

## **Press Statement on publication of FBIL Reference Rates**

**Date: 11<sup>th</sup> June, 2018**

In its Statement on Developmental and Regulatory Policies dated February 07, 2018, Reserve Bank of India announced that “FBIL would assume the responsibility for computation and dissemination of the daily 'Reference Rate' for Spot USD/INR and other major currencies against the Rupee, which is currently being done by the Reserve Bank.”

Accordingly, FBIL was advised to take necessary steps to undertake the computation and publication of USD/INR Reference Rate as also the other three Reference Rates for EURO/INR, GBP/INR and JPY/INR, which are currently being published by RBI.

FBIL held discussions with the AD banks and the RBI on modifications, if any, needed vis-a-vis the methodology now in use. The updated methodology has now been placed on the FBIL website.

The publication of USD/INR and other Reference Rates by FBIL will commence on July 10, 2018.

The salient features of the computation methodology are outlined as under:

1. The FBIL Reference Rate will be calculated for USD/INR, GBP/INR, EURO/INR and JPY /INR.
2. USD/INR Reference Rate will be calculated based on actual spot US Dollar/ Indian Rupee transactions taking place on the electronic platforms of CCIL and Thomson Reuters between 11.30 to 12.30 hours on each working day.
3. A 15 minutes' random time period will be generated from the one-hour window, as above, and the transactions data pertaining to the 15 minutes' time period will be taken to calculate the USD/INR Reference Rate.
4. A threshold criterion of 10 transactions aggregating USD 25 million will be required for the calculation of the Reference Rate.
5. A +/- 3SD rule will be applied to the transaction data as above to remove the outliers.
6. The Reference Rate will be equal to the volume-weighted average of the surviving transactions.
7. Fallback Mechanism: If the first randomly selected time period of 15 minutes does not contain adequate number of transactions satisfying the threshold criteria, up to a

maximum of 5 such random 15 minutes' time period will be generated to obtain adequate number of transactions. If the rate still cannot be calculated, then the transactions for the entire one-hour window from 11.30 hours to 12.30 hours will be taken into account for calculating the Reference Rate.

8. Polled Submission: In case of systems / network failures, if the required transactions are not available, FBIL will compute the USD/INR Reference Rate using polled submission by select major AD banks in India.
9. The USD/INR Reference Rate will be published up to 4 decimal places.
10. The EUR/INR, GBP/INR and JPY/INR Reference Rates will be computed by crossing the USD/INR Reference Rate of the day with the ruling EUR/USD, GBP/USD and USD/JPY spot rates. The average of all the cross-currency rates will be taken from the same randomly selected time period used for the calculation of the USD/INR Reference Rate.
11. The Reference Rates will be published by 13.30 hours on the FBIL website [www.fbil.org.in](http://www.fbil.org.in) on all working days except Saturday, Sunday and bank holidays in Mumbai.

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