

DRC 2019-20/10

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 07.57 GS 2033
On
12th July 2019



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

(Prepared by Ramandeep Kaur)

Procedure followed for settlement of off market trade in 07.57 GS 2033 on NDS-OM dated 12th July 2019

The details of actions taken for settlement are as under:

- On 12th July 2019 FIMMDA was informed of erroneous deal by the buyer (Mutual Fund Institution) via mail. The buyer bought 07.57 GS 2033 at Rs. 108.47/6.6281%, 108.50/6.6249%, 108.71/6.6029%, 108.71/6.6029% for total Rs.100 Cr which was claimed to be out of market.
- Preceding trade took place at price Rs. 107.66/6.7137%. Succeeding trade took place at price Rs. 107.70/6.7095%
- The matter was referred to 14 DRC members, the quorum being 6. Nine members agreed that the deal was erroneous and may be reversed. Nobody gave contrary decision.
- Since one of the counterparties is from Dispute Resolution Committee (i.e. a PD), they reversed the following trades before reference to RBI:
 - i. Rs. 80 crores at 14:36:02 hr. for price Rs. 108.71/6.6029%
 - ii. Rs. 5 crores at 14:36:01 hr. for price Rs. 108.71/6.6029%
- As per code of conduct, RBI was approached to know the counterparty details of the remaining trades.
- RBI disclosed the name of the counterparties as a Private Bank and Mutual Fund Institution.
- All the parties were advised to reverse the trade.
- Accordingly, on 17th July 2019, the trade for Rs. 10 Crore was reversed and on 18th July trade for Rs. 5 Crore was reversed.
- The loss/gain reversed is Rs. 1,00,00,000/-
- The reversal was informed to RBI and DRC members.