

Interest Rate Derivatives Segment

June 16, 2021

Circular No.: MCCIL/CDS/1984/2021

Sub: First day default volatility of Interest Rate Derivatives

SEBI vide circular no. SEBI/DNPD/Cir- 46 /2009 dated August 28, 2009 had inter-alia prescribed that *"During the first time-period on the first day of trading in 10-year Notional Coupon-bearing GoI security futures, the sigma would be equal to 0.8 %."*

As per letter received from SEBI, default volatility that shall be considered for the first day of derivatives trading on a newly issued security in a tenor shall be the historical volatility of FIMMDA marked nodal points for that tenor.

Members are requested to take note of the above.

For clarifications, members may contact Risk Team on 022 – 61129000 (Extension 9071) or send an email at risk@mclear.in

For and on behalf of
Metropolitan Clearing Corporation of India Ltd.

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