

DRC 2016-17/25

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 7.95 GS 2032
on
8th February 2017



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 7.95 GS 2032 on NDS-OM dated 8th February, 2017

The details of actions taken for settlement are as under:

- On 8th February, 2017 FIMMDA was informed of an erroneous deal by the seller (a co-operative bank) telephonically and subsequently via mail. The seller sold 7.95 GS 2032 at price of Rs.102.9025/7.6274 for Rs.5 Cr at 14:28:05 hrs which was claimed to be out of market.
- The first trade in captioned security took place at 14:27:48 hrs for Rs.108.50/7.0413%. No Subsequent trade took place. FIMMDA valuation model generated price as on 7th Feb, 2017 was Rs.107.98/7.0937%. The seller claimed that he wrongly sold the security at the price of Rs.102.9025 for Rs.5 Cr instead of at Rs.112.9025.
- 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 know the counterparty.
- RBI disclosed the name of the counterparty as a private insurance company.
- Both the parties were advised to reverse the trade.
- Accordingly, on next day 9th Feb, 2017 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.27,98,750/-
- The reversal was informed to RBI and DRC members.

