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FIMNOT/2022-23/005

August 12, 2022

All members / Stakeholders

**Sub: Corporate Bonds: Daily publication of Spread and Yield Matrices**

As you are aware, FIMMDA publishes Daily Corporate Bond yield / spread matrices and fortnightly spread matrix, based on a 3-bucket methodology. Under this methodology, daily trades are segregated in 3 buckets based on Residual Maturity for calculation of Market Yield Movement (MYM).

Detail Methodology of construction of yield and spread matrix is available on our website.

With a view to address the impact of difference in average residual maturity in the buckets, day on day, it has been suggested to increase the number of buckets to 8 from existing 3 as mentioned above.

Members of Valuation Committee of FIMMDA have discussed and deliberated and it was decided to increase the number of Residual Maturity buckets from 3 to 8 (with shorter maturity ladder) to minimise the volatility that was being experienced in the 3-bucket methodology in a particular bucket due to comparatively longer residual maturity ladder.

FIMMDA has been uploading Daily Yield and Spread Matrices based on 8 bucket methodology on "Trial basis" from 1<sup>st</sup> January 2021 ( Link - <https://www.fimmda.org/modules/bonds/corporate-bonds.aspx?m=btd>) and inputs have been deliberated and methodology is revised appropriately wherever needed.

Methodology document for the revised construction of Daily Yield and Spread Matrices based on the revised 8 bucket methodology is available on our website. (Link - <https://www.fimmda.org/modules/bonds/corporate-bonds.aspx?m=btd>)

Based on the developments as above, the revised methodology has been approved at the FIMMDA Board meeting held on 11<sup>th</sup> August 2022. It has also been decided to publish Daily Spread and Yield Matrices based on the revised 8 bucket methodology on a firm basis w.e.f. **30<sup>th</sup> August 2022**.

It may be noted that, there is no change in polling process and 30<sup>th</sup> August being a polling day, submitters are requested to submit the polls as per existing procedure.

It is also to be noted that there is no change in the format of the Matrices currently being published.

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Further it has been decided that, the publication of Daily Spread and Yield Matrices based on existing 3 bucket methodology will stand withdrawn with effect from i.e., 30<sup>th</sup> August 2022.

Members and end users are requested to take note of the change.

Regards,

A handwritten signature in blue ink, appearing to read 'G. Ravindranath', is written over a horizontal line.

**G. Ravindranath**  
Chief Executive Officer

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