

DRC 2018-19/08

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 6.84 GS 2022
on
16th Jul 2018



A handwritten signature in blue ink, appearing to be "Ramandeep Kaur".

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

(Prepared by Ramandeep Kaur)

Procedure followed for settlement of off market trades in 06.84 GS 2022 on NDS-OM dated 16th Jul 2018

The details of actions taken for settlement are as under:

- On 16th Jul, 2018 FIMMDA was informed of erroneous deals by the sellers (Public Sector Bank) telephonically and subsequently via mail. The sellers sold 06.84 GS 2022 at 09:01:14 and 09:01:30 hrs. both for price Rs.95.40/8.0958 for Rs.5Cr and Rs.10Cr with total of Rs.15 Cr which was claimed to be out of market.
- Succeeding trade took place at 09:10:33 for Rs.96.20/7.8715. Both the sellers claimed that they wrongly sold the security at the price of 95.40 for Rs.10 Cr instead of at Rs.96.40.
- The matter was referred to 14 DRC members, the quorum being 6. Eight members agreed that the deal was erroneous and may be reversed. Nobody gave contrary decision.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparties as a public sector bank and Mutual Fund Company.
- All the parties were advised to reverse the trade.
- Accordingly, on the same day Trade Rs 10 Cr. was reversed and on the next day i.e. 17th July 2018 the trade of Rs 5 Cr. was reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trade was thus reversed. The loss/gain reversed is Rs1500000
- The reversal was informed to RBI and DRC members.

