



The Clearing Corporation of India Ltd.

RMD/SS/BT/18/03

Dated : 13th Jun'18

Securities Segment

Back Testing Results of the effectiveness of using yield spreads/illiquidity related adjustments during the month of May'18.

In terms of Para 3 of Notification No.RMD/SS/09/13 dated 28th August'09, yield spreads and spreads in terms of Rupees & paise are being used to factor in impact of illiquidity for the purpose of valuation

2. Improvement in terms of bringing model prices of securities closer to weighted average of traded prices could be achieved during May'18 as under:

S.No.	Category	Improvement in no. of cases*
1	Government of India Securities	100.00%
2	Special Securities issued by Government of India	0.00%
3	State Government Securities	89.42%

**Difference of less than Rs. 0.50 ignored.*

3. There were 33 cases of SDLs where due to yield spread and illiquidity related adjustments, the model price moved away from weighted average of traded price by significant margin (Rs.1 or more).

4. In case of Spl Securities, the difference between traded price and adjusted model price was less than Rs 1.00. However, owing to less number of trades during the month (only 4 trades). The effectiveness of the spread was not evident

5. Detailed document is available with us and can be accessed with specific request during current month.

sd/-
Chief Risk Officer
(Risk Management)