

DRC 2018-19/03

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 364 DTB 07032019
on
13th April 2018



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 364 DTB 07032019 on NDS-OM dated 13th April 2018

The details of actions taken for settlement are as under:

- On 13th April, 2018 FIMMDA was informed of an erroneous deal by the seller (life insurance company) telephonically and subsequently via mail. The seller sold 364 DTB 07032019 at yield of Rs.7.38/93.8340 for Rs.10 Cr at 09:10:05 hrs which was claimed to be out of market.
- Disputed trade is the first trade in captioned security. Succeeding trade took place at 10:23:26 hrs for Rs.94.5767/6.4400. Last Traded yield as on 12 Apr 2018 was 6.42/Rs.94.5455. The seller claimed that he wrongly sold the security at the yield of 7.38 for Rs.10 Cr instead of at 6.38.
- The matter was referred to 14 DRC members, the quorum being 6. Six members agreed that the deal was erroneous and may be reversed. Nobody gave contrary decision.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed the name of the counterparty as a mutual fund institute.
- Both the parties were advised to reverse the trade.
- Accordingly, on same day 13th April 2018, 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.7,42,700/-
- The reversal was informed to RBI and DRC members.