

DRC 2017-18/01

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 7.06 GS 2046
On
7th June 2017



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

(Prepared by Ramandeep Kaur)

Procedure followed for resolving dispute in respect of trade in 7.06 GS 2046 on NDS-OM dated 7th June, 2017

The details of actions taken for resolution of the dispute are as under:

- On 7th June, 2017 FIMMDA was informed of an erroneous deal by the seller (a mutual fund institution) telephonically and subsequently via mail. The participant informed that the 7.06 GS 2046 security is dealt at price of Rs.96.90/7.3170 for Rs.5 Cr at 14:40:14 hrs which was claimed to be out of market.
- Monetary Policy was announced on 7th June 2017 at 14:30 hours and post policy fluctuations were observed.
- Preceding trade took place at 14:35:24 hrs for Rs.97.90/7.2323. Succeeding trade took place at 14:48:45 at 97.40/7.2745. The seller claimed that he wrongly sold the security at the price of Rs. 96.90 for Rs.5 Cr instead of at Rs.97.90.
- 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 another Mutual Fund institution.
- Both the parties were advised to reverse the trade.
- Accordingly, on 9th June, 2017 the trade was reversed and reported on NDS - OM Reporting Deal Section.
- The Mutual Fund which raised the dispute reported lowering of internal filter from Rs. 1 to Rs. 0.5 to avoid future trade errors.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.5,00,000 /-
- The reversal was informed to RBI and DRC members.



DRC 2017-18/02

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 6.79 GS 2027 (WR)
On
7th June 2017



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

(Prepared by Ramandeep Kaur)

Procedure followed for resolving dispute in respect of trade in 6.79 GS 2027 (WR) on NDS-OM (When Issued Segment) dated 7th June, 2017

The details of actions taken for resolution of the dispute are as under:

- On 7th June, 2017 FIMMDA was informed of an erroneous deal by the seller (a private bank) telephonically and subsequently via mail. The participant informed that the 6.79 GS 2027 security was dealt at price of Rs.100.55/6.7122 for Rs.10 Cr at 15:10:44 hrs which was claimed to be out of market.
- This is the last trade in the captioned security. Preceding trade took place at 12:17:27 hrs for Rs.101.14/6.6304. The seller claimed that he wrongly sold the security at the price of Rs. 100.55 for Rs.10 Cr instead of at Rs.101.55.
- Monetary Policy was announced on 7th June 2017 at 14:30 hours and post policy fluctuations were observed.
- 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, though the difference between the disputed price and last traded price of the security was Rs. 0.59.
- Prior to Monetary Policy, When Issued Segment and Regular Market were trading at similar Level. Post Monetary policy there were no trades in When Issued segment. At 15:10:00 hour regular market was at Rs 101.50 level. This level was considered by the DRC members in deciding the disputed trade as off market or otherwise.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a Public Sector Bank.
- Both the parties were advised to reverse the trade.
- Accordingly, on 9th June, 2017 the trade was reversed and reported on When Issued Segment
- The off-market trade was thus reversed. The loss/gain reversed is Rs.10,00,000 /-
- The reversal was informed to RBI and DRC members.



DRC 2017-18/03

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 8.13 GS 2045
on
14th June 2017



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 8.13 GS 2045 on NDS-OM dated 14th June, 2017

The details of actions taken for settlement are as under:

- On 14th June, 2017 FIMMDA was informed of an erroneous deal by the seller (a primary dealer) telephonically and subsequently via mail. The seller sold 8.13 GS 2045 at price of Rs.110.89/7.2187 for Rs.10 Cr at 14:11:57 hrs which was claimed to be out of market.
- Preceding trade took place at 14:09:52 hrs for Rs.111.75/7.1530%. Succeeding trade took place at 14:21:02 hrs for Rs.111.79/7.1499%. The seller claimed that he wrongly sold the security at the price of Rs.110.89 for Rs.10 Cr instead of at Rs.111.89.
- 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 life insurance company.
- Both the parties were advised to reverse the trade.
- Accordingly, on next day 15th June, 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.10,00,000/-
- The reversal was informed to RBI and DRC members.

