

DRC 2015-16/15

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 07.16 GS 2023
on
16th March 2016



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 07.16 GS 2023 on NDS-OM dated 16th March, 2016.

The details of actions taken for settlement are as under:

- On 16th March, 2016 FIMMDA was informed by the buyer (a foreign bank) telephonically and subsequently via mail, that they have bought 07.16 GS 2023 at price of Rs.96.75/7.7563% and Rs.96.73/7.7600% for 10 Cr each at 16:06:33 & 16:06:42 hrs which was out of market.
- The previous traded price/yield of the above security at 16:06:28 hrs was Rs.95.75/7.9456%.The buyer claimed that he wrongly hit the offers at Rs.96.75 & 96.73 for Rs.10 Cr each.
- The matter was referred to DRC members, and the committee members agreed that the deals were erroneous and FIMMDA may seek details of counterparty from RBI.
- As per code of conduct RBI was approached to know the counterparties.
- When RBI disclosed the names of the counterparties, it was noticed that one of the counterparties was an urban co-operative bank and the other a PSU bank (GAH of co-operative bank)
- All the parties were advised to reverse the trades.
- Accordingly, on the next trading day i.e. 17th March 2016 both the deals were reversed and reported on NDS - OM Reporting Deal Section (one for settlement on 17th March 2016 and the other for settlement on 18th March 2016)
- The off-market trades were thus reversed. The loss/gain reserved is Rs.20,00,000/-
- The reversal was informed to RBI and DRC members as per code of conduct.

