

FBIL OVERNIGHT MIBOR

Methodology Document

22nd June, 2015

Version 1

FBIL Overnight MIBOR will be computed on daily basis as per the following methodology:

Computation Methodology

1. All trades executed on NDS-Call system excluding Reciprocal and Reported Deals within the first hour of trading (currently at 9.00AM to 10.00AM) will be used for computation of the Overnight Rate called OVERNIGHT MIBOR (MUMBAI INTERBANK OUTRIGHT RATE). The trades will be pulled out from the NDS-CALL system immediately after the cut-off time.
2. Only T+0 Settlement deals are to be picked up for calculation of Overnight Weighted Average Rate (MIBOR).
3. For any weekday, the maturity of the deals picked up for computation of Overnight MIBOR should be of the next succeeding Mumbai Business Day excluding Saturdays. For example, if Friday is a holiday but succeeding Monday is a Mumbai Business day, MIBOR calculation on Thursday will pick up trades with a maturity of 4 days. Only trades for `5crore or above are retained for further calculation.
4. A minimum of 10 executed trades with a total traded value of `500 crore in the NDS-Call system will be considered as the minimum threshold limits for the estimation of the MIBOR.
5. In case either of the criteria mentioned in the above paragraph is not met, the timeframe for computation of MIBOR will be extended by 30 minutes first and if the threshold criteria are still not met, then by another 30 minutes. If the threshold criteria are not met even after the two extensions, no rate computation will be initiated. The Previous Day's values will be used for dissemination as MIBOR for the day with a reference to the actual date of computation of MIBOR. This may continue for a

maximum of two consecutive working days (in case the threshold criteria are not met) after which if the threshold criteria are still not met, CCIL will not disseminate any rate on such days and Banks will use their own fallback mechanism. There will be a notification to that effect published on FBIL/ CCIL/FIMMDA websites.

6. The MIBOR and the Standard Deviation (STDEV) of Rates used for computation of MIBOR are calculated for the retained trades after meeting the threshold criteria. These numbers will be rounded off to two decimal places.

7. A rate Range will be computed – Max will be Weighted Average Rate + 3* Standard deviation and Min will be Weighted Average Rate - 3* Standard Deviation.

6. Any trades executed at rates outside the said Max and Min range will be considered as outlier and will be excluded from the Computation process (i.e. Higher than Max and Lower than Min).

7. The final volume weighted average rate (MIBOR) and standard deviation are then computed using the remaining trades. The said numbers would be rounded off to two decimal places at each stage.

8. The rates so calculated as per the above methodology will be published by 10:45 AM on the websites of FBIL / CCIL / FIMMDA. If the time is extended due to non-fulfillment of the threshold criteria, the dissemination time will be suitably extended.
