

DRC 2014-15/03

DISPUTE RESOLUTION COMMITTEE

(24th June, 2014)

- Discussion on Inversion error in 08.27% GS 2020 (When-Issued)

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

(Minutes prepared by Kavita Shenoy)

Discussion on an erroneous deal in 08.27% GS 2020 done on NDS - OM (When-Issued Segment)

FIMMDA observed an erroneous offer in when issued segment in 08.27 GS 2020 (WR) offering the security at Rs. 8.48 at an yield of 104.2283 for Rs.5 Crore.

The details of the deal and actions taken are as follows:

- We were asked by market participants to take up appropriate action in order to prevent Big - Figure Mistakes.
- Accordingly, we requested RBI via mail to identify the offerer and alert them.
- Before we could receive a response, it was noticed that the offer was taken at the price of Rs.8.4800 and yield of 104.2283 for Rs.25 Crore at 13:42:29 hrs.
- The case was referred to the DRC, and the committee members agreed that it was an erroneous deal and approved to seek details of the counterparties from RBI.
- FIMMDA approached RBI to find out the counterparty name as the deal was a prima facie inversion of yield & price.
- FIMMDA was informed by RBI that the counterparties involved were both Foreign Banks.
- After receiving the counterparty names from RBI, the parties involved were informed that since, the deal is in When Issued Category the reversal cannot be through NDS-OM normal reporting platform. So the two counterparties may mutually decide Modus operandi for reversal.
- The deal was reversed through the (When-Issued) segment at 15:52:42 hrs. at the same price and yield.
- Subsequently, the same was informed to RBI and DRC.