

Proposal: FR 2420 (ICP #2015-07; Pub'd 4/7/15)
Description: Proposal to approve under OMB delegated authority the extension for three years, with revision, the Report of Selected Money Market Rates (FR 2420).

Comment ID: 129951
From: RBS Securities, Graham Broyd
Proposal:
Subject: Report of Selected Money Market Rates

Comments:

Comment:

The new FR 2420 report and revisions would provide broader and more detailed data for the purposes of calculating the Federal Funds Effective Rate and would also allow for the publication of an overnight bank funding rate that is calculated using transactions in both federal funds and Eurodollars.

This Overnight Bank Funding Rate could become an important market benchmark or reference rate (even more so than Fed Funds Effective given breadth of product and banks involved)

If this published rate were to be of use to the external market place there would need to be clear definitional framework around the calculation process for the OBFR.

I believe the optimal output would be a notional weighted average of the combination of all Fed Funds and Eurodollar activity in scope for FR 2420 reporting. And that this rate would represent all activity during one day. And would be available T+1 for publication.

A notional weighted average would enable the best representation of the price of Banks' O/N US dollar funding on any one day.

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