

DRC 2018-19/06

**DISPUTE RESOLUTION COMMITTEE**

- Proceedings of erroneous deal in 7.59 GS 2029  
On  
17<sup>th</sup> May 2018



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

(Prepared by Ramandeep Kaur)

**Procedure followed for settlement of off market trades in 7.59 GS 2029 on NDS-OM dated 17<sup>th</sup> May 2018**

The details of actions taken for settlement are as under:

- On 17<sup>th</sup> May, 2018 FIMMDA identified an erroneous deal done in the captioned security at price of Rs.96.90/8.0212% for Rs.10 Cr at 16:29:00 hrs which was apparently out of market.
- Last Traded yield as on 11 May 2018 was at a price of Rs.97.10/7.9925%.
- Proxy yield for the security (since it was not traded) on the previous day was 8.1686%/95.8738.
- Comparative price movement in the neighboring securities on 2028 and 2030-2031 are indicated below:

	07.17 GS 2028			07.59 GS 2029			07.88 GS 2030			06.68 GS 2031		
11-May-18	7.7267	96.2475	T	7.9925	97.1	T	7.9769	99.25	T	7.9483	89.67	T
14-May-18	7.826	95.6	T	8.0918	96.4057	P	8.0794	98.4812	P	8.0508	88.9	T
15-May-18	7.9038	95.0975	T	8.1696	95.8664	P	8.1495	97.9603	P	8.1209	88.38	T
16-May-18	7.9028	95.105	T	8.1686	95.8738	P	8.0769	98.5	T	8.1116	88.45	T
17-May-18	7.8805	95.25	T	8.1504	96	T	8.0602	98.6247	P	8.0949	88.575	T

- The matter was referred to 14 DRC members, the quorum being 6. Six members agreed that the deal was erroneous and may be reversed.
- As per code of conduct, RBI was approached to know both the counterparties.
- RBI disclosed the name of the counterparties as an Insurance Company (buyer) and a Foreign Bank (seller).
- Both the parties were advised to reverse the trade.
- Accordingly, on 22<sup>nd</sup> May 2018, 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.90,000/-
- The reversal was informed to RBI and DRC members.