

CRITERIA FOR SELECTING ELIGIBLE SECURITIES AS COLLATERAL FOR SBL TRANSACTIONS

Eligible securities as collateral for SBL transactions will be determined based on the liquidity and the volatility of the security.

There are three parameters used in the determination of the liquidity and the volatility of the individual securities namely Bid-Ask Spread (Impact Cost), Monthly traded volume as a percentage of public holding and the actual VaR value of the security.

A matrix will be developed taking into consideration these three parameters. Based on the output, the securities will be categorized as eligible and not eligible.

The securities with high liquidity and Low and Medium volatility will be accepted as collateral.

Securities categorization will be revised on a Quarterly basis. The securities accepted as collateral will be marked to market on a daily basis with an additional haircut of 30%.