

DRC 2014-15/10

DISPUTE RESOLUTION COMMITTEE

(07th January, 2015)

- Resolution of erroneous deals in 08.12 GS 2020

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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trades in 08.12% GS 2020 on NDS-OM dated 7th January, 2015.

The details of the deals and steps followed for settlement are as under:

- On 7th January, 2015 FIMMDA was informed by one counterparty telephonically and subsequently via mail, that they have hit bid wrongly at prices Rs.99.71 (8.1805%) for Rs. 5 Cr and Rs. 99.5 (8.2260%) for Rs. 20 Cr at 09:06:58 - 09:07:06.
- FIMMDA noticed that previous day's closing price of the same security was Rs. 100.21 (8.07%)
- The matter was referred to DRC members, and the committee members agreed that the deals were erroneous and must seek details of counterparties from RBI.
- One of the buyers (foreign bank) contacted FIMMDA via mail that they have bought the same security at Rs. 99.50 for 15Cr.
- After receiving the confirmation from RBI regarding counterparty names, FIMMDA approached the parties. The parties involved were; a public sector bank (Seller), and three different parties who bought the security were - two foreign banks and one private sector bank.
- All parties were advised to reverse the deals as early as possible. One of the buyers (Foreign Bank) reversed the trade of Rs.15 and reported the same on NDS-OM (Reported Deals section) at the same price on same day.
- The private sector bank had already sold the stock and didn't have the stock in HFT portfolio, they agreed to buy the stock 8.12 GS 2020 at Rs.100.20 price (the price at which they sold the stock) and later it would sell the same stock at erroneous price of 99.71(yesterday deal rate) to the counterparty through NDS-OM REPORTING platform.
- Accordingly, next day remaining two trades were reversed and the dispute got resolved
- The same was informed to RBI and DRC.