

DRC 2019-20/05

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 07.95 GS 2032
On
06th June 2019



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

(Prepared by Ramandeep Kaur)



FIMMDA: Dispute Resolution Committee

Procedure followed for settlement of off market trade in 07.95 GS 2032 on NDS-OM dated 06th June 2019

The details of actions taken for settlement are as under:

- On 06th June 2019 FIMMDA was informed of an erroneous deal by the buyer (Co-Operative Bank) via mail. The buyer bought 07.95 GS 2032 at price of Rs.105.25/7.3215% for Rs.25 Cr at 11:49:31 hrs. which was claimed to be out of market.
- Preceding trade took place at 11:47:44 hrs. at price Rs. 106.35/7.1956%. Succeeding trade took place at 11:52:06 hrs. at price Rs. 106.20/7.2127%.
- The matter was referred to 14 DRC members, the quorum being 6. Six members agreed that the deal was erroneous and may be reversed. Two members gave contrary decision.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a Pension Fund.
- Both the parties were advised to reverse the trade.
- As one of the counterparties did not have the underlying stock to reverse the trade, they settled the trade in Cash at mutually agreed price as per DRC Clause.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.23,75,000/-
- The reversal was informed to RBI and DRC members.