ROC Explanatory Memorandum

To: FATF.Publicconsultation@fatf-gafi.org

From: Regulatory Oversight Committee

Date: April 29, 2024

Subject: Regulatory Oversight Committee Observations on the proposed revisions to R.16/INR.16

Background: The Regulatory Oversight Committee (ROC) welcomes the opportunity to respond to the Financial Action Task Force (FATF) Public Consultation on Recommendation 16 on Payment Transparency (R16).¹

The ROC² is a group of more than 65 financial markets regulators, central banks, and other public authorities and 19 observers from more than 50 countries. It promotes the broad public interest by improving the quality of data used in financial data reporting, improving the ability to monitor financial risk, and lower regulatory reporting costs through the harmonization of identification standards across jurisdictions. The ROC is responsible for the oversight of the Legal Entity Identifier (LEI), Unique Product Identifier (UPI), Unique Transaction Identifier (UTI), and other critical data elements of an OTC derivative transaction reported to trade repositories. In carrying out its responsibilities, it ensures that these standards and the entities responsible for their issuance and maintenance (e.g., the Global Legal Entity Identifier Foundation³ (GLEIF) for the LEI, and the Derivatives Service Bureau⁴ (DSB) for the UPI and UTI) fulfil the public interest and comply with the policies defined by the ROC.

As a response to the 2008 Financial Crisis, the G20 along with the Financial Stability Board (FSB) provided recommendations for a global legal entity identifier and a supporting governance structure. These recommendations led to the development of the Global Legal Entity Identifier

² https://www.leiroc.org/
³ https://www.gleif.org/en
⁴ https://www.anna-dsb.com/
System\(^5\) (GLEIS) which, through the issuance of LEIs, now provides unique identification of legal entities across the globe.

The LEI is a 20-character, alpha-numeric code that uniquely and unambiguously identifies legally distinct entities. The LEI supports authorities and market participants in identifying and managing financial risks as it is used for reporting, identity management, analytics, and other regulatory purposes around the world.

ROC members (often along with GLEIF management team members and FSB Secretariat staff) have previously attended the FATF Private Sector Consultative Forums (PSCF) and met virtually with senior FATF staff to discuss the process implications of standardized entity identification via the LEI within the anti-money laundering (AML), Know Your Customer (KYC), and Know Your Vendor (KYV) domains. The ROC welcomes the ongoing dialog with FATF team members and other market participants on the international transparency and process benefits of legal entity identification standardization via the LEI.

In line with the ROC Charter,\(^6\) and in particular commitment of members to “support the introduction of the Global LEI System for official or international identification purposes” (point 5.c), the ROC seeks to explain the value of the LEI. This document represents the consensus views of the ROC within the ROC’s chartered role and does not purport to speak for any member individually. The ROC appreciates that its members and affiliates may submit separate comments to the FATF on R16.

**General Observations:** The ROC provides the following general observations regarding R16:

1. The ROC welcomes the inclusion of the LEI as one possible identifier for the originator and beneficiary in payment messages.

2. The LEI is internationally, rather than jurisdictional or SWIFT network, oriented, thereby offering broader coverage across jurisdictional borders and network boundaries into cryptocurrency, Smart Payments, and other payment domains.

\(^5\) [https://www.leiroc.org/lei.htm](https://www.leiroc.org/lei.htm)

\(^6\) [www.leiroc.org/publications/gls/roc_20201001-1.pdf](www.leiroc.org/publications/gls/roc_20201001-1.pdf)
3. The LEI, as an international identifier standard, can be used to reduce mapping and validation burdens currently associated with the use of jurisdictional entity identifiers within cross-border payment data.

4. The LEI can help identify a greater range of money laundering activities involving legal entities when the LEI is combined with the additional data fields within ISO 20022 payments messages.\(^7\)

5. The LEI can provide a persistent and immediately available global “golden copy” that compliments unstructured address text with the standardized LEI code and its structured consistent address reference data.

6. The International Chamber of Commerce Trust in Trade papers\(^8\) recommend use of the LEI and verifiable LEI credentials for enhancing trust (via transparency) for cross-border trade and digital commerce. These Trust in Trade recommendations highlight the trade aspect of cross-border payments and reflects commercial support for migration towards international identifiers and verifiable credentials, specifically using the LEI.

7. The combination of freely available open international standards such as the LEI with the beneficial ownership data standard\(^9\) offers an effective method of relationship mapping of beneficial owners and legal entities as compared to jurisdictional or platform-specific methods.\(^10\)

8. Further, the ROC would like to stress the benefits, both actual and potential, of the LEI in combatting financial crimes, anti-money laundering (AML), and combatting the financing of terrorism. (CFT).

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\(^7\) BIS Project Aurora [https://www.bis.org/publ/oahp66.pdf](https://www.bis.org/publ/oahp66.pdf)

\(^8\) Key Trade Documents and Data Elements Digital standards analysis and recommendations [https://www.dsi.iccwbo.org/_files/ugd/8e49a6_a30222d79074409eadb81b0863563edd.pdf](https://www.dsi.iccwbo.org/_files/ugd/8e49a6_a30222d79074409eadb81b0863563edd.pdf)

Trust in Trade Verifiable Trust: A foundational digital layer underpinning the physical, financial, and information supply chain [https://www.dsi.iccwbo.org/_files/ugd/8e49a6_5a75a77950d7474d772b69c7c2d985b.pdf](https://www.dsi.iccwbo.org/_files/ugd/8e49a6_5a75a77950d7474d772b69c7c2d985b.pdf)

\(^9\) Beneficial Ownership Data Standard [https://standard.openownership.org/en/0.2.0/](https://standard.openownership.org/en/0.2.0/)

Confidently identifying the entities listed in sanctions lists is currently a challenge for financial institutions, as most are published as lists of entity names and aliases, and the lists change frequently.

One organization estimated that it was currently possible to tag up to 15% of sanctioned Russian issuers with the LEI.\(^\text{11}\) If this tagging were done centrally by the authority, all financial institutions and market participants around the world would know with certainty the sanctioned issuers via the LEI.\(^\text{12}\) Whilst this shows that the LEI is not a complete solution, as adoption of the LEI grows the benefits of using them in support of existing processes will grow as well.

**Responses to Specific Questions:** The ROC provides the following responses to specific questions within R16:

**FATF Question #3:**

> “Which data fields in the payment message could be used to enable financial institutions to transmit the information on ‘the name and location of the issuing and acquiring financial institutions’ in a payment chain? If appropriate data fields or messaging systems are not currently available, how could they be developed and in what timeframe?”

**ROC Commentary regarding Question #3:**

The LEI offers one option to include, in a concise way, the name and address of the issuing and acquiring financial institutions in the payment messages for cards. More generally, the LEI could help support transparency in card payments without significantly expanding the size of payment messages, which is an important factor for cards, given that authorization needs to be quasi-instantaneous even in locations that have limited telecommunication network capabilities.

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\(^{11}\) See Appendix B: WM Datenservice on the Opportunities of the LEI in Sanctions Screening.

\(^{12}\) See Appendix B for further demonstrations of third-party support on the value of the LEI for sanctioned entities.
Indeed, the LEI database already provides, free of charge and conveniently, reference data on entities including addresses.\footnote{Active LEIs are LEIs for which the entity has an active contract with an LEI issuer, by which the entity is committing to keep its LEI record updated. An active LEI status also means that the LEI issuer has verified the data within the previous 12/13 months. For enhanced reliability, a financial institution using an LEI instead of a name and Address could be required by FATF to verify that the LEI data is still up-to-date.}

Including the LEI in these payment messages could offer incremental benefits including:

- More standardized information to streamline processing and analytics (including network analytics in an environment where multiple platforms are used to make payments, with a multiplicity of identifiers, such as IBANs, virtual IBANs, card numbers, telephone numbers, crypto currency wallets).

- More consistent information to enable more effective pre-processing validation steps (including the validation of payees and facilitating the verification that the information on the beneficiary in payment messages aligns with the information verified by the beneficiary institution, as suggested by FATF in its proposal).

- Expanded identifier coverage to payment platforms beyond the SWIFT network in a way that compliments existing and developing payments infrastructure.

- Reduced burden associated with the mapping and validation of disparate jurisdictional and/or platform/network-specific identifiers to assess cross-border payment entities and patterns.

At the PSCF in Vienna in April 2024, there were suggestions that instead of including in full the identification of issuing and acquiring financial institutions in card messages, card networks could publish or make available to law enforcement a list of the codes that are already present in card payment messages to identify such institutions.

The ROC supports exploring whether a way to achieve such objective could be that the Global LEI System partners with card networks to publish mapping tables between such codes and the LEIs of the issuing or acquiring institutions (for instance BIN to LEI mapping). The Global LEI System already has experience with such partnerships for mapping projects (such as with SWIFT for BIC to LEI and with ANNA for ISIN to LEI mapping).
More specifically, the collaboration of the GLEIF and SWIFT, since 2018, to publish open-source relationship files mapping BICs described as legal entities or foreign branches to their LEIs.\(^\text{14}\) This brings together the LEI as an important global standard for identifying precisely, instantly, and automatically the legal entity financial institution in a payment chain and the BIC as the routing key to the local branch, trading desk, or department involved in the routing of the payment. Together the BIC and LEI enable transmission of the name and location of the involved financial institution business units and legal entities via structured identifiers.

The inclusion of the LEI could improve the screening of ISO 20022 payment messages as outlined in “SWIFT’s Guiding Principles for screening ISO 20022 payments”\(^\text{15}\) The BIS Project Aurora project commented upon this particular outcome improving AI/ML capabilities:

“For example, the inclusion of the legal entity identifier (LEI) in ISO 20022 payments messages. When combined with the additional data fields available in these messages, the LEI could help identify a greater range of money laundering activities involving legal entities.”\(^\text{16}\)

Furthermore, the LEI data model includes Level 2 information, i.e., information about the direct and ultimate parents of a legal entity. This information can be particularly useful when reconstructing illegal activities that use different entities in different jurisdictions to lengthen the payment chain and try to lose traces of such illegal activities. While efforts are on-going to increase the coverage, quality and usefulness of Level 2 information,\(^\text{17}\) this information at this early stage with the existing coverage, is already a valuable component of the LEI, which can be an element to leverage when combatting fraud.

Finally, the ROC recognizes FATF’s very appropriate acknowledgement of the cross-border payments domain dynamic and accelerating evolution and increasing risks. In this context, it is critical that the FATF, and other international bodies seeking to effectively implement and enhance anti-money laundering (AML) and combatting the financing of terrorism (CFT)


\(^{15}\) Guiding Principles for screening ISO 20022 payments: [https://www.swift.com/swift-resource/251416/download](https://www.swift.com/swift-resource/251416/download)

\(^{16}\) BIS Project Aurora: [https://www.bis.org/publ/othp66.pdf](https://www.bis.org/publ/othp66.pdf)

\(^{17}\) Ongoing efforts include the Policy Conformity Flag that will flag the LEIs that are either not current (not renewed on a yearly basis) or without Level 2 data, which will provide an incentive to reach better coverage.
initiatives across borders, strongly encourage use of global identifiers such as the LEI for originators and beneficiaries transacting with cross-border payments.

FATF Question #8

Would stakeholders support FATF’s approach and view that the proposed amendments will improve the reliable identification of the originator and beneficiary and increase efficiency? Which of the two options set out above for the proposed revisions in paragraph 7 would stakeholders prefer and why? To what degree is the customer identification number, as set out in paragraph 7 (d), useful to identify the customer? Are there any other issues or concerns in this regard? Are there any important aspects where the FATF needs to provide more granular advice in the future FATF Guidance in order to facilitate effective and harmonised implementation of the FATF proposal?

ROC Commentary regarding Question #8:

The ROC supports the FATF’s broad ‘standards’ approach to enhancing cross-border payments information transparency and wants to emphasize the LEI’s suitability to form part of the approach. Contrasted with the use of jurisdictional and network identifiers, the international LEI standard reduces burdens associated with the use of jurisdictional and network identifiers, thereby enabling more timely, accurate and effective analysis of cross-border payment data. The LEI should be seen as an enrichment to existing national/ jurisdiction identification processes and systems that enables greater interoperability internationally and supports international harmonization data standards and the associated benefits this would bring.

The LEI provides an internationally recognized and publicly available registry for entity address and location information and thereby may reduce process burdens associated with name matching across cross-border payment messages.18 Several payments groups have noted that the

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18 GLEIF position paper ‘Fighting crime with transparency in cross-border payments: The need for universal entity identification’ provides a description of these features https://cbpn.currencyresearch.com/blog/2024/01/26/gleif-fighting-crime-with-transparency-in-cross-border-payments Also, see Appendix A.
LEI is a suitable standardized complement for name and address information of legal entities involved in cross-border payment transactions.\(^{19}\)

While the ROC recognizes that there are payment systems intertwined with BIC (e.g., SWIFT), the ROC is not recommending to replace BIC, but to complement it with the LEI as they can work together to provide a clearer understanding of organizations, and their participation in payments as originators and beneficiaries. The BIC (business identifier code, originally bank identifier code) is a code used to identify the banks processing the payment. However, the originators and beneficiaries might be non-financial legal entities and the ROC believes that for the identification of the beneficiaries and originators the LEI is best placed as an internationally adopted, open, and publicly overseen standard.

Further, when contrasted with other identifiers mentioned in 7(e), only the LEI has all the required features to enable open and transparent party identification in cross-border payments.\(^{20}\) The LEI’s open and transparent internationally standardized approach will help reduce instances of payments fraud and improve straight-through processing by eliminating false positives.\(^{21}\)

\(^{19}\) GLEIF position paper ‘Fighting crime with transparency in cross-border payments: The need for universal entity identification’ provides a description of these features [https://cbpn.currencyresearch.com/blog/2024/01/26/gleif-fighting-crime-with-transparency-in-cross-border-payments](https://cbpn.currencyresearch.com/blog/2024/01/26/gleif-fighting-crime-with-transparency-in-cross-border-payments) Also, see Appendix A.

\(^{20}\) GLEIF position paper ‘Fighting crime with transparency in cross-border payments: The need for universal entity identification’ provides a description of these features [https://cbpn.currencyresearch.com/blog/2024/01/26/gleif-fighting-crime-with-transparency-in-cross-border-payments](https://cbpn.currencyresearch.com/blog/2024/01/26/gleif-fighting-crime-with-transparency-in-cross-border-payments) Also, see Appendix A.

\(^{21}\) Payments Market Practices Group: Global adoption of the LEI in ISO 20022 Payment Messages version 2, See Use Case 3 – Corporate Invoice Reconciliation and Use Case 4 - fraud detection and fight against vendor scams [https://www.swift.com/swift-resource/251371/download](https://www.swift.com/swift-resource/251371/download)
Appendix A:


Attached

Appendix B:

Streamlining Sanctions Screening via the LEI

Global adoption of the LEI (Legal Entity Identifier) in ISO 20022 Payment Messages – Version 2

LEI being present on a payment can ensure that the processing of the payment is “fast-tracked”. The presence of an LEI can ensure that any Sanctions hits can be resolved in a far more efficient manner. Utilization of the GLEIF database can provide validation of data and provide rich information back to an operator regarding the legal entity within a payment. – Payments Market Practice Group

Bloomberg on Using the LEI for Sanctions Screening

“… LEIs are an important piece of the puzzle when it comes to screening sanctions in an efficient, thorough manner.” - Steve Meizanis, Global Head of Symbology and LEI Services, Bloomberg (LEI: 5493001KJTHG8Y1R12)

Element22 on the Power of the LEI in Sanctions Screening

“Ideally, the LEI would be tagged to all named legal entities by the sanctioning authorities and published alongside the names and aliases.” - Mark Davies, Partner, Element22 (LEI: 9845007F8718FEF54869)

Moody's on the Power of the LEI in Sanctions Screening

“Moody’s support the inclusion of the LEI in ISO20022 payment messaging as a mandatory data element.” – Ted Datta, Senior Director - Head of Financial Crime Compliance Practice, Europe, Africa & Americas, Moody’s Analytics (LEI: 549300GCEDD8YCF5WU84)

London Stock Exchange Group (LSEG) on the Power of the LEI in Sanctions Screening (LEI: 213800WAVVOPS85N2205)

WM Datenservice on the Opportunities of the LEI in Sanctions Screening (LEI: 529900J2N45DDNE4Y28)

GLEIF website: LEI in Cross-Border Payments
GLEIF Position Paper

Fighting crime with transparency in cross-border payments: the need for universal entity identification

The review of Financial Action Task Force (FATF) Recommendation 16 represents a significant and compelling opportunity to embed both trust and transparency into cross-border payments. The lack of harmonization in cross-border data flows continues to inhibit transparency, especially transparency regarding the involved parties. Currently, the legal entity creditor and debtor involved in cross-border data flows are described in text (name, address and local business number). This approach makes it difficult to exchange and timely integrate data in a global and digital environment. Furthermore, the intricate webs spun by fraudsters and criminals to evade detection take advantage of this antiquated approach to entity identification. Closer attention by authorities is warranted as the value of cross-border payments keeps growing and is estimated to reach $250 trillion by 2027.¹

FATF already has identified solutions to address this lack of transparency: data-sharing and data standardization. Together these solutions enable the advanced analytics needed to support effective anti-money laundering (AML) and combating the financing of terrorism (CFT) initiatives across borders.² Project Aurora – an analysis by the Bank for International Settlements’ (BIS) Innovation Hub – identifies “data quality and standardization of the data identifiers and fields” contained within the payment messages as important factors to improve data consistency and usability. Specifically, this includes “greater use of the Legal Entity Identifier in data sets associated to legal entities.”³

The Legal Entity Identifier (LEI) can solve the critical problem of insufficient transparency in party identification in cross-border payments ecosystems. Why? Adding the LEI as a data attribute in payment messages allows any originator or beneficiary legal entity to be precisely, instantly, and automatically identified across borders and legal jurisdictions, globally. The inclusion of the LEI in Recommendation 16 ensures that the basic information on the legal entity originator and beneficiary of payments is immediately available for more timely analysis in all legs of the payment chain.

This briefing paper explores what is needed for transparent party identification in cross-border payments and explains how the LEI meets these requirements.

¹ Bank of England (November 2023), Cross-Border Payments
² FATF, (July 2021), Opportunities and Challenges of New Technologies for AML/CFT
³ BIS (May 2023), Project Aurora: The power of data, technology and collaboration to combat money laundering across institutions and borders
What is needed to enable transparent party identification in cross-border payments?

Globally unique identifier, locally supplied identity

- **Industry challenge**: Commonly used identifiers, such as the Business Identifier Code (BIC), can be assigned to entities other than legal entities within the same organizational structure, creating both ambiguity and complexity in cross-border scenarios. BICs are also issued by a central processor with no local issuing partner.

- **LEI benefit**: One LEI represents one legal entity. 2.3 million LEIs have already been issued by the 38 LEI Issuers (LOUs) which are located in various jurisdictions around the world. The uniqueness and the existence of each entity are confirmed and updated regularly by its local LEI issuer.

Internationally standardized identifier and reference data

- **Industry challenge**: The format of business registration numbers varies greatly across different countries and jurisdictions. This lack of standardization in how entities are identified makes it difficult to exchange and timely integrate data on a global scale, posing challenges for transaction monitoring systems. Furthermore, each identification scheme has its own data model, language and character sets. These conditions render local, regional or sectoral identifiers unsuitable for data sharing and data analysis in global cross-border payments ecosystems.

- **LEI benefit**: The LEI is an ISO standard, 20-digit alpha-numeric code connected to verified business registration information. The Common Data File Formats ensure LEI data is delivered consistently, in the same format, for every legal entity regardless its jurisdiction. This enables supervisors to engage uniformly with local data presented in proprietary formats and with different character sets. Each LEI record displays the entity’s name and address information in the entity’s local language character set and often with transliteration or translation. This greatly simplifies the task of reviewing important entity information when it is presented to the reader in an unfamiliar language.

Accessible to everyone

- **Industry challenge**: Local identification means local access. Access to business registration information varies based on jurisdiction. Additionally, not all entities may register in business registers (for example, government entities, trusts and funds).

- **LEI benefit**: The Global LEI System, is a federated, scalable system designed to ensure that an LEI can be issued to any requesting legal entity, anywhere in the world. Importantly, the Global LEI System is set up as a free available public good by the Financial Stability Board (FSB). The system has no commercial, technical, or governmental dependencies that influence its decisions and direction. Any interested party can access and search the complete LEI data pool free of charge via the web-based LEI search tool, a file download service or application programming interface (API). Any entity with legal rights in its jurisdiction may register for an LEI. The yearly cost of the

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4 BIS (June 2022), Corporate digital identity: no silver bullet, but a silver lining
LEI is approximately USD 60, paid by the entity. However, the cost to the legal entity can reduce to zero with financial institutions issuing LEIs as Validation Agents and governments engaging in bulk issuance.

Active data quality control with transparent governance

- **Industry challenge**: There are more than 1,000 registration authorities for legal entities around the world. Each registration authority has its own governance structure and data quality approach. This complex environment prevents trust as participants to cross-border payments cannot possibly assess each registration authority’s governance structure and data quality approach.
- **LEI benefit**: GLEIF, which oversees the operations of the Global LEI System and manages the network of accredited LEI issuers, is a non-profit foundation whose activities are overseen by the Regulatory Oversight Committee, a diverse and influential group of regulators and public authorities from more than 50 countries. The GLEIF data quality management framework ensures that the LEI remains the industry standard best suited to providing open and reliable data for unique legal entity identification.

Globally interoperable, connected to other identification systems

- **Industry challenge**: A range of different identifiers must be ‘mapped’ to build a comprehensive view of a legal entity and to create a holistic understanding of the complex networks built by criminal enterprises.
- **LEI benefit**: In its role as a key data connector, the LEI enables critical data sets to be efficiently matched. The LEI already links to the local business registration number and is mapped to a myriad of other identifiers, including the OpenCorporates ID, S&P Global Company ID, SWIFT’s ISO’s Market Identifier Code (MIC) and BIC managed by SWIFT, International Securities Identification Numbers (ISIN) managed by the Association of National Numbering Agencies (ANNA) and the Business Ownership Data Standard (BODS) of Open Ownership. The LEI does not replace local business identification schemes, rather it acts as a connecter and makes local identification schemes globally accessible. Furthermore, LEI information on “who owns who” mitigates the risk in interbank and corporate relationships.\(^5\)

As the only established global entity identifier that meets these criteria, the LEI is uniquely well positioned to advance the fight against financial crime.

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\(^5\) DeNederlandscheBank (September 2023): Measuring intra-bank complexity by (not) connecting the dots with LEI. A supervisor perspective
“Using the LEI for the identification of businesses involved in cross-border payments would significantly advance the ability to share information and overcome the inconsistencies in how entities are identified today in cross-border payments.”

Beju Shah, Head of the BIS Innovation Nordic Centre

A groundswell of stakeholder advocacy

Financial Stability Board (FSB)

The FSB has already endorsed the LEI in support of the goals of the G20’s Roadmap for Enhancing Cross-Border Payments and has called for increased LEI references across payments. 6

BIS Committee on Payments and Market Infrastructures (CPMI)

The CPMI’s ‘Harmonized ISO 20022 data requirements for enhancing cross-border payments’ recognized the LEI as an equivalent identifier to the BIC for identifying financial institutions and legal entities within a payment message. 7

Specifically, the data structuring requirements suggest the LEI and/or BIC for identifying all financial institutions involved in a cross-border payment in an internationally recognized and standardized manner. The LEI and/or the BIC may also substitute or complement name and postal address information to aid the identification of all legal entities involved in a cross-border payment in a standardized and structured way.

The CPMI report has been endorsed by:

✓ The Bank of England 8
✓ The Bank of Korea 9
✓ The Chinese Cross-border Interbank Payment System (CIPS) 10

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6 FSB (July 2022): Options to Improve Adoption of The LEI, in Particular for Use in Cross-border Payments
7 CPMI (October 2023), Harmonized ISO 20022 data requirements for enhancing cross-border payments – final report
9 Bank of Korea (October 2023): BIS CPMI publishes ‘Harmonised ISO 20022 Data Requirements for Enhancing Cross-Border Payments’
10 CIPS (October 2023): CIPS welcomes release of BIS CPMI harmonised ISO 20022 data requirements for cross-border payments
The Wolfsberg Group’s updated Payment Transparency Standards state that, to the fullest extent permitted by the payment market infrastructure, the payment service provider (PSP) of the payer (referred to within ISO 20022 as the ‘debtor agent’) should use the LEI or other equivalent reference codes to enhance the accuracy of identification information on relevant parties. Additionally, policies may set out where a unique identifier code such as the LEI is sufficient to identify the debtor without full name and address information.

Market Infrastructures Implementations

In January 2021, the Reserve Bank of India (RBI) mandated the LEI for all domestic payment transactions of value ₹ 50 crore (USD 5 million) and above undertaken by entities (non-individuals) using the Real-Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT). In December 2021, RBI mandated banks to obtain the LEI for all non-individual clients undertaking cross-border capital or current account transactions of ₹ 50 crore (USD 5 million) and above. In April 2022, RBI advised that non-individual borrowers with aggregate exposure (fund based and non-fund-based) of ₹5 crore (USD 500,000) and above from banks and financial institutions shall be required to obtain the LEI in a phased manner by April 2025.

In November 2024, The Bank of England will begin the mandatory inclusion of the LEI for CHAPS Direct Participants, where the payment involves a transfer of funds between financial institutions. The Bank has published its intention to widen out the requirement to all CHAPS participants over time.

China’s Cross-border Interbank Payment System (CIPS) has incorporated the LEI into financial messages and actively explored the application of LEI in cross-border scenarios with the combination of LEI and digital certificates.

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11 European Central Bank (October 2023): ECB welcomes the CPMI’s report on harmonised ISO 20022 data requirements for cross-border payments
12 Federal Reserve (October 2023): CPMI publishes harmonized ISO® 20022 data requirements for cross-border payments
13 Reserve Bank of Australia (October 2023): Harmonised ISO 20022 Data Requirements to Enhance Cross-border Payments
14 The Wolfsberg Group (October 2023), Wolfsberg Group Payment Transparency Standards
### Appendix 1 - Comparing the LEI and BIC

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<thead>
<tr>
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<th>BIC</th>
<th>LEI</th>
<th>Evaluation</th>
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<tr>
<td>Official ISO Standard?</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Both identifiers are ISO standards</td>
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<td>Broad coverage?</td>
<td>Yes (of FIs only). More than 100,000 BICs issued.</td>
<td>Yes (of FIs and non-FIs). More than 2.5 million LEIs issued.</td>
<td>The Global LEI System has broader coverage of non-financial entities than the BIC. The BIC has very limited coverage among non-financial companies.</td>
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<tr>
<td>Distinguishes FI branches?</td>
<td>The BIC distinguishes FI branches.</td>
<td>The LEI distinguishes international FI branches.15</td>
<td>The BIC has more granularity for European branches, but this is not universal. The Global LEI System has a narrower branch policy.</td>
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<tr>
<td>Publicly accessible?</td>
<td>The ISO 9362 directory is publicly accessible.</td>
<td>The Global LEI Index is publicly accessible</td>
<td>While BIC reference data is freely available via search, detailed address information is not provided. GLEIF provides several free of charge access options: full files, delta files, individual search and API access.</td>
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<tr>
<td>Flexible registration?</td>
<td>Applications can be made on behalf of third parties.</td>
<td>Registration via 38 LEI Issuers, 100+ Registration Agents and 12+ Validation Agents.</td>
<td>The rigorous GLEIF Data Quality Program ensures that the Global LEI System offers significantly more flexibility and quality control compared to the BIC. Additionally legal entities that are not necessarily in official registers can request an LEI. 6,000 government entities and 54,000 sole proprietors have obtained LEIs.</td>
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### Appendix 2 – Value added using the LEI: an example

Compared to other identifiers, the LEI offers several unique benefits, such as using local language and transliteration for entity names and addresses, providing a clear corporate structure, and including additional mapped identifiers. Using the LEI code [353800KAJ02XNLJCIW79](https://www.leiroc.org/publications/gls/roc_20160711-1.pdf) as an example,
the LEI provides comprehensive information on entity names and addresses in both the local language and Latin characters (Fig. 1 and 2). The detailed corporate structure is shown in Fig. 3 where domestic and foreign subsidiaries information is also provided. Additionally, the mapped identifiers are illustrated in Fig. 4. Note that the mapped identifiers do not provide any reference data in local languages, and many of them only provide additional reference data upon subscription.

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<td>Jurisdiction Of Formation</td>
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<td>General Category</td>
<td>GENERAL</td>
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<tr>
<td>Entity Legal Form</td>
<td>株式会社 (jo) T417</td>
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Fig. 1: Entity legal names in local language and Latin characters
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<th>Legal</th>
<th>Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>吾妻橋一丁目23番1号</td>
<td>吾妻橋一丁目23番1号</td>
</tr>
<tr>
<td>130-8602</td>
<td>130-8602</td>
</tr>
<tr>
<td>東京都墨田区</td>
<td>東京都墨田区</td>
</tr>
<tr>
<td>JP</td>
<td>Japan</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Other Addresses</th>
<th>Other Addresses</th>
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</thead>
<tbody>
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<td>23-1, Azumabashi 1-chome</td>
<td>23-1, Azumabashi 1-chome</td>
</tr>
<tr>
<td>130-8602</td>
<td>130-8602</td>
</tr>
<tr>
<td>Sumida-ku Tokyo</td>
<td>Sumida-ku Tokyo</td>
</tr>
<tr>
<td>JP</td>
<td>Japan</td>
</tr>
</tbody>
</table>

Fig. 2: Entity addresses in local language and Latin characters
Fig. 3: Corporate ownership structure

Fig. 4: Mapped identifiers