DRC 2020-21/04

**DISPUTE RESOLUTION COMMITTEE**

* Proceedings of erroneous deal in **7.57 GS 2033**

On

**22nd May 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 7.57 GS 2033 on NDS-OM dated 22nd May 2020

The details of actions taken for settlement are as under:

* On 22nd May, 2020 FIMMDA was informed of erroneous deals by the seller (Foreign Bank - three deals out of Six Erroneous deals) telephonically and subsequently via mail. The seller sold 07.57 GS 2033 at 12:51:29 hrs. for Rs. 110.55/ 6.3674 for Rs. 10 cr. , 12:51:31 hrs. for Rs. 110.55/ 6.3674 for Rs. 10 cr., 12:51:31 hrs. for Rs. 110.55/ 6.3674 for Rs. 5 cr. which were claimed to be Off Market trades and there were three more erroneous trades at 12:50:55 hrs. for Rs. 110.50/ 6.3727 for Rs. 25 cr., 12:51:17 hrs. for Rs.110.55/ 6.3674 for Rs.10 cr., 12:51:22 hrs. for Rs. 110.55/ 6.3674 for Rs. 40 cr. which were identified by FIMMDA. Nobody reported these three deals till the mail was sent to DRC Members.
* A buyer (Co-operative Bank) took up the matter with us via mail/phone for the trades at 12:51:17 hrs. and 12:51:22 hrs. for a total of Rs. 50 Cr after the dispute was raised to the DRC member since it is one of the DRC members and the buyer other (Co-operative Bank) has raised the matter for the trade at 12:50:55 hrs. for Rs. 25 Cr.
* Disputed trades are second to fifth trade and seventeenth and twentieth trade in the Captioned Security. Preceding trade took place at Rs. 111.40/6.2773%  
  Succeeding trade took place at Rs. 111.31/6.2868%
* The matter was referred to 14 DRC members, the quorum being 6. Nine members agreed that the deals were erroneous and may be reversed. Nobody gave contrary decision.
* As per DRC rules, RBI was approached to know the counterparties.
* RBI disclosed the name of the counterparties as a Foreign Bank, Private Bank and a Financial Institution.
* All the parties were advised to reverse the trades.
* Accordingly, on 29th May 2020, the trades were reversed and reported on NDS – OM Reporting Deal Section.
* The off-market trades were thus reversed. The loss/gain reversed is Rs.86,25,000
* The reversal was informed to RBI and DRC members.

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