We Claim:

1. A method for exchanging packets pertaining to an instrument, said method comprising steps of:

retrieving, by a processor, data pertaining to exchange of the packets for the instrument from a databank, wherein the data comprises internal data attributes pertaining to institutions engaged in exchanging the packets for the instrument, and external data attributes;

merging, by the processor, the internal data attributes and the external data attributes to transform into a plurality of variables;

filtering, by the processor, one or more variables among the plurality of variables, to get one or more filtered variables containing information about default;

generating clusters of the filtered variables based on correlation amongst them, and clubbing the filtered variables based on correlation, wherein the correlation between variables in the same cluster is higher as compared to correlation of variables in different cluster;

reducing, by the processor„ dimension of the one or more clusters by transforming the plurality of variables within the one or more clusters into uncorrelated variables, called components;

upon the reduction of the dimensions of the generated clusters, performing, by the processor, a stepwise variable selection by removing highly correlated variables among the components to generate uncorrelated variables or independent variables;

predicting, by the processor, a probability of the occurrence of the event pertaining to the instrument, wherein said predictions are performed based on the uncorrelated variables, wherein the uncorrelated variables are formed before the step of predicting.

2. The method as claimed in claim 1, wherein the external data attributes can be obtained from external governmental and non-governmental sources in a structured and unstructured way.

3. The method as claimed in claim 1, wherein the predicted Probabilities of Default are transformed to variable Distance to Default such that the Default Distribution is normalised across each individual sector of origin.

4. The method as claimed in claim 1, wherein a back-testing process is carried out to verify the predictive capability of and estimation of miss-classifications by the model, by utilising test data.

5. A system for exchanging packets pertaining to an instrument, said system comprising:

a non-transitory storage device having embodied therein one or more routines operable to exchange packets in relation with an instrument; and

one or more processors coupled to the non-transitory storage device and operable to execute the one or more routines, wherein the one or more routines when executed cause the one to more processors to:

retrieve data pertaining to exchange of the packets for the instrument from a databank, wherein the data comprises internal data attributes pertaining to institutions engaged in exchanging the packets for the instrument, and external data attributes,

merge the internal data attributes and the external data attributes to transform into a plurality of variables;

filter one or more variables among the plurality of variables, to get the one or more filtered variables containing information about default;

generate clusters of the filtered variables based on correlation amongst them, and clubbing the filtered variables based on correlation, wherein the correlation between variables in the same cluster is higher as compared to correlation of variables in different cluster;

reduce dimension of the one or more clusters by transforming the plurality of variables within the one or more clusters into uncorrelated variables, called components;

upon the reduction of the dimensions of the generated clusters, perform a stepwise variable selection by removing highly correlated variables among the components to generate uncorrelated variables or independent variables; and

predict a probability of the occurrence of the event pertaining to the instrument, wherein said predictions are performed based on the uncorrelated variables, wherein the uncorrelated variables are formed before the step of predicting.