

FIMCIR/2008-09/08

May 27, 2008

To,

All FIMMDA Members

Dear Sir/Madam,

**Introduction of a 3-Day MIBOR on Fridays from Friday 6th June 2008
Change of timings for fixing MIBOR on Saturdays.**

The Market Practices Committee and the FIMMDA Board in consultation with NSE, has decided to introduce a 3-Day MIBOR, with effect from Friday 6th June 2008.

Banks which are on the polling list for polling MIBOR rates to NSE, are requested to poll two rates on Fridays commencing from 6th June 2008, that is:

- i) A one day MIBOR, as usual.
- ii) An additional 3-Day MIBOR.

Commencing Saturday 7th June 2008, the MIBOR will be polled at 10.30 am instead of 9.40 am as is done on week-days, as the market is very thin on Saturdays, and market is expected to have a better depth by 10.30 am.

While a detailed notification to the above effect is being issued by NSE, this notice is to alert all members of the impending changes.

This notice is being followed by another circular regarding changes in "Business Day" and "INR-OIS-COMPOUND" conventions for Rupee Interest Rate Swap deals.

Please bring this circular to the notice of the concerned staff in your Treasury.

With regards,

Yours truly,

C.E.S.Azariah
Chief Executive Officer

FIMCIR/2008-09/09

May 27, 2008

To,

All FIMMDA Members

Dear Sir/Madam,

Suspension of Saturdays as Business Days for INR-OIS-COMPOUND with effect from Saturday 28th June, 2008.

Amendment of Para 7.2 of FIMMDA's Handbook of Market Practices

We invite your attention to our Circular No.FIMCIR/2008-09/08 dated May 27, 2008 advising the introduction of a 3-Day MIBOR, with effect from Friday 6th June, 2008.

The FIMMDA Board, on the recommendations of the FIMMDA Market Practices Committee has decided to declare Saturdays as non business days for INR-OIS-COMPOUND, with effect from Saturday 28th June 2008. This decision has been taken on account of the following:

- i) RBI does a 3 day LAF on Fridays, and no LAF on Saturdays.
- ii) A number of banks lend and borrow 3 day funds on Fridays.
- iii) The Call Money market is very thin on Saturdays, and as such the MIBOR fixings on Saturdays are not truly representative of the general trend in the Call Money rates.
- iv) A 3-Day MIBOR fixing will be available from Friday 6th June, 2008, and the the 3 day MIBOR fixing can be used as the benchmark for the floating leg of the INR-OIS Swaps.
- v) This will automatically imply that there will not be any compounding for Saturday and Sunday just like any other business business holidays.

Amendments to FIMMDA's Handbook of Market Practices

In the light of the foregoing, the following portion of Chapter 7 "Rupee Interest Rate Swap", para 7.2 of "FIMMDA's Handbook of Market Practices" will stand amended as under:

I. "Business Day: Unless otherwise specified in the Confirmation, Saturdays shall not be Business Days for any purpose.

It is recommended that regardless of the centre where the deal is transacted, the benchmark and the holiday calendar for the purposes of computation of interest streams be as that in Mumbai, except in case of interest rate swaps wherein the benchmark is based on the foreign exchange market, for which the holiday calendar of the relevant centre for that currency will also be applicable."

(Change effected: the line “*except in relation to INR-MIBOR-OIS-COMPOUND for which Saturday shall be deemed to be a Business Day*” **has been deleted)**

II. The following new paragraph is inserted under “INR-OIS-compound”

5. *Since Saturdays are no longer Business days for OIS Swaps with effect from 28.06.2008, in relation to INR-OIS-COMPOUND, while a 1 day MIBOR will be used for compounding on Week-Days, the 3-Day MIBOR will be used for such compounding on Fridays,(ignoring the 1-Day MIBOR fixing of Friday, and the 2 -Day MIBOR fixing of Saturdays-until such time that these two extraneous fixings are dispensed with)*

The participants in the INR-OIS swap market are requested to exchange one time letters referring to the changes in ‘ FIMMDA’s Handbook of Market Practices’, for settlement of floating leg flows with effect from Saturday 28th June ’08, using the 3-Day Friday MIBOR fixings commencing from Friday 27th June ’08.

Kindly circulate this to the concerned staff in your Treasury.

With regards,

Yours truly,

C.E.S.Azariah
Chief Executive Officer