

FIMCIR/2024-25/08

3rd May 2024

All Members / Stakeholders

FIMMDA-Dispute Resolution Committee
Code of Conduct for trades on NDS-OM

On an analysis of recent references made to the FIMMDA Dispute Resolution Committee (DRC), it is observed that:

1. The causative factors are:
 - a. The price band filters are either not setup or not effective.
 - b. Where alerts were generated, the transactions were allowed in a routine manner.
2. There was an increase in references of erroneous trades done by Constituent Subsidiary General Ledger (CSGL) account holders.

In this connection, we wish to bring to notice of all stakeholders, that FIMMDA Code of Conduct for trades on NDS-OM prescribes that:

1. Market participants would use the security features in built in the NDS-OM system and put in place internal robust Risk management system including appropriate price band thresholds.
2. Head of Treasuries should ensure that the necessary procedures are in place to ring fence against erroneous / off market trades being put through in the system without necessary alert to the dealer.

While FIMMDA does not prescribe the ideal filter, such filters need to be meaningful as a key prudent practice to mitigate against possible errors by the

dealing personnel. Thus, it is expected that each Institution would decide on an optimum filter level based on their trading activity and internal risk policies.

In view of the above, Head of Treasuries of all user institutions on NDS-OM are advised:

- a) To ensure that appropriate internal Risk management parameters are setup while dealing on NDS-OM and
- b) To suitably sensitize CSGL account holder teams accessing NDS-OM.

Sd/-

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