**DISPUTE RESOLUTION COMMITTEE**

**DRC 2024-25 / 04**

* Proceedings of erroneous deal in **07.33 GS 2026**

 **P. Das Gupta**

 **Dy. CEO**

# FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION OF INDIA

(Prepared by Mihika Bendarkar)

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**Procedure followed for apparent off market trade in 07.33 GS 2026 on NDS-OM dated 27th May 2024.**

Action taken for settlement of dispute raised is as under:

* On 27th May 2024, FIMMDA was informed by the seller, telephonically and subsequently via mail of an erroneous trade done by them, claiming apparent off market trade and raising a dispute as per DRC norms.
* The deal was done in 07.33 GS 2026 for 55 crores consisting of 4 erroneous trades, the details are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Price** | **Yield (%)** | **Amount (Rs. in crores)** |
| 15:11:59 hrs. | Rs. 100.3850 | 7.1502 % | 10 cr.\* |
| 15:12:00 hrs. | Rs. 100.3850 | 7.1502 % | 10 cr.\* |
| 15:12:00 hrs | Rs. 100.3850 | 7.1502 % | 10 cr.\* |
| 15:12:02 hrs | Rs. 100.3850 | 7.1502 % | 25 cr.\* |

* The previous trade in the security which was at that day’s Market level took place at Rs. 100.6075 / 7.0490% @ 15:11:54 hrs.
* It is pertinent to mention in this context that the immediate previous three trades, to the trades which were reported erroneous as mentioned in Table above, in the security were part of the same deal done (single offer for 100 crs) by the reporting party which are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Price** | **Yield (%)** | **Amount (Rs.in crores)** |
| 15:11:54 | Rs. 100.6600 | 7.0252% | 25 cr. |
| 15:11:54 | Rs. 100.6550 | 7.0274% | 5 cr. |
| 15:11:54 | Rs. 100.6075 | 7.0490% | 15 cr. |

* The subsequent trade in the security took place at Rs. 100.6875 / 7.0127 %.
* FBIL closing valuation as on 24th May 2024 was Rs. 100.6799 / 7.0165%.
* The matter was referred to DRC. Eight of the sixteen DRC members adjudged that the trades (\*) are not eligible for reversal and should not be referred to RBI. While the remaining eight members adjudged that the trades are erroneous and should be reversed. Thus, no majority decision was arrived from the responses either for or against the reversal of the trades.
* Thus, an instant meeting of the DRC was convened to take a holistic view of the dispute. During discussions after the circumstances under which the trades were considered off market were explained, 14 out of 14 members of the DRC who attended the meeting opined that the trade is erroneous and should be considered for reversal.
* Two members who could not participate at the call confirmed through email their decision of the trade not being eligible for reversal and eligible for reversal respectively.
* As per DRC decision, the trade was considered for reversal and accordingly hence the matter was conveyed to RBI.
* After seeking the necessary counterparty details, the deal was reversed on 30th May 2024. FBIL was kept informed of the developments.
* The decision was informed to DRC Members and the Claimant.
* The loss reversed is 12,23,750 /-

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