

DRC 2016-17/12

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 07.72 GS 2025
on
14th September 2016



A handwritten signature in blue ink, appearing to be "Rohan Sawant".

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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 07.72 GS 2025 on NDS-OM dated 14th September, 2016.

The details of actions taken for settlement are as under:

- On 14th September, 2016 FIMMDA was informed by the seller (a foreign bank) telephonically and subsequently via mail, that they have sold 7.72 GS 2025 at price of Rs.102.95/7.2540% for Rs.100 Cr at 09:03:15 hrs which was out of market.
- The first trade took place at 09:03:03 at Rs.102.89/7.2633% which was also identified as an erroneous trade. The above was the second trade in the captioned security. Subsequent trade took place at 9:03:39 hrs for Rs.103.26/7.2063% and then at 09:11:42 hrs for Rs.103.65. The last traded price as on 12th Sep, 2016 was Rs.103.7525/7.1311%. The seller claimed that he wrongly sold the security at the price Rs.102.95 for Rs.100 Cr instead of Rs.103.95.
- 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.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a mutual fund institution.
- Both the parties were advised to reverse the trade.
- However, the buyer (a mutual fund intuition) were not ready to reverse the deal.
- To resolve the dispute a Con-Call was arranged between the DRC members and both the counterparties.
- After the discussion on Con-Call, the buyer agreed to reverse the deal.
- Accordingly, on 16th September, 2016 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.80 lakhs/-
- The reversal was informed to RBI and DRC members.