

DRC 2018-19/07

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in **6.79 GS 2027**
on
25th May 2018

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

(Prepared by Ramandeep Kaur)

Procedure followed for settlement of off market trades in 06.79 GS 2028 on NDS-OM dated 25th May 2018

The details of actions taken for settlement are as under:

- On 25th May, 2018 FIMMDA was informed of erroneous deals by the buyers (Financial Institutions) telephonically and subsequently via mail. The buyers bought 06.79 GS 2027 at 15:32:49, 15:32:54, 15:33:29, and 15:33:36 hrs. for price Rs.93:83/7.7572, Rs.93:83/7.7572, Rs.93.85/7.7540, 93.80/7.7621 for Rs.5Cr, Rs.5Cr, Rs.10Cr, and Rs.5Cr with total of Rs.25 Cr which was claimed to be out of market.
- Preceding trade took place at 15:08:10 hrs for Rs.93.00/7.8935. Succeeding trade took place at 16:40:23 for Rs.93.05/7.8853. One of the buyer claimed that he wrongly bought the security at the price of 93.85 for Rs.10 Cr instead of at Rs.92.85. Another buyer claimed that he wrongly bought the security at the price of Rs.93.83 and Rs.93.80 for Rs.10 Cr and Rs.5 Cr instead of at Rs.92.83.
- The matter was referred to 14 DRC members, the quorum being 6. Seven members agreed that the deal was erroneous and may be reversed. One member 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 private sector bank.
- All the parties were advised to reverse the trade.
- Accordingly, on 01st June 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.4,15,000 and Rs.4,25,000
- The reversal was informed to RBI and DRC members.