



## **Introduction of Legal Entity Identifier for Large Value Transactions in the Centralised Payment Systems**

As per the Reserve Bank of India ("RBI") circular RBI/2020-21/82 DPSS.CO.OD No.901/06.24.001/2020-21, dated January 05, 2021 ("**Circular**"), Legal Entity Identifier ("**LEI**") system has been introduced by RBI for all payment transactions valued at 50 crore and above, undertaken by entities (non-individuals) using the Reserve Bank-run centralised payment systems namely, Real Time Gross Settlement ("**RTGS**") and National Electronic Funds Transfer ("**NEFT**").

Highlights from the Circular are as below:

- a. The LEI is a 20-digit number used to uniquely identify parties to financial transactions worldwide. It was conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management.
- b. In preparation for the wider introduction of LEI across all payment transactions, all entities who undertake large value transactions (Rs50 crore and above) shall have:
  - to obtain LEI in time, if they do not already have one;
  - Include the Remitter and Beneficiary LEI information in RTGS and NEFT payment messages (details of the identified fields in the messaging structures of RTGS and NEFT for inclusion of LEI information is available as Annexure to the Circular);
  - Maintain records of all transactions of Rs50 crore and above through RTGS and/or NEFT.
- c. Entities can obtain LEI from any of the Local Operating Units accredited by the Global Legal Entity Identifier Foundation, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from the 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.

These directions are issued under Section 10 (2), read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall be effective from **Apr 01, 2021**.