

DRC 2016-17/27

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 08.97 GS 2030
on
14th March 2017



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 8.97 GS 2030 on NDS-OM dated 14th March, 2017

The details of actions taken for settlement are as under:

- On 14th March, 2017 FIMMDA was informed of an erroneous deal by the seller (a public sector bank) telephonically and subsequently via mail. The seller sold 8.97 GS 2030 at price of Rs.108.10/7.98.52 for Rs.25 Cr at 15:27:00 hrs which was claimed to be out of market.
- This was the first trade in captioned security. No Subsequent trade took place. FIMMDA valuation model generated price as on 10th Feb, 2017 was Rs.110.67/7.70%. The last traded price of the captioned security as on 7th March, 2017 was Rs.111.74/7.58%. The seller claimed that he wrongly sold the security at the price of Rs.108.10 for Rs.25 Cr instead of at Rs.111.10.
- The matter was referred to DRC members, and the committee members agreed that the deal was erroneous and FIMMDA may seek details of counterparty from RBI.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a life insurance company.
- Both the parties were advised to reverse the trade.
- Accordingly, on 16th Mar, 2017 the trade was reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.75,00,000/-
- The reversal was informed to RBI and DRC members.

FIMMDA

