Headline: NSE IISL launches four new indices to track govt securities	
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NSE's IISL launches four new indices to track Govt securities

Will consider price movement of securities and accrued interest income on daily basis

NEW DELHI: India Index Services & Products Limited (IISL), an NSE group company, on Tuesday launched four new fixed income indices to track government securities (G-Secs). The indices -- Nifty 15 year and above G-Sec index, Nifty Composite G-sec index, Nifty 4-8 year G-Sec index and Nifty 11-15 year G-Sec index-- are aimed at providing benchmarks across government securities tenors.

"These total return indices will consider price movement of securities and accrued interest income on a daily basis. The base date of these indices is January 3, 2011 and base value is 1,000," IISL said in a statement.

The new government securities indices along with existing G-sec indices would cover various maturities on the yield curve. This will make it easy to track the performance of G-sec in various maturity buckets. The asset management companies may use these indices for launching G-Sec ETFs, index funds or as a benchmark for their funds.

The indices will be calculated on an end-of-day basis. These indices are constructed using the prices of top three (in terms of traded value) liquid Government of India bonds with the given residual maturity and having outstanding issuance more than Rs 5,000 crore, the statement noted.

The individual bonds are assigned weights based on the traded value and outstanding issuance in the ratio of 40:60, it added. Meanwhile, to tackle the menace of freak and erroneous trades, the National Stock Exchange (NSE) issued a detailed mechanism for trading members to seek review of annulment of trade.

According to the exchange, only a trading member whose request for the trade annulment is rejected can place the request for a review through an email at 'tarr@nse.co.in.'

Post rejection of the trade annulment request, the TARR (Trade Annulment Review Request) for the cash market segments need to be received by the exchange trade date plus two days.

While the same for Futures and Options, debt and currency derivative segments are trade date plus one day.

Besides, NSE has issued a prescribed format for placing such request. They have been asked to provide trade and order placement details for the trades for which TARR are being placed and the grounds for seeking such review. The exchange said that trade annulment review request or TARR will be referred to its Independent Oversight committee for Trading and Surveillance.

"The payout with respect to both securities and funds as may be applicable relating to the settlement of such trades shall be withheld till such review is completed," NSE said in a circular.

The committee will examine the request and provide its recommendations to the exchange within 30 days of the receipt of the request.

On receipt of the recommendation from the committee, the exchange would convey the decision as soon as possible but not later than two working days. The decision taken would be final and binding on all parties and payout will be released accordingly. It said that exchange will disseminate details of receipt of 'trade annulment review request' and its decision thereon on its website under the daily reports section. Erroneous or freak trades also include trades taking place due to malfunctioning of a trading system, as also the transactions executed due to a punching error by a dealer, which in the market parlance is known as 'fat-finger trades'. Last month, NSE had announced that it has adopted a new policy for annulment of trade. PTI