

DRC 2019-20/02

**DISPUTE RESOLUTION COMMITTEE**

- Proceedings of erroneous deal in 7.27 GS 2026  
on  
17<sup>th</sup> May 2019



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

(Prepared by Ramandeep Kaur)

**Procedure followed for settlement of dispute in respect of off market trade in 7.27 GS 2026 on NDS-OM dated 17<sup>th</sup> May, 2019**

The details of actions taken for settlement of dispute are as under:

- On 17<sup>th</sup> May, 2019 FIMMDA was informed of erroneous deals by the seller (Foreign Bank) telephonically and subsequently via mail. The seller sold 7.27 GS 2026 at price of Rs.97.78/7.6891 for total Rs.25 Cr at 14:18:58 hrs., 14:18:59 and 14:19:02 hrs. which were claimed to be out of market.
- Preceding trade took place at price Rs.99.70/ 7.3241 at 14:18:14 hrs. Succeeding trade took place at price Rs.99.72/ 7.3203 at 14:20:08 hrs. The seller claimed that he wrongly sold the security at the price of Rs.97.78 for total of Rs.25 Cr instead of at Rs.99.78
- The matter was referred to 14 DRC members, the quorum being 6. Seven members agreed that the deal was erroneous and may be reversed. One member gave contrary decision.
- As per code of conduct, RBI was approached to know the counterparty.
- RBI disclosed name of the three counterparties as Financial Institution, Investment Company and a Foreign Bank.
- All the parties were advised to reverse the trade.
- Accordingly, on 29<sup>th</sup> May, 2019 all the trades were reversed and reported on NDS - OM Reporting Deal Section.
- The off-market trade was thus reversed. The loss/gain reversed is Rs.43,00,000/-
- The reversal was informed to RBI and DRC members.