

DRC 2017-18/04

**DISPUTE RESOLUTION COMMITTEE**

- Proceedings of erroneous deals in 7.59 GS 2026  
on  
13<sup>th</sup> July 2017

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

(Prepared by Rohan Sawant)

**Procedure followed for settlement of two off market trades in 7.59 GS 2026 on NDS-OM dated 13<sup>th</sup> July, 2017**

The details of the dispute/off-market trades and actions taken for settlement are as under:

- On 13<sup>th</sup> July, 2017 FIMMDA was informed of two erroneous deals by a market participant via mail and over phone. Subsequently the seller (a co-operative bank) of one of the erroneous deals informed FIMMDA telephonically and via mail. The seller sold 7.59 GS 2026 at price of Rs.102.37/7.2117 for Rs.10 Cr at 09:01:55 hrs which was claimed to be out of market. In respect of the second trade (which took place at price of Rs.102.32/7.2196 for Rs.10 Cr at 09:02:23 hrs) neither the losing party nor the gaining party approached FIMMDA
- The above were the first two trades in the captioned security.
- Closing price as on 12th July 2017 was Rs.104.86/6.8265. Succeeding trade took place at 09:09:03 hrs for Rs.104.97/6.8095. The seller of first trade claimed that he wrongly sold the security at the price of Rs.102.37 for Rs.10 Cr instead of offering to sell the security 6.97 GS 2026.
- The matter was referred to DRC members, and the committee members agreed that both the deals were erroneous and FIMMDA may seek details of counterparties from RBI.
- As per code of conduct, RBI was approached to know the counterparties.
- RBI disclosed the name of the counterparties of both the trades.
- The buyer for both the trades was a mutual fund and the seller for second trade was a public sector bank.
- All the parties were advised to reverse the trades.
- Accordingly, on the same day 13<sup>th</sup> July, 2017 the trades were reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trades were thus reversed. The loss/gain reversed were Rs.26,00,000 and Rs.26,50,000 respectively.
- The reversal was informed to RBI and DRC members.