

DRC 2018-19/04

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 08.05 GJ SDL 2028
on
20th April 2018



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

(Prepared by Rohan Sawant)

Procedure followed for settlement of off market trade in 08.05 GJ SDL 2028 on NDS-OM dated 20th April 2018

The details of actions taken for settlement are as under:

- On 20th April, 2018 FIMMDA was informed of an erroneous deal by the seller (life insurance company) telephonically and subsequently via mail. The seller sold 08.05 GJ SDL 2028 at price of Rs.8.23/96.0453 for Rs.25 Cr at 10:14:40 hrs which was claimed to be out of market.
- Disputed trade is the first trade in captioned security. No other trade took place in the entire day. The seller claimed that he wrongly sold the security at the price of Rs.8.23 for Rs.25 Cr as it was entered as price instead of yield.
- 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 public sector bank- EPFO.
- Both the parties were advised to reverse the trade.
- Accordingly, on same day 20th 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.22,81,75,000/-
- The reversal was informed to RBI and DRC members.