DRC 2023-24/03

**DISPUTE RESOLUTION COMMITTEE**

* Proceedings of erroneous deals in **06.19 GS 2034**

**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 settlement of off market trade in 06.19 GS 2034 on NDS-OM dated 9th August 2023.

The details of actions taken for settlement are as under:

* On 9th August 2023 FIMMDA was informed by the Buyer (Private Company - client of a Private Bank) telephonically and subsequently via mail of 1 erroneous trade done by them, claiming apparent off market trade and raising a dispute as per DRC norms. The Buyer bought 06.19 GS 2034 (Security) at 12:54:28 hrs. for Rs.  92.50 / 7.1806% for Rs. 5 cr.
* Disputed trade was the 1st trade in the Captioned Security. There was no other trade in the security. FBIL valuation as on 8th August 2023 (Previous working day) was Rs.92.0041/7.2496%
* The matter was referred to 16 DRC members, the quorum being 6. 14/15 members of the DRC had held that the referred trade was not eligible for reversal. The decision was informed to the buyer.
* However, FIMMDA received a request for re-consideration from the buyer. Accordingly, a meeting of the members of the DRC committee was held on 14th August 2023.
* The meeting commenced with opening remarks from Dy CEO FIMMDA explaining the rationale of formation of DRC, the code of Conduct devised which need to be adhered to by all market participants and that CSGL account holder’s asper RBI Circular dated 6th December 2012 also have to follow the code of Conduct.

Representative of the constituent of the Private Bank (the buyer) then explained to the DRC members his view point of considering the trade as erroneous and the need to review decision.

* On a query from one of the DRC members, the representative clarified that bids/offers are being directly placed by the Private Company in NDS OM and not through Federal Bank Ltd.
* After receiving necessary clarification, the representative logged off for DRC Members to deliberate internally.
* The DRC Members deliberated extensively and taking a holistic view majority of the DRC members (9 out of 10) present at the meeting adjudged that the trade is not eligible for reversal. There was only one view to the contrary. Two members who could not participate at the call confirmed through email their decision of the trade not being eligible for reversal. Thus the total number of DRC members adjudging that the trade is not eligible for reversal was 11 .
* The CGSL account holder was then asked to log in to the meeting and was conveyed the decision of the DRC that the trade was not to be considered for reversal.

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