

**FIMMDA’s CODE OF CONDUCT FOR NDS-OM AND OTC TRADES IN G.SECs AND SDLs  
HARD CODED YIELD AND PRICE BANDS PLACED AT BEGINNING OF DAY  
INTRA-DAY RELAXATIONS OF BANDS AS AND WHEN NECESSARY**

The attention of market participants is drawn to FIMMDA’s Code of Conduct for Usage of NDS-OM and OTC Trades dated October 01, 2013 and our Circular FIMCIR/2012-13/51 dated March 25, 2013 indicating the overnight yield and price bands which are placed on the NDS-OM system before the market opens on any day.

Broadly, the initial Trading Bands are as under:

1. G.Sec Yield-Price Bands put in place at the **beginning of trading day** :

Security Tenor	Yield Band higher –lower than previous day close
2014 -18	15 bps
2019-28	10 bps
2029 – 42	7.5 bps

2. SDLs and Special Securities Yield –Price Bands (Except Oil Bonds ) put in place at the **beginning of trading day** :

Security Tenor	Yield Band higher –lower than previous day “Base –Yield “ close **
2014-2021	15 bps
2022-2023	10 bps

3. Oil Bonds Yield-Price Bands put in place at the **beginning of trading day**

Security Tenor	Yield Band higher –lower than previous day close of (G.Sec Par Yield + 25 Bps )
2014-2021	15 bps
2022-2023	10 bps

**\*\* “Base –Yield” = G.Sec Par Yield close +” Base Spread “**

**“Base Spread” = (Weighted Average of the Weighted Average Yields of the immediately previous SDL Auction) MINUS (10 year G.Sec Par Yield at 12 noon of the SDL Auction day)**

Individual Security-Wise Trading bands are displayed on the FIMMDA Website [www.fimmda.org](http://www.fimmda.org).

To enable a smooth functioning of the NDS-OM system and prevent delays in relaxing the bands on the days when the yields exhibit sharp movements in response to various international and/or domestic events, it has been decided by the FIMMDA Board and Market Watch Committee that the FIMMDA Secretariat (headed by CEO FIMMDA and Dy. CEO FIMMDA) will keep in readiness the following “Relaxed Bands “for implementation in the shortest time possible:

A. Relaxed **G.Sec Yield**-Price Bands :

Security Tenor	Yield Bands higher –lower than previous day close
2014 -18	30 bps
2019-28	20 bps
2029– 42	15 bps

B. Relaxed **SDLs and Special Securities** Bands :

Security Tenor	Yield Band higher –lower than previous day “Base Yield “close **
2014-2021	30bps
2022-2023	20bps

\*\* “Base –Yield” = G.Sec Par Yield close +” Base Spread “

“Base Spread” = (Weighted Average of the Weighted Average Yields of the immediately previous SDL Auction) MINUS (10 year G.Sec Par Yield at 12 noon of the SDL Auction day ).

C. Relaxed **Oil Bonds** Yield-Price Bands :

Security Tenor	Yield Band higher –lower than previous day close of (G.Sec Par Yield + 25 Bps )
2014-2021	30 bps
2022-2023	20 bps

The intra-day trigger for relaxing the price/yield bands would be as follows:

1. For at least **TWO** Securities which have traded at least 100 trades the previous day , if during the day :
  - A. Bid prices touch the Upper Price Band, and there are “No Offers” OR
  - B. Offer prices touch the Lower Price Band, and there are “No Bids” on NDS-OM

**OR**
2. Any **ONE** security in the tenor segment 2029- 2042 if after trading during the day :
  - A. Bid prices touch the Upper Price Band, and there are “No Offers” OR
  - B. Offer prices touch the Lower Price Band, and there are “No Bids” on NDS-OM.

On the occurrence of the above event, if noticed by the FIMMDA Secretariat, or on receipt of call/message from a FIMMDA Board Member or Market Watch Committee Member, the following officials in the order mentioned below will arrange with CCIL for relaxation of the price/yield band with notification on the NDS-OM Dealing System, and FIMMDA website:

1. CEO FIMMDA : Mr. C.E.S.Azariah Mobile : 9594082735
2. Dy. CEO FIMMDA : Mr D.V.S.S.V.Prasad Mobile : 9004780777
3. VP Finance and Admin FIMMDA : Mr M.R.Sukumaran Mobile :9867759232
4. Chairman FIMMDA : Mr. N.S.Venkatesh Mobile :9029011109
5. Vice Chairman FIMMDA : Mr Manoj Rane Mobile: 9820061835

Any market participant, who notices the above mentioned movements in the bond prices and yields, can alert an MWC member, who in turn will contact the above officials in order of priority, if no action is being observed within 5 minutes of the bond price movements.

For any overnight events warranting relaxation of the bands, (example recent comments by Mr. Ben Bernanke regarding QE 3 "Tapering") would depend upon the consensus of the Market Watch Committee (MWC) who should SMS/mail the FIMMDA official(s), who would consolidate and go by majority vote of the MWC. A list of the Market Watch Committee banks/PDs is attached.

Further intra-day relaxation of bands, including removal of the band for any particular day if considered necessary, will be decided by the Market Watch Committee and implemented if possible.

Market participants should note that while FIMMDA would make best efforts to get the hard-coded intra-day price relaxed price bands uploaded on NDS-OM at the shortest time possible in the first instance, subsequent relaxations requiring discussions /re-computations data transmissions may be subject to delay .

Notifications regarding relaxation of Trading Bands will be notified on the NDS-OM Trading System as well as on the FIMMDA Website.

All other terms and conditions as laid down in the Code of Conduct for Usage of NDs-OM remain unchanged.

C.E.S. Azariah  
Chief Executive Officer, FIMMDA  
Date: July 04, 2013