

DRC 2016-17/07

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 08.08 MH SDL 2026
on
7th July 2016

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

(Prepared by Rohan Sawant)





FIMMDA: Dispute Resolution Committee

Procedure followed for settlement of off market trade in 08.08 MH SDL 2026 on NDS-OM dated 7th July, 2016.

The details of actions taken for settlement are as under:

- On 7th July, 2016 FIMMDA was informed of an erroneous trade by the buyer (a financial institute) and subsequently by the seller (a private bank) telephonically and subsequently via mail. The buyer bought 8.08 MH SDL 2026 at price of Rs.108.08/6.9399% for Rs.50 Cr at 10:38:35 hrs which was out of market.
- The above was the first trade in the captioned security. The last traded price in same security as on 5th July was Rs.101.10/7.9168%. The buyer claimed that he wrongly bought the security at the price Rs.108.08 for Rs.50 Cr instead of Rs.101.08
- The buyer and seller had approached FIMMDA reporting the erroneous deal, time and transaction number of the erroneous trade were matched.
- As per Code of Conduct (DRC) point 15. (e), RBI was informed about the erroneous deal. RBI executive suggested that we may approach DRC, take their consent & advise counterparties to reverse the trade and inform RBI. We agreed to follow the suggestion and informed that the necessary amendment in DRC 15(e) will be got done through the members of DRC.
- The matter was referred to DRC members, and the committee members agreed that the deal was erroneous and may be reversed.
- Both the parties were advised to reverse the trade.
- Accordingly, on same day 7th July 2016 the trade was reversed and reported on NDS - OM Reporting Deal Section by 2 p.m.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.35,000,000/-
- The reversal was informed to RBI and DRC members.

- An amendment in DRC 15.e was moved to the members as under :

Present Code of Conduct	Amendment required to be made in Code of Conduct
<p>Para 15.e. Bilateral reversal: Sometimes, both the buyer and seller of an erroneous trade might be reporting to FIMMDA and may seek/agree to reverse the trade voluntarily. In such cases, FIMMDA will prima facie verify the details of the trade like trade no, time etc. and if satisfied, may approach RBI directly for revealing the counter party names and if the details match with the counter parties details, may allow them to reverse the trade. DRC members and RBI will be kept informed of the trade and its reversal</p>	<p>e. Bilateral reversal: Sometimes, both the buyer and seller of an erroneous trade might be reporting to FIMMDA and may seek/agree to reverse the trade voluntarily. In such cases, FIMMDA will prima facie verify the details of the trade like trade no, time etc. and if satisfied will send mail to DRC members and with consent of DRC Members (with quorum) may advise both the counterparties to reverse the trade. DRC members and RBI will be kept informed of the trade and its reversal.</p>

- It was approved by majority of DRC members.