

Financial Benchmarks India Private Limited

Press Release

Date: September 28, 2018

Valuation of State Development Loans (SDL)

We invite reference to RBI circular DBR. BP. No 002/21.04.141/2018-19 dated July 27, 2018 on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by banks – Valuation of State Development Loans.

In terms of the said circular, “the securities issued by each state government, i.e. SDLs will be valued in a manner which would objectively reflect their fair value based on observed price/yield. Financial Benchmarks India Pvt. Ltd shall make available prices for valuation of SDLs based on the above principles with effect from September 30, 2018 which should be used for valuation of SDLs from that date”.

Formulation of the new methodology, holding discussion with the market participants to obtain their views and opinions in this regard and the development and testing of an IT application for its use will require some more time. Hence, in consultation with Reserve Bank of India, it has been decided that FBIL will continue to publish the SDL Valuation prices/YTM as per the current methodology for three more months. SDL Valuation prices/YTM based on the new methodology will be published by FBIL with effect from December 31, 2018.

All market participants are advised that FBIL will continue to publish the SDL valuation prices/YTM based on the extant methodology till the new methodology comes into effect on December 31, 2018.
