Dear Sir/ Madam,

IMPORTANT                                       FOR IMMEDIATE ATTENTION.

Reg:  Discontinuation of certain rates published by Thomson Reuters MIFOR -MITOR -MIOIS-MIOCS-INBMK –CMT –T. Bills-CD-CP and starting of publication of  new rates and replacement wef 2nd April 2018.

We invite your attention to the discontinuation notifications issued by Thomson Reuters to all market participants to take effect from 2nd April 2018(Effective date).

With a view to enhance the robustness, transparency and efficiency of the benchmark contribution process in India, the Fixed Income Money Market and Derivatives Association of India (“**FIMMDA”**) and the Financial Benchmarks India Pvt. Ltd. (**“FBIL”**) during interactions  with market participants, discussed the methodologies and proposed changes in relation to some of these rates  as explained below:

**FIMMDA-Thomson Reuters MIFOR-MITOR** :  FBIL developed methodologies for publication of MIFOR  rates which will  replace the existing FIMMDA-Thomson Reuters rates MIFOR . Likewise, the present FIMMDA-Thomson Reuters MITOR is becoming a part of the FBIL MIFOR by inclusion of the overnight rate in the template. The methodology  for calculating these rates were discussed and agreed upon by the market participants in the interactions  held for the purpose. The most important change is  the shift from Polled rates to Traded rates. The detailed methodology  inclusive of the fall back mechanism is being placed on the websites of FBIL and FIMMDA. **These rates will appear on the websites of FBIL/FIMMDA/CCIL wef 2nd April 2018.**

**FIMMDA-Thomson Reuters MIOIS:**  FBIL developed FBIL MIBOR OIS rates based on trades reported to CCIL by the market participants. These rates will replace the existing FIMMDA-Thomson Reuters MIOIS. The methodology for the same was discussed with market participants and agreed upon. The methodology document is available on FBIL website. Due to paucity of data, it was not found possible for FBIL to publish all tenors that are presently being published. So, the market participants will arrive at a mutually acceptable(bilateral) agreement to deal with the same. But as and when the traded data  allows publication of such maturities, the same will be published by FBIL subject to their internal-external approvals. The most important change here again the shift from Polled rates to Traded rates. **The rates will be available on FBIL/FIMMDA /CCIL websites wef 2nd April 2018.**

**FIMMDA-Thomson Reuters  MIOCS:**  In the absence of any trades reported to and outstanding with CCIL,FBIL expressed inability to publish any rates under this title. FIMMDA  is also in the same position. So, these rates will **cease to  be published wef 2nd April 2018.** The new reference rate will be as  may be mutually agreed between parties/market participants.

**Reuters INBMK-CMT:** In the absence of any trades that are reported to CCIL for the past many years, FBIL expressed their inability to publish any rates to replace the Reuters rates that are **being discontinued wef 2nd April 2018**. But as per discussions with market part participants, it was found that the FIMMDA /FBIL par yields for G- securities which are being published every evening can be used asReference rate for outstanding transactions post Discontinuation Date **.**

**FIMMDA-Thomson Reuters T-Bill Curve:**  NDS-OM platform caters to T-Bill trades. FBIL started **publication of T-Bill Curve points(7) wef 23rd  August 2017.**The methodology document is available on FIMMDA/FBIL websites. As per the present dispensation, banks are valuing their portfolio at carrying cost. The market participants may use the FBIL points for valuation purposes  if they so desire.

**FIMMDA-Thomson Reuters CP curve**: With regard to Commercial paper(CP), the trades reported on F-TRAC platform  are not sufficient to consider for curve generation. So, it was not found possible for FBIL to publish these rates as of now. So, the present FIMMDA-Thomson Reuters **CP curve will cease to be published from 2nd April 2018**. We are not aware of any products that are based on CPs.  You are aware that in the present dispensation for valuation of investments for Banks, CPs are valued at carrying cost. So, the market participants will have to make their own arrangements for valuation of CPs if they so desire.

**Reuters CD curve :** There are sufficient no. of trades reported to CCIL on F-TRAC under CD( Certificate of deposit) and **FBIL is publishing the CD points(7) on FBIL/FIMMDA/CCIL websites since  23rd August 2017** . The methodology document is available on FIMMDA/FBIL websites. We encourage market participants to make use of the same.

**Multi-lateral amendment agreement- Bilateral amendment agreements**:  For the purpose of this transition, the outstanding transactions recorded under the documentation prepared by ISDA having reference to FIMMDA- Thomson Reuters MIFOR,MITOR, MIOIS and Thomson Reuters INBMK, CMT  will be required to be amended. A multilateral agreement , will amend the reference from some of the existing reference rates to FBIL MIFOR and FBIL MIBOR OIS. The agreement also mentions about cessation of MIOCS, INBMK,CMT. The agreement was drafted by M/S  Juris Corp and  sent to the market participants on 1st March 2018. The views/suggestions received up to 12th March 2018 were considered and discussed with market participants where required by M/S Juris Corp and a final set of documents are drafted.

You are all aware that the recommendations of the committee for Financial benchmarks ( February 2014) were accepted by RBI and FIMMDA and FEDAI were identified as Benchmark Administrators. FIMMDA took lead role in forming a joint venture company with FEDAI and IBA in the name of Financial benchmarks India Pvt Ltd(FBIL) RBI identified FBIL as a benchmark Administrator in July 2015. Since then FBIL took over Overnight MIBOR, Term Mibor, Forex option Volatility Matrix rates, CD Curve, T-Bills Curve, MROR(new benchmark based on market repo rate) in stages at different  dates. They have now come forward with MIFOR and MIBOR OIS.

With respect to OTC derivative contracts with trade dates that precede the Effective Date,  remain outstanding on such date and have fixings based on the existing reference rates ,as well as for all prospective trades wef 2nd April 2018, FIMMDA recommends that market participants( banks and PDs) agree to amend such contracts to  new reference rates as explained above by signing the Multi-lateral amendment agreement. The Banks and PDs may enter into bilateral amendment agreements  with clients for achieving the same purpose.

To assist parties who are market makers, i.e. Banks and Primary dealers, that wish to make the amendments described above, we enclose all required documents. **The  Multilateral Agreement will be open for adherence (open for signing) wef Friday 16th March 2018 till Friday 23rd March 2018.(both days inclusive)and that the adherence period will close after that.**

The parties who do not sign such agreement will  have to rely upon the fall back mechanism that might have been agreed upon in the ISDA agreement as the existing  reference rates   will  not be available from the Effective Date.

**All market players  are requested to sign up the multilateral agreement  and submit to M/s Juris corp within  the time lines  to enable you to have a smooth roll over to the new reference rate.**

The persons authorised to sign are those who have due authority e.g. general power of attorney or authorised by a competent authority in the institution. Please see the instructions contained in the Multilateral agreement/covering letter.

We also enclose  the FIMDA statement to all market participants, a time table drawn for the purposes and FAQs for your guidance and support.

For any clarifications, please feel free to contact the Dy. CEO or CEO ,FIMMDA or Ms. Nikita Chawla of M/S Juris Corp, Mumbai(nikita.chawla@jclex.com  [Contact Number: 022 6720 5564]

Regards

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