



LATEST STATUTORY SNAPSHOT

MONDAY 09th MAY 2022



LEGAL ENTITY IDENTIFIER (LEI)

Introduction

Reserve Bank of India vide its Notification No.RBI/2017-18/82, DBR. No.BP.BC.92/21.04.048/2017-18 dated 02/11/2017 had introduced the Legal Entity Identifier (LEI) an unique identification code for financial community to improve the quality and accuracy of financial data systems and for better risk management. LEI was initially made applicable for all borrowers having total exposure of ₹ 50 Crores and above from Scheduled Commercial Banks [SCBs] and All India Financial Institutions (AIF). The LEI is a twenty-digit unique identification code to identify parties to financial transaction worldwide.

LEI Scope Extended

Vide notification no **DOR.CRE.REC.28/21.04.048/2022-23** dated **21st April, 2022** RBI has extended the scope of LEI to corporate borrowers of Non-Banking Financial Companies (NBFCs) and Primary (Urban) Cooperative Banks (UCBs). Accordingly, every corporate borrower having an exposure of Rs. 5 crore and more from Banks and Financial Institutions shall be required to obtain LEI as per the timeline provided below: -

Timeline for obtaining LEI by borrowers Total Exposure	LEI to be obtained on or before
Above ₹25 crore	April 30, 2023
Above ₹10 crore, up to ₹25 crore	April 30, 2024
₹5 crore and above, up to ₹10 crore	April 30, 2025

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For this purpose, exposure means all fund based and non-fund based (credit as well as investment) exposure of banks/ financial institutions / NBFCs / UCBs to the borrower. Aggregate sanction limit or outstanding balance, whichever is higher, shall be reckoned for this purpose. The details of the aggregate exposure will be ascertained based on the information available with the lender or Central Repository of Information on Large Credits (CRILC) instituted by the RBI or based on the declaration given by the borrower.

The LEI will be allotted by an authorized local operating unit authorized by RBI like Legal Entity Identifier India Ltd [LEIIL] a subsidiary of Clearing Corporation of India Limited which has been recognised by the Reserve Bank of India as issuer of LEI. The LEI is valid for one year subject to renewal thereafter.

Requirement of LEI is exempt in respect of departments / agencies of Central and State Governments (excluding public sector undertakings registered under the Companies Act or established as a corporation under relevant statute.

Borrowers who do not obtain LEI will not be entitled for renewal/ enhancement of credit facilities.

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