



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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## RBI seeks Comments on the Draft Report of the Committee on Financial Benchmarks

The Reserve Bank of India has, today, placed on its website, the '[Draft Report of the Committee on Financial Benchmarks](#)' for public comments. Comments on the draft report may be forwarded to the Principal Chief General Manager, Financial Markets Department, Reserve Bank of India, Central Office Building, 23rd Floor, S.B.S. Road, Fort, Mumbai-400001 or [emailed](#) by January 17, 2014.

It may be recalled that the Reserve Bank had announced the constitution of the Committee on Financial Benchmarks (Chairman: Shri P. Vijaya Bhaskar, Executive Director) on June 28, 2013 with a mandate to study various issues relating to financial benchmarks in India and to submit the Report by December 31, 2013.

In the aftermath of the revelations regarding manipulations of several key global benchmark rates, viz. LIBOR, EURIBOR, TIBOR, etc., several international standard setting bodies, national regulators, and self-regulatory market bodies have reviewed the benchmark setting processes and came out with wide ranging reform measures and governing principles for enhancing the robustness and reliability of the financial benchmarks. The IOSCO has released its final report on Principles for Financial Benchmarks in July 2013. The FSB, working under the mandate of G-20, has endorsed the IOSCO's Principles. The Benchmark Administrators are required to disclose their compliance with the IOSCO Principles by July 2014.

The Report of the Committee provides a brief coverage of the measures recommended by various international bodies/committees and the reforms already undertaken/underway in key benchmarks in various jurisdictions. Building on the cross-country experiences, the Report provides an in-depth analysis of the existing benchmark setting methodology and governance framework of the major Indian Rupee interest rate benchmarks and foreign exchange benchmarks. While the existing system was found generally satisfactory, the Report recommends several measures/principles to be followed to strengthen the benchmark quality, setting methodology and governance framework of the Benchmark Administrators, Calculation Agents and Submitters. In line with the international move towards greater regulatory oversight of the benchmark setting process, the Report reviews the existing regulatory powers of RBI over the financial benchmarks and recommends suitable amendments of the RBI Act, as a long term measure, to explicitly empower RBI to determine policy with regard to benchmarks used in Money, G-sec, Credit and Foreign Exchange markets in India and to issue binding directions to all the agencies involved in the benchmark setting. Pending the amendments, the Report recommends appropriate regulatory and supervisory framework to be put in place by RBI for the above financial benchmarks under its existing statutory powers.