

DRC 2016-17/18

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 09.20 GS 2030
on
1st December 2016



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

(Prepared by Rohan Sawant)



FIMMDA: Dispute Resolution Committee

Procedure followed for resolution of dispute regarding trade in 09.20 GS 2030 on NDS-OM dated 1st December, 2016.

The details of actions taken for settlement are as under:

- On 1st December, 2016 FIMMDA was informed by the buyer (a private bank company) telephonically and subsequently via mail, that they have bought 9.20 GS 2030 at price of Rs.122.75/6.54 for of Rs.5 Cr at 11:19:42 hrs which was out of market.
- Subsequent trade took place at 13:53:17 hrs for Rs.122.45/6.6850% and preceding trade took place at 11:05:32 hrs for Rs.122.20/6.7094%. The buyer claimed that he wrongly bought the security at the price Rs.122.75 for Rs.5 Crs instead of at Rs. 121.75.
- The matter was referred to DRC members, and the committee members disagreed that the deal was erroneous.
- The DRC members stated that looking at current market volatility and excessive sideways movement and trades that took place afterwards, this trade may not be treated as erroneous trade.
- The buyer (a private bank) was informed to consider the above trade as normal trade & not fit for reversal.