

DRC 2016-17/28

**DISPUTE RESOLUTION COMMITTEE**

- Proceedings of erroneous deal in 08.20 GS 2025  
on  
27<sup>th</sup> March 2017



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

(Prepared by Rohan Sawant)

Procedure followed for resolving dispute in respect of trade in 8.20 GS 2025 on NDS-OM Odd Lot dated 27<sup>th</sup> March, 2017

The details of actions taken for resolution of the dispute are as under:

- On 27<sup>th</sup> March, 2017 FIMMDA was informed of an erroneous deal by the seller (a urban bank) telephonically and subsequently via mail. The seller sold 8.20 GS 2025 at price of Rs.102.45/7.7995 for Rs.1 Cr at 09:59:05 hrs which was claimed to be out of market.
- This was the first trade in captioned security in odd lot section. No Subsequent trade took place. Last traded price as on 24<sup>th</sup> March 2017 was 105.85/7.2646 in regular market. Same security was traded on NDS OM section on 27<sup>th</sup> Mar, 2017 at Rs.106.00/7.2410 at 11:13:00 hrs. The seller claimed that he wrongly sold the security at the price of Rs.102.45 for Rs.1 Cr instead of at Rs.106.45.
- The matter was referred to DRC members, and the committee members agreed that the deal was erroneous and FIMMDA may seek details of counterparty from RBI even though the deal amount was Rs.1 Cr for following reason
  1. As protection should be given to all users irrespective of the size of the trade.
  2. While it is fair to expect to get a premium for odd lots, the premium(Rs.4) in this case was too high to be kept outside the preview of DRC
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a life financial institute.
- Both the parties were advised to reverse the trade.
- Accordingly, on next day 29<sup>th</sup> Mar, 2017 the trade was reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.3,55,000/-
- The reversal was informed to RBI and DRC members.

