

DRC 2015-16/10

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in **08.15 GS 2026**
on
16th December 2015

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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market NDS-OM trade in 08.15 GS 2026 on 16th December, 2015.

The details of actions taken for settlement are as under:

- On 16th Dec, 2015 FIMMDA was informed by two buyers (a private sector bank and a public sector bank) telephonically and subsequently via mail, that they have bought 08.15 GS 2026 at price of Rs.101.88/7.889% and Rs.101.85/7.8931% for Rs.50 Cr and Rs.45 Cr respectively which was out of market.
- The first traded price/yield of the above security as on 16th Dec, 2015 was Rs.101.09/7.9974%. The last traded price/yield of the security as on 15th Dec 2015 was Rs.100.95/8.0168%. The buyers claimed that they wrongly put bids to buy the above G-Sec for Rs.50 Cr at Rs.101.88 instead of Rs.100.88 and Rs.45 Cr at Rs.101.85 instead of Rs.100.85, which were given.
- The matter was referred to DRC members, and the committee members agreed that the deal was erroneous and FIMMDA may seek details of counterparty from RBI.
- As per code of conduct RBI was approached to find out the counterparty name.
- When RBI disclosed the names of the counterparty, it was noticed that the counter parties were two public sector banks and a private life insurance company.
- As soon as the counterparty details were revealed, all the parties were advised to reverse the trades.
- Accordingly, on the same trading day the deals were reversed and reported on NDS – OM Reported Deal Section.
- The off-market trades were thus reversed. The loss/gain reversed on Rs.50 Cr trade is Rs.49,07,734/- and Rs.45 Cr trade is Rs.44,18,262/-
- The reversal was informed to RBI and DRC members as per code of conduct.