DRC 2023-24/05

**DISPUTE RESOLUTION COMMITTEE**

* Proceedings of erroneous deals in 07.30 GS 2053

 **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 07.30 GS 2053 on NDS-OM dated 14th August 2023.

The details of actions taken for settlement are as under:

* On 14th August 2023 FIMMDA was informed by the Buyer (Insurance Company) (Constituent of Foreign Bank) telephonically and subsequently via mail of 2 erroneous trades done by them, claiming apparent off market trades and raising a dispute as per DRC norms. The Buyer had placed a bid for 75 crore of 07.30 GS 2053 (Security). As there was a standing offer for Rs 25.00 cr at Rs.  99.40 / 7.3487% for Rs. 25 crores the bid got partially executed at 9:37:15 hrs and another trade for Rs. 25 crores at 09:37:32 for Rs. 99.81/7.3146% got executed out of the same bid. The Balance bid of Rs 25.00 crore was cancelled by the buyer.
* Disputed trades were the ~~f~~irst and second trades of the day trades in the Captioned Security. Subsequent trades (4) took place at Rs. 98.95/7.3864% between 13:12:04 hours and 13:55:49 hours. Both the trades were a part of a single bid.
* FBIL valuation as on 11th August 2023 (Previous working day) was Rs.99.0004/7.3822%
* The matter was referred to 16 DRC members, the quorum being 6. 13/16 members of the DRC had held that deal done at 09:37:32 hrs for Rs. 99.8100/7.3146% shall only be considered for reversal as the first deal would not be eligible for reversal as per the criteria given in the DRC Code of Conduct
* Only One (1) DRC member communicated that both the deals are as eligible for reversal.
* Based on the majority members’ decision, as per DRC rules, RBI was approached to know details of the counterparty.
* RBI disclosed the name of the counterparty as a Mutual Fund Company on 22nd August 2023.
* The counterparties (Insurance Company and Mutual Fund) were advised to reverse the trade.
* Accordingly, on 22nd August 2023, the trade was reversed on NDS OM reported section.
* The off-market trade was thus reversed. The loss/gain reversed is Rs. 2024000
* The reversal was informed to RBI and the DRC members.

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