

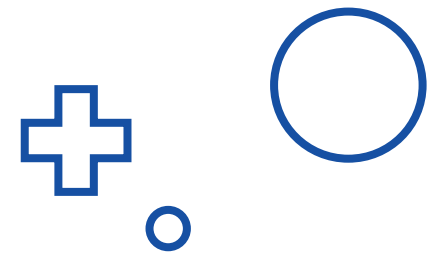


DECODING LEI REQUIREMENTS FOR THE **CHAPS ISO 20022 ENHANCED DATA POLICY CHANGE**

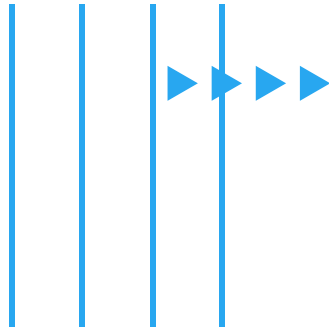
With comment from the Bank of England



This resource aims to clarify the Legal Entity Identifier (LEI) requirements within the CHAPS policy change, for all involved in the CHAPS ecosystem, from SMEs to large banks & corporates. We'll look closely at the LEI and why the Bank of England have mandated use of the LEI within CHAPS.



Timeline of changes



The Bank of England (BoE) adopted the ISO 20022 standard for CHAPS payment messages, including the LEI as a unique entity identifier, in June 2023. The timeline of changes for CHAPS payments is as follows:

- Since the June 2023 go-live for enhanced data in CHAPS, it has been optional (but encouraged, and monitored) to include the LEI and Purpose Codes in payment messages.
- **From November 2024, the BoE will mandate the use of LEIs and Purpose Codes for payments between financial institutions** (and Purpose Codes for property payments). Payments between financial institutions are defined as a CHAPS payment made via all pacs.009 payment messages or via a pacs.008 payment message where the ultimate debtor and ultimate creditor are both PRA authorised deposit-takers or broker-dealers, or a Financial Market Infrastructure supervised by the Bank. In time, this will extend to all CHAPS participants.
- From November 2025 (i.e. when SWIFT retires MT messaging for payments), the Bank will mandate the use of Structured Addresses and Remittance Data for all payments.
- Beyond 2025 (TBC) - the Bank will not mandate enhanced data at a technical schema level before the end of 2026 at the earliest. The Bank will consider a number of factors, such as financial stability, before giving at least 18 months' notice ahead of any technical schema rejections.

What is the LEI?

The Legal Entity Identifier (LEI) is a 20-digit alphanumeric code which uniquely identifies a legal entity in a global, live and publicly available database (Global LEI System/GLEIS). It is the result of an initiative from the FSB in response to the 2008 financial crisis and is endorsed by the G20.

As a globally standardised source of trusted identity information, it is a rich source of data that provides visibility of key details such as who is who, and who owns who. This makes it very useful in CDD/AML scenarios and is leveraged by countless B2B use cases in which verifiable identification is necessary to trusted transactions. It is now mandated by over 300 regulations – including MiFID II & MiFIR. LEI adoption is growing as more and more regulations and use cases incorporate it as a source of trusted organisation identity – and the CHAPS developments will facilitate its growth further.

Image source:
GLEIF LEI Search - search.gleif.org

Country ▼	Entity Status ▼	Legal name ▼	LEI ▼	Reg. Status ▼
Denmark	ACTIVE	Unforeseen ApS	9845007AD0036EBE8887	ISSUED
Denmark	ACTIVE	FBC Invest ApS	9845005AA582EDA0DH43	ISSUED
Hong Kong	ACTIVE	DaKun Trading & Forwarding Limited	984500641DE162EE8861	ISSUED
Denmark	ACTIVE	MOHR'S HOLDING ApS	984500648E795A5EEC37	ISSUED
Switzerland	ACTIVE	RASP Investment GmbH	984500FAB87D53BA5648	ISSUED
Denmark	ACTIVE	Esprupt ApS	984500XB05D72HEE6DB9	ISSUED
Sweden	ACTIVE	Rolf Lufts Stiftelse För Diabetesforskning	9845005FEC9E0A798854	ISSUED
Netherlands	ACTIVE	Nolthuis og	9845008EED3EEFA66664	ISSUED
Germany	ACTIVE	Adrastala GmbH	984500B0A6WCF98BAC1	ISSUED
Germany	ACTIVE	signalkantor GmbH	9845007A648EX86POA56	ISSUED
Germany	ACTIVE	Pinders Holding GmbH	984500VB8C71004E5421	ISSUED
Romania	ACTIVE	AATSCAN MEDICAL S.R.L.	9845002AE562FDEXD98	ISSUED

Find out more about:

[What is a Legal Entity Identifier \(LEI\)?](#)

Why did the Bank of England decide to mandate the LEI within CHAPS?

The Bank of England is supporting adoption of LEIs through a number of use cases, beyond CHAPS and beyond even just financial institutions. This is in recognition of the fact that the LEI's benefits will be fully realised once we reach critical mass of active LEIs. In light of this, the Bank is supporting LEI initiatives within the FSB's roadmap for cross-border payments, and tackling financial crime.

“Incorporating LEIs in CHAPS payments will ultimately bring enhanced trust and transparency to the payments space – and particularly cross-border payments. With international transactions it not only streamlines processes, but enables transactions that would otherwise be deemed too risky due to insufficient identity verification. For all the benefits LEIs bring to the CHAPS ecosystem, the changes are being widely supported across the industry and internationally.”

Tanveer Bhatti, Lead Policy Analyst, Bank of England

“Consistent and wide usage of the LEI will support improved resolution planning, financial crime detection, sanctions screening, customer due diligence, and innovation in products and services. Ultimately this supports faster and cheaper payments for end-consumers.”

**Victoria Cleland, Executive Director for Payments,
Bank of England ([source](#))**

— KEY BENEFITS OF THE LEI INCLUDE:

- Globally standardised identifier, harmonising cross-border transactions.
- Enables trust and transparency in transactions as a free and public source of verified data, which is updated daily.
- Improves efficiency in CDD, anti-fraud, compliance and reporting – resulting in faster and cheaper payments for end customers.
- Provides details on complex parent/child structures, simplifying analytics and understanding of customer data.

How can I comply with the LEI requirements in the CHAPS policy changes?

All direct participants in CHAPS payments already have an LEI, as will many financial institutions due to regulations such as the MiFIR. Those in the wider CHAPS ecosystem who don't already have an LEI should obtain one as soon as possible. This can be purchased from Ubisecure's [RapidLEI](#) service, one of our local [Registration Agent partners](#), or another [GLEIF-accredited Local Operating Unit](#).

Additional, detailed guidance on ISO 20022 Enhanced Data in CHAPS, including the LEI, can be found from the [Bank Of England](#). The BoE is also running an Enhanced Data Working Group, where they discuss policy changes with CHAPS Direct Participants (DPs).

FURTHER RESOURCES

The Policy Statement from the BoE on Implementing ISO 20022 Enhanced data in CHAPS:

<https://www.bankofengland.co.uk/-/media/boe/files/payments/rtgs-renewal-programme/iso-20022/policy-statement-implementing-iso-20022-enhanced-data-in-chaps-january-2022.pdf>

If you're interested in the requirements for cross-border payments, this a comprehensive report:

<https://www.bis.org/cpmi/publ/d218.htm>

Blog from the BoE for GLEIF, on How the Bank of England is Driving Trust and Transparency with the LEI:

<https://www.gleif.org/en/newsroom/blog/how-the-bank-of-england-is-driving-trust-and-transparency-with-the-lei>

About Ubisecure

Ubisecure is a Europe-based Identity & Access Management (IAM) specialist and offers a comprehensive identity management platform deployed as IDaaS (Identity-as-a-Service) or on-premises software. The company is also GLEIF-accredited to issue Legal Entity Identifiers (LEI) via its RapidLEI service and has quickly become the global #1 LEI Issuer both in terms of volume and data quality.

As well as managing risk against data breaches, Ubisecure enables Zero Trust to greatly improve the security and experience of how users authenticate, register, access, engage and use the organisation's application, whether it's a web, mobile or a legacy service.

Enterprises use the Identity Platform to quickly implement use cases like single sign-on (SSO), multi-factor authentication (MFA), access management, authorisation and consent policies, advanced identity relationship management, login-as-a-service, and KYC/onboarding.

The platform has native support for a wide range of digital identities to enable real time identity verification and proofing, including Bank IDs, EU eIDs, mobile IDs, enterprise and social identities. Additionally, the RapidLEI service helps banks and FIs to manage and issue large volumes of LEIs to improve organisation-based authentication, meet compliance regulations, and provide better KYC/onboarding experiences for clients.



RapidLEI

rapidlei.com
sales@rapidlei.com