

DRC 2016-17/19

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 08.15 GJ SDL 2025NOV
on
7th December 2016



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

(Prepared by Rohan Sawant)



FIMMDA: Dispute Resolution Committee

Procedure followed for settlement of off market trade in 08.15 GJ SDL 2025NOV on NDS-OM dated 7th December, 2016.

The details of actions taken for settlement are as under:

- On 7th December, 2016 FIMMDA was informed of an erroneous deal by the seller (a financial institute) and the buyer (a primary dealer) telephonically and subsequently via mail. The seller sold 8.15 GJ SDL 2025NOV at price of Rs.101.1925/7.9606 for Rs.25 Cr at 11:55:32 hrs which was claimed to be out of market.
- The above was the first trade in the security. Subsequent trade didn't take place till reporting. FIMMDA valuation price as of 6th Dec 2016 was Rs.110.7874/6.5406%. Last traded price as of 29th Nov 2016 was Rs.109.11/6.78%. The seller claimed that he wrongly sold the security at the price of Rs.101.1925 for Rs.25 Cr instead of at Rs.109.1925.
- The buyer also agreed in his mail to FIMMDA that it was an erroneous deal. The time and transaction number of the erroneous trade reported by seller and buyer were matched.
- The matter was referred to DRC members, and the committee members agreed that the deal was erroneous and may be reversed.
- As per Code of Conduct (DRC) point 15. (e), since buyer and seller approached FIMMDA and DRC members agreed that the deal was erroneous and to be reversed, both the parties were advised to reverse the trade.
- Accordingly, on same day 7th Dec, 2016 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.2,00,00,000/-
- The reversal was informed to RBI and DRC members.

