

RBI introduces Legal Entity Identifier (LEI) system for OTC derivatives markets

The Legal Entity Identifier (LEI) code has been conceived of as a key measure to improve the quality and accuracy of financial data systems for better risk management post the Global Financial Crisis. The LEI is a 20-character unique identity code assigned to entities who are parties to a financial transaction.

It has been decided by RBI to implement the LEI system for all participants in the Over-the-Counter (OTC) markets for Rupee Interest Rate derivatives, foreign currency derivatives and credit derivatives in India, in a phased manner. Accordingly, all current and future participants would be required to obtain the unique LEI code as per time lines indicated below:

Schedule for Implementation of LEI for various entities

Phase	Entities	Date by which the LEI code is to be obtained
Phase I	Entities regulated by RBI / SEBI / IRDA / PFRDA and Corporates With Net Worth above Rs 10000 mn	August 1, 2017
Phase II	Corporates With Net Worth between Rs 2000 mn and Rs 10000 mn	October 1, 2017
Phase III	Corporates With Net Worth between Rs 700 mn and Rs 2000 mn	December 1, 2017
Phase IV	Corporates With Net Worth between Rs 700 mn and below	March 31, 2018

Source: RBI

Entities without an LEI code would not be eligible to participate in the OTC derivative markets, after the date specified in the schedule. Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF) – the entity tasked to support the implementation and use of the LEI.

In India, LEI code may be obtained from Legal Entity Identifier India Ltd.(LEIL) (<https://www.ccilindia-lei.co.in>), which has been recognised by the Reserve Bank as issuer of LEI under the Payment and Settlement Systems Act, 2007 and is accredited by the GLEIF as the Local Operating Unit (LOU) in India for issuance and management of LEI. The rules, procedure and documentation requirements may be ascertained from LEIL (https://www.ccilindia-lei.co.in/USR_FAQ_DOCS.aspx).

After obtaining LEI code, entities should ensure that they are renewed as per GLEIF guidelines. Lapsed LEIs will not be deemed valid for Trade Repository (TR) reporting. These directions are issued under Section 45(W) of the RBI Act, 1934.

Please contact for any query related to this mail to Ms. Surbhi Sharma, Senior Research Officer at surbhi@phdcci.in with a cc to Dr. S P Sharma, Chief Economist, PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma
Chief Economist

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454
Fax: +91- 26855450, 49545451
Email: spsharma@phdcci.in
Website: www.phdcci.in

"Lead the Change - Make the Difference"

PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India)

Tel. : +91-112686 3801-04, 49545454, 49545400 - Fax : +91-11-2685 5450 - E-mail : research@phdcci.in - Website : www.phdcci.in