

DRC 2014-15/08

DISPUTE RESOLUTION COMMITTEE

(17th September, 2014)

- Proceedings of erroneous deal in 08.27% GS 2020
(Reported Deal Section)

**FIXED INCOME MONEY MARKET AND DERIVATIVES
ASSOCIATION OF INDIA**

(Prepared by Kavita Shenoy)

Procedure followed for bilateral reversal of erroneous deal in 08.27% GS 2020 on NDS-OM (Reported Deal Section) dated 17th September, 2014.

The details of the deal and steps followed for reversal are as under:

- Two market participants informed FIMMDA via mail, regarding the captioned erroneous trade and claiming to be the parties to the deal.
- It was reported by the buyer (Primary Dealer), that they have purchased 8.27% GS 2020 for FV of 50 Cr at a price of 98.71. However, inadvertently the deal was settled at Rs. 99.71 instead of 98.71 Rs at 10.10.00hrs.
- Following the above mail, the seller (Foreign Bank) approached FIMMDA agreeing to reverse the deal on a bilateral basis.
- As per our code of Conduct version 8th July, 2014 point no. 15 procedure for reversal of erroneous trades, (e) bilateral reversal is permissible.
- Accordingly, FIMMDA referred the case to RBI for verifying the counterparty details.
- After receiving the confirmation from RBI as to the counterparties, both the parties to the trade were instructed to reverse the deal and report the same on NDS-OM (RD Section).
- The RBI and DRC were informed of the trade and its reversal.