

FBIL Market Repo Overnight Rate (FBIL – MROR)

Methodology Document

22nd November, 2017

Version 1

FBIL Market Repo Overnight Rate will be computed on daily basis as per the following methodology:

MROR Computation Methodology

1. All market Repo trades executed in the Basket repo segment on CROMS Platform of CCIL for Overnight Tenor will be considered for computation of Benchmark Rate. Basket Repo trades as and when available with other agencies will also be considered subject to their availability in the desired input format. All Basket Repo trades executed in the first hour of trading between 9.00 AM to 10.00 AM will be included for benchmark calculation. Minimum of 10 trades with aggregate traded value of `1000 crores will be the threshold criteria for computation of benchmark MROR.
2. If the threshold criteria are not met, the timeframe for computation of rate will be extended by 30 minutes twice i.e. 10.00 AM to 10.30 AM and 10.30 AM to 11.00 AM to explore the possibility of MROR computation.
3. If the threshold criteria still not met after extension of time as explained above, no MROR will be computed for the day. Step 8 will be followed in such scenarios.
4. If the threshold criteria is met, Volume Weighed Mean Rate and Standard Deviation of Rates will be computed for all the trades.
5. Traded Rates falling in the range of +/- 3SD will be considered for computation and traded rates which are outside the +/-3SD will be removed as outliers.
6. Volume Weighted Average Rate of the surviving trades after removal of the outliers will be the Benchmark MROR.

7. If the day's Benchmark MROR is not calculated because of the threshold criteria not being met, previous day's Benchmark MROR will be repeated.

8. The Benchmark MROR will be published by 10.45 AM and in case of extension of Time, it will be published by 11.15 AM and 11.45 AM as the case may be.

Reference:

Repo Market and Market Repo Rate as a Collateralized Benchmark Rate
(Technical Document by Golaka C Nath, Member, FBIL OC)
