

DRC 2019-20/14

DISPUTE RESOLUTION COMMITTEE

- Proceedings of erroneous deal in 07.57 GS 2033
On
05th Dec 2019



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

(Prepared by Ramandeep Kaur)

Procedure followed for settlement of off market trade in 07.57 GS 2033 on NDS-OM dated 05th Dec 2019

The details of actions taken for settlement are as under:

- On 05th Dec 2019 FIMMDA was informed of erroneous deal by the seller (Foreign Bank and the buyer (a Mutual Fund) of Rs.25 Cr. deal telephonically and subsequently via mail. The seller sold 07.57 GS 2033 at Rs. 104.05/7.0989% for total Rs.30Cr which was claimed to be out of market.
- The above was the first two trades in the security. Subsequent trade took place at 09:14:28 hrs for Rs.10505/6.9865. Last traded price as of 04th Dec 2019 was Rs. 105.06/6.9854%. The seller claimed that he wrongly sold the security at the price of Rs.104.05 for total of Rs 30 Cr.
- The matter was referred to 14 DRC members, the quorum being 6. Eleven members agreed that the deal was erroneous and may be reversed. Nobody gave contrary decision. So, a reference was made to RBI. Subsequently, the buyer of Rs. 25 Cr. deal reported to FIMMDA about the erroneous deal
- The buyer of the first trade of Rs.25 Cr. 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.
- As per code of conduct, RBI was approached to know the counterparty details of the trades. After the counterpart of the first trade reached out to FIMMDA, we sent a mail to RBI and sent details of the second trade.
- RBI disclosed the name of the counterparty as a Foreign Bank.
- All the parties were advised to reverse the trade.
- Accordingly, on the same day, the trade for Rs. 25 Crore was reversed and on 06th Dec 2019 trade for Rs. 5 Crore was reversed.
- The loss/gain reversed is Rs. 25,00,000/-
- The reversal was informed to RBI and DRC members.

