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FIMCIR/2011-12/53

March 13, 2012

To,

All FIMMDA Members and Market Participants in G.Secs ,SDLs, Oil Bonds etc

Dear All,

FIMMDA's Code of Conduct for Usage of NDS-OM and OTC trades in G.Secs, SDLs, Oil Bonds etc

Please refer to paragraph 8 of FIMMDA's Code of Conduct for usage of NDS-OM dated October 1st, 2011 .

Taking into account the past experience of movements in the market it has now been decided to relax the price-bands for trading of the captioned securities as follows, with effect from February 24th, 2012:

- i) The price bands, instead of being a percentage over the closing price, will hereafter be based on the closing yield of each of the securities, whether traded on NDS-OM or OTC (and reported on the NDS).
- ii) The Yield –Based band, will, however, not be applicable on Monetary Policy and Union Budget announcement day.(amended March 13th, 2012)
- iii) The Yield-Based bands will also not be applicable for odd lots (single trade ticket size less than Rs 5 crores).
- iv) For Government of India securities, the market should observe an yield band of 20 bps on either side of the closing yield as shown in FIMMDA's previous day's end of the day valuation sheet .
- v) In the case of State Development Loans, (SDLs), Oil, and other Special Bonds a uniform yield - based band of 25 bps on either side of the previous day's FIMMDA's valuation of each individual SDL will be applicable.



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- vi) On SDL Auction days, after the auction results are announced, the market may observe a yield-based band of 25 bps on either side of the auction cut-off yield during the remaining part of the trading day.

- vii) On G.Sec Auction days, after the auction results are announced, the market may observe an yield-based band of 20 bps on the YTM of the auction cut-off price, during the remaining part of the trading day.

As there are NO HARD FILTERS in the NDS-OM system, market participants should abide by a system of SELF-DISCIPLINE and ensure meticulous compliance, with the Yield-Based price bands indicated in this letter.

We are arranging to incorporate the contents of this Circular in the “FIMMDA Code of Conduct for Usage of NDS-OM”, and uploading the revised document on our website.

With regards,

Yours truly,

C.E.S.Azariah
Chief Executive Officer