 500 Cr	Mar 31, 2019
Between INR 50 Cr and INR 100 Cr*	Dec 31, 2019

*A separate roadmap for corporate borrowers between INR 5 Cr and INR 50 Cr is proposed, which is yet to be announced.

Process of obtaining LEI:

- An entity seeking to obtain LEI should first create a login account on the LEIIL portal, namely, https://www.ccilindia-lei.co.in/USR_LOGIN_REGISTER.aspx, by providing a valid email address authorised by Board to communicate further.
- Up on creation of a new account, an email with a link shall be sent to registered email address for activation.
- Up on successful activation, the entity should register on the portal and provide the data requested, namely:
 - a. Name of legal entity, its legal form and authority it is registered with
 - b. Name of the authorized person (as approved in Board Resolution only)
 - c. Industry Classification (as per National Industrial Classification [NIC])
 - d. Tax ID / PAN
 - e. Whether applying LEI for Over-the-counter (OTC) Derivates or Borrowings or both
 - f. Registered office address of the entity
 - g. Headquarters address of the entity (it could be same as registered office address or different)
 - h. Whether the entity has any direct parent (in terms of accounting consolidation)?
 - If yes, further details of start of such relationship and other details as requested.
 - If it is not applicable, need to mention the reason there for by selecting options in drop down.
 - For this purpose, "Direct Parent" is defined as the lowest level legal entity that prepares consolidated financial statements that consolidate the entity.
 - i. Whether the entity has any ultimate parent (in terms of accounting consolidation, other than direct parent)?
 - If yes, further details of start of such relationship and other details as requested.
 - If it is not applicable, need to mention the reason there for by selecting options in drop down.
 - For this purpose, "Ultimate Parent" is defined as the highest level legal entity preparing consolidated financial statements, as well as their "direct accounting consolidating parent".
 - j. Details of other associated entities like Joint Venture, Subsidiary, etc and details thereof
 - k. In case of Mutual Funds / AIF, the details of Sponsor or Asset Management Company (AMC), Registration ID, names of schemes and sub-schemes, details of custodian bank, scheme opening date and maturity date, are mandatory
- Up on filling up the data, user need to save and submit the data provided.
- Upon successful registration, Reference Number is generated to issue new LEI. An email confirming request to issue new LEI shall be sent to the entity on the registered email address requesting to forward copies of the documents listed in [Annexure](#) along with "**Documents Checklist**" to LEIIL, 3rd Floor, CCIL Bhavan, S. K. Bole Road Dadar (West) Mumbai-400028, Maharashtra, India.
- Then, registration fee of INR 6000 (plus applicable taxes) shall be payable either by way of DD/NEFT/RTGS and the same need to be updated in the Application under Payment Details section.
- After successful payment and verification of documents provided, LEI Number shall be given to the Entity.

Annexure

- a. Copy of email confirmation received on allotment of LEI, if it is the case of renewal or modification
- b. Certificate of Registration / Incorporation / License
- c. MCA Master Data print out signed by Company Secretary/Director
- d. PAN Copy of the Entity
- e. Latest Audited Financial Statements or a link to the entity's portal where such financial statements are available of the Entity, its Direct and Ultimate parent entities, if applicable
- f. Board Resolution in case of corporate entities/Trusts/Societies (in the format provided by LEIIL)
- g. Undertaking cum Indemnity (in the format provided by LEIIL)
- h. Power-of-Attorney, in case of delegation by authorized signatory (in the format provided by LEIIL)
 - In case of Sole Proprietors, Partnership Firms and Limited Liability Partnership (LLP), POA may be submitted if the authorised person is other than the Sole Proprietor/Partners of the Partnership Firm or LLP and is a bonafide employee of the entity.
 - However, in cases of Sole Proprietors, Partnership Firms and LLP, self-registration (by proprietor or partner) is preferred.
- i. Certificate from Statutory Auditors confirming Relationship Data towards having a direct / ultimate parent in the format provided by LEIIL (It may be noted that it is mandatory even if there is no direct / ultimate parent, and has to be mentioned as "NA")
- j. In case, Corporate office is different from Headquarters / Registered Office, a certificate mentioning such address on the letter head of the entity duly signed by Director, Managing Director or Company Secretary
- k. In case of Mutual Fund Scheme/(s) and AIF Scheme/(s), a Letter of Authority (as per the format provided by LEIIL).
- l. If, the entity is engaged in stock broking/merchant banking /underwriting business, SEBI Registration Certificate, in addition to the documents mentioned in the list attached.

Other Information:

- Before applying for LEI, in order to avoid duplication, the entity should ensure that it has not been allotted any LEI already. It can cross check at <https://www.gleif.org/en/lei/search> by providing its name
- The email confirming allotment of LEI is to be provided to all the bank with which entity operates
- The entity should obtain LEI for its parent entity as well as all of its subsidiaries and associates
- The registration is valid for a period of one year. Thereafter, the entity should renew its LEI by paying renewal fees of INR 3,500 plus applicable taxes.
- Options of portability between different LOUs are provided on the portal. That is to say, Port-In (move from a different LOU to LEIIL) and Port-Out (move from LEIIL to a different LOU). LEIIL will validate such requests up on verification of documents provided in this regard.
- Up on cessation of operations by the entity due to closure of business / merger / demerger / acquisition / Split , it should inform LEIIL and submit relevant documents, up on which the status of LEI will be changed from 'active' to 'inactive'
- In case of change in legal form, it should be informed to LEIIL immediately and apply for fresh LEI
- It has been mandated by RBI that borrowers who do not obtain LEI before due date provided are not to be granted renewal / enhancement of credit facilities
- Detailed user manual and FAQs on subject matter can be obtained on https://www.ccilindia-lei.co.in/USR_FAQ_DOCS.aspx