

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department: CURRENCY DERIVATIVES SEGMENT

Download Ref No: NCL/CD/48604

Date: June 15, 2021

Circular Ref. No: 018/2021

All Members,

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 and on behalf of
NSE Clearing Limited**

Huzefa Mahuvawala
Vice President

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