

DRC 2017-18/07

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 8.28 GS 2027
on
21st Sep 2017



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 8.28 GS 2027 on NDS-OM dated 21st Sep, 2017

The details of actions taken for resolution and settlement are as under:

- On 21st Sep, 2017 FIMMDA was informed of two erroneous deals by the sellers (a private bank and a foreign bank) telephonically and subsequently via mail. One of the sellers sold 8.28 GS 2027 at price of Rs.107.50/7.2141% for Rs.10 Cr at 12:52:13 hrs and another one sold at price of Rs.107.55/7.2073% for Rs.100 Cr at 12:52:39 hrs which were claimed to be out of market.
- Preceding trade took place at 12:51:50 hrs for Rs.108.50/7.0793%. The sellers claimed that they wrongly sold the security at the price of Rs.107.50 and Rs.107.55 for Rs.10 Cr and Rs.100 instead of at Rs.108.50 & Rs.108.55 respectively.
- 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 counterparty.
- RBI disclosed the name of the counterparty as a financial institute for the private sector bank and a private life insurance company for the foreign bank.
- All the parties were advised to reverse the trade.
- Accordingly, on next day 22nd Sep, 2017 the trades were reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trades ^{were} ~~was~~ thus reversed. The loss/gain reversed were Rs.10,00,000/- and Rs.1,00,00,000/- respectively
- The reversal was informed to RBI and DRC members.

