DRC 2020-21/06

**DISPUTE RESOLUTION COMMITTEE**

 Proceedings of erroneous deal in 8.21 TN SDL 2025

 on

 15th June 2020 and

 17th June 2020

 **Approved**

 **D.V.S.S.V.Prasad**

 **CEO**

# FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION OF INDIA

(Prepared by Ramandeep Kaur)

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# Procedure followed for settlement of off market trades in 8.21 TN SDL 2025 on NDS-OM dated 15th Jun 2020 and 17th Jun 2020

The details of actions taken for settlement are as under:

* On 18th June, 2020 FIMMDA was informed of erroneous deal by the Market Participant (Private Bank) telephonically and subsequently via mail of the trade done in security 08.21 TN SDL 2025 on 17th June 2020 at 13:13;37 hrs. for Rs. 108.34/6.2473% for Rs 5 Cr which is apparently Off Market trade.
* Disputed trade is the only trade in the Captioned Security on that day.
FBIL/FIMMDA valuation for the security as on 16th June 2020 is Rs 110.1794/5.8405
* While analyzing the reason for captioned deal of 17th June 2020 and the valuations process done for 15th June which allowed the trade, FIMMDA identified trade done in captioned security on 15th Jun 2020 at 14:04;39 hrs. for Rs. 108.28/6.2626% for Rs 5 Cr which was also apparently Off Market trade.
* Disputed trade is the only trade in the Captioned Security on that day.
FBIL/FIMMDA valuation for the security as on 12th June 2020 is Rs 110.0196/5.8775
* The matter was referred to 14 DRC members, the quorum being 6. Six members agreed that the deal as on 17th June was erroneous and may be reversed. Nobody gave contrary decision. Only three members agreed that the deal as on 15th June was erroneous and may be reversed. So, quorum was not complete for the trade of 15/6/20.
* As per DRC rules, RBI was approached to know the counterparty for trade on 17th Jun 2020. The quorum for the trade as on 15th June 2020 was not complete but RBI was informed of the trade of 15/6 and that the quorum was not complete . We also said that if they feel that the trade should be reversed, they may give details for the same .
* RBI disclosed the name of the counterparties as a Co-operative bank and Foreign Bank for the trade of 17/6/20 only.
* Both the parties were advised to reverse the trade.
* As there was problem with the reversal of deal, they settled the deal in cash at mutually agreed price as per DRC Clause.
* The off-market trade was thus reversed. The loss/gain reversed is Rs.8,32,500
* The reversal was informed to RBI and DRC members.

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