

FINANCIAL BENCHMARKS INDIA PVT. LTD. (FBIL)

Frequently Asked Questions (FAQs)

I. About FBIL

1. What is FBIL and what role does FBIL play in the financial market?

Financial Benchmarks India Private Ltd. is an Independent Benchmark Administrator for Money Market interest rates, Fixed Income (Government Securities), Foreign Exchange and their related derivatives in India.

The objective of the company is to act as the administrator of the interest rate, fixed income securities, foreign exchange benchmarks including their relative derivatives, and any other benchmark it may so deem fit. To introduce and implement policies and procedures to handle the benchmarks, including possible cessation of a benchmark and to follow steps for ensuring orderly transition to the new benchmarks. To periodically review each benchmark to ensure that the benchmarks continue to reflect the underlying interest which it is supposed to measure and to take up/consider such other benchmarks as may be required from time to time. To periodically assess the emerging needs of the end users and introduce new benchmarks to cater to those needs.

2. Is FBIL an authorized body and does it have the right to publish the financial benchmarks in India?

Yes, FBIL is authorised by Reserve Bank of India (RBI) to operate as a Benchmark Administrator in India. It has been granted authorisation to continue administering 'Significant Benchmarks' for financial instruments. It is regulated by the Reserve Bank of India (RBI) under Section 45W of the RBI Act, 1934.

3. What are the significant benchmarks notified by RBI?

A 'Significant benchmark' is any benchmark notified by Reserve Bank as a significant benchmark under the Financial Benchmark Administrators (Reserve Bank) Directions, 2019 considering its use, robustness and credibility in domestic and international markets. These benchmarks contribute significantly to the financial stability of the market.

The following are the significant benchmarks notified by RBI:

1. Overnight Mumbai Interbank Outright Rate (MIBOR)
2. Modified Mumbai Interbank Forward Outright Rate (MMIFOR)
3. USD/INR Reference Rate
4. Treasury Bill (T-Bill) Rates
5. Valuation of Government Securities (G-Sec)
6. Valuation of State Development Loans (SDL)

For more information visit:

https://m.rbi.org.in/scripts/FS_Notification.aspx?Id=12414&fn=6&Mode=0

4. What is the advantage of using FBIL benchmarks? Why should I use them?

In the backdrop of LIBOR scandal, efforts were made in many jurisdictions to reform the benchmark setting activities. In India, guided by RBI, Fixed Income Money Market and Derivatives Association of India (FIMMDA), Foreign Exchange Dealers Association of India (FEDAI) and Indian Banks' Association (IBA) jointly set up FBIL to ensure that the market gets good quality and reliable benchmarks to value their investments, pricing and settlement of financial contracts. The benchmarks set by FBIL are mostly based on transactions except Term MIBOR and FC (Foreign Currency)- INR Options Volatility Matrix which are based on polled data. There is a well-defined hierarchy of inputs data policy adopted by FBIL. The benchmark methodologies are arrived at, after thorough analysis of data, discussions with market experts, market consultation and regulatory approval. The benchmark methodologies are periodically reviewed to ensure that the same are in sync with the latest market developments and regulations. The methodologies are posted on FBIL website for perusal of all stakeholders. Thus, the benchmarks set by FBIL are transparent, reliable, supervised by the regulator and audited, subject to periodic review.

5. Are there any specific times for publishing the FBIL benchmarks?

Yes. Each FBIL Benchmark is published at a specific time on all working days in Mumbai. Any change in regular publication time, due to changes in market timings/ technical issues/ other reasons is notified in advance. To know more about the publication timings, visit:

https://www.fbil.org.in/uploads/RESTORATION_OF_PUBLICATION_TIME_OF_FBIL

[BENCHMARKS_09_02_2023_83dc1f33f0.pdf](#)

6. Are there any specific methodologies employed for calculating different benchmark rates?

FBIL is responsible for all aspects relating to the benchmarks' publication and administration, namely, formulation, adoption and periodic review of benchmark calculation methodologies, collection of market data and consultation, thereby conforming to the highest standards of integrity, transparency and precision. The methodologies employed for calculation of each benchmark are available in the "Benchmark Methodology" tab on the FBIL website. These methodologies are put in place after detailed analysis, market consultation and extensive testing.

II. Benchmark use:

1. What is the Benchmarks License Agreement?

Benchmarks License Agreement is a user agreement with FBIL to ensure the terms and conditions of the usage of the Benchmarks Published by FBIL.

2. What are the purposes for which an End User License is required?

If an entity utilizes the FBIL benchmarks data for the following purposes, End-Users License will be required and the usage is fee liable:

- a) Valuation of portfolio and assets,
- b) Pricing of products or contracts,
- c) Interest Rate fixing,
- d) Loan Servicing,
- e) Pricing Curves,
- f) Using FBIL rates as a reference rate in financial transactions and products like swaps, Forward Rate Agreements (FRAs) and any other derivatives, and
- g) Use of FBIL benchmarks data for similar other purposes.

3. Can the data usage license issued to an entity operating in India, be used by its foreign offices / branches/ subsidiaries?

The Usage license will be valid for all the offices/branches of an entity in India. Foreign offices/branches and subsidiaries of an entity in India will require separate usage license.

4. Do the non-residents / international entities need to register with FBIL for use of its benchmarks?

Yes. All Non-residents / International entities can only use the FBIL benchmarks by applying for registration and executing the relevant licensing agreement.

5. What should I do in case I cancel or unsubscribe the usage of a benchmark at a later date?

A notice of three months must be given by the benchmark user to FBIL to unsubscribe to a Benchmark.

6. Can a data vendor use the data for internal applications and index construction?

The data vendors, having redistribution licenses, can use the data for internal applications like valuation of portfolio. However, if the FBIL Benchmarks are used for constructing any product like bonds or notes or a derivative, the same will be fee-liable requiring a separate usage license. Similarly, index construction based on FBIL data will be treated as a separate activity and will require separate End user license.

7. Are the data vendors allowed to redistribute or publish the FBIL benchmarks on their website? How can they use the Redistribution License?

Yes. The data vendors can publish or redistribute FBIL benchmarks, either real time or delayed which requires signing a license agreement with FBIL along with a redistribution fee as applicable.

The data vendors / web portals will be eligible to display the data on the data vendors terminals/ portals for viewing purposes only. Data vendors/ Portals will have access to historical data. The same can be used for charts, graphs, technical analysis, and theme-based analysis etc.

8. Can End Users use the data from Data Vendor terminals?

The Benchmarks published by FBIL are its sole property and accordingly any use of its Benchmarks including commercial use and distribution/ display will be only with the express authorization of FBIL. Market participants/existing users including data vendors /web portals displaying and making use of Benchmarks from data vendor terminals, require signing a license

agreement with FBIL. Any usage of the FBIL Benchmarks data on or after 1st October, 2018 without obtaining registration will be treated as unauthorized use of Benchmarks and will be dealt with legally.

III. Fees

1. What are the charges/ Fees for use of the benchmark?

Each benchmark is priced separately for valuation and other usages as indicated in the Benchmark usage section of this document (Section II, Question 2). Kindly visit the FBIL website (<https://www.fbil.org.in/#/home>) for further information regarding pricing structure.

2. Is the Base Rate of ARR for FCNR(B) Deposits fee liable?

At present, Base Rate of ARR for FCNR(B) Deposits published by FBIL on the last working day of each month, is free of charge.

3. What is the fee structure for different benchmark users?

The Fee structure is standardized for different types of organizations and the purpose of usage of a particular benchmark. For further details, one can visit www.FBIL.org.in and check the pricing documents available in the ‘What’s New’ section.

4. Do educational institutions have to take a paid subscription to view the current rates published by FBIL?

Yes. However, educational institutions are charged under a concessionary price. All government recognized research entities/educational institutes are charged an annual fee of ₹10,000 per benchmark and ₹25,000 for subscriptions to five benchmarks. Subscriptions exceeding 5 benchmarks shall be charged at a flat fee of ₹50,000 per annum. For more information please visit: https://www.fbil.org.in/uploads/Notification_No_09_2021_Pricing_of_FBIL_benchmarks_for_Educational_Institutes_7eb6736b7b_09756ce345.pdf

5. Is the 7-day delayed data fee liable?

If an entity consumes FBIL data for any purpose that is stated in Section II, Q.2, of the FAQs, then the delayed data will be fee liable.

6. Can the Overseas branches of panel banks in India contributing towards submission for Term-MIBOR and FC-Rupee Options volatility, use the FBIL data free of charge?

The panel banks in India, contributing towards submission of Term MIBOR and FC- Rupee Volatility data, can use both the benchmarks free of charge. However, branches and offices of these banks outside India will require separate license to use these benchmarks.

IV. Registration Process

1. To obtain Benchmark data, what is the registration process and is there a charge for registration?

One may register their organization details by clicking on the “Register” tab on the top right-hand side of the FBIL website or by clicking the link <https://www.fbil.org.in/#/registration>. After the online registration, FBIL staff will get in touch with the entity, who has applied online for registration, and provide them the format of Benchmark License Agreement, with the quotation and turnover certificate (if applicable).

There are no charges for filling in the registration form on the FBIL website.

2. If my annual turnover or total outstanding is less than ₹500 cr., do I need to register with FBIL for obtaining the benchmarks data?

All the entities in India intending to use FBIL Benchmarks for the purpose detailed in Section II, Q.2, irrespective of the annual turnover, are fee liable. Benchmark users are required to mandatorily register with FBIL for usage license and are also required to submit a duly certified turnover statement.
