

DRC 2015-16/09

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in **07.80 GS 2021**
on
7th 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 07.80 GS 2021 on 7th December, 2015.

The details of actions taken for settlement are as under:

- On 7th Dec, 2015 FIMMDA was informed by the seller (a public sector bank) telephonically and subsequently via mail, that they have sold 07.80 GS 2021 at price of 94.9300/9.0122% for Rs.10 Cr at 10:59:38 & 10:59:48 hrs which was out of market.
- The above was the first trade in that security on 7th Dec 2015. The last traded price/yield of the above security as on 3rd Dec was Rs.99.90/7.8196%. The seller claimed that he wrongly put an offer to sell the above G-Sec for Rs.10 Cr at Rs.94.9300 instead of Rs.99.9300, which was taken.
- 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 party was a financial institution.
- As soon as the counterparty details were revealed, both the parties were advised to reverse the trade.
- Accordingly, on the same trading day the deal was reversed and reported on NDS - OM Reported Deal Section.
- The off-market trade was thus reversed. The loss/gain reversed on Rs.10 Cr trade is Rs.50,00,000/-
- The reversal was informed to RBI and DRC members as per code of conduct.