



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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June 26, 2019

RBI releases Financial Benchmark Administrators (Reserve Bank) Directions, 2019 under section 45 W of the RBI Act, 1934

The Reserve Bank of India today released the [Financial Benchmark Administrators \(Reserve Bank\) Directions, 2019](#).

These directions shall apply to Financial Benchmark Administrators administering 'significant benchmarks' in the markets for financial instruments regulated by the Reserve Bank. The identification of a benchmark as a 'significant benchmark' shall be based on use, efficiency and relevance of the benchmark in domestic financial markets. Financial Benchmark Administrators administering significant benchmarks shall adhere to these directions to ensure that accepted standards of governance, quality of benchmarks, quality of methodology and accountability in respect of the benchmark administration process are duly observed.

Background

The Reserve Bank of India had, in its [Statement on Developmental and Regulatory Policies, dated October 05, 2018](#), announced that it will introduce a regulatory framework for financial benchmarks in markets regulated by it. The robustness and reliability of financial benchmarks are critical for efficient pricing and valuation of financial instruments. The London Inter-Bank Offered Rate (LIBOR) controversy and the related events underlined the need to establish or reform the frameworks for administration and governance of financial benchmarks. The need for setting standards for the benchmark administrators has since been accepted worldwide in several jurisdictions. The directions being issued today are intended to improve the governance of the benchmark processes, ensure transparency in benchmark administration and prevent misuse of benchmarks. The directions are based on the practices recommended by the International Organization of Securities Commissions (IOSCO) in their report on Principles for Financial Benchmarks dated July 2013 as well as in the Report of the Committee on Financial Benchmarks set up by the Reserve Bank on [June 28, 2013](#).