# LEGAL ENTITY IDENTIFIER (LEI)

LEI is a 20-character unique identity code assigned to entities who are parties to a financial transaction

## PURPOSE OF LEI

- It contains the information of entity's ownership
- Answers the question 'who is who' and 'who owns whom'
- To track and identify the counterpart of financial transactions
- To calculate the total risk amount

## INTRODUCED BY G20 COUNTRIES IN THE YEAR 2011

## LEI CODE MANDATES IN

- **Corporate Borrowers**
- **RTGS/NEFT Transactions**
- **OTC derivatives markets**
- **Non derivative markets**
- **Foreign Entities**
- **Insurers**
- **Cross Border Transactions**
- **Foreign Portfolio Investors**
- **Non-convertible securities, securitized debt instruments and security receipts**

**Timeline for obtaining LEI**

Borrowing above ₹25 Crore – 30th April 2023

Above ₹10 crore, up to ₹25 crore – 30th April 2024

₹5 crore & above up to ₹10 crore - 30th April 2025

All entities initiating or receiving transactions of ₹50 crore and above through RTGS and/or NEFT

All entities participating in the Over-the-Counter (OTC) markets for Rupee Interest Rate derivatives, Foreign Currency Derivatives and credit derivatives

All entities participating in non-derivative markets such as Government securities markets, money markets and non-derivative forex markets (cash, tom and spot transactions)

All foreign entities participating in the commodity derivatives market

All insurers and their corporate borrowers having exposures of INR 50 Crore and above

All entities participating in cross border transactions such as capital or current account transactions of ₹50 crore and above

Foreign Portfolio Investors and Entities who have listed and/ or propose to list non-convertible securities, securitized debt instruments and security receipts

## Consequences of not obtaining LEI

- No new loan shall be sanctioned/renewed/enhanced by banks if LEI is not obtained within the due dates as specified above;
- The entities shall not be allowed to make NEFT/RTGS transactions of ₹50 crore and above without LEI;
- The entities shall not be allowed to participate in OTC markets, non-derivative markets, commodity markets, etc. without LEI;
- Foreign Portfolio Investors shall not be allowed to invest in the securities without LEI;
- No new loan proposals shall be sanctioned by the insurers without LEI