

Norms soon to allow mutual funds in commodity derivatives

PRESS TRUST OF INDIA

New Delhi, July 19

To increase institutional participation in the commodity segment, SEBI on Thursday said it will soon finalise the guidelines to allow mutual funds to invest in the commodity derivatives segment. The market regulator said it will also frame warehousing norms for non-agriculture commodities and will consider allowing 'indices' once its robustness is established by the bourses.

Addressing an **Assocham** event here, head of Commodity Derivatives Market Regulation Department (CDMRD) in SEBI, PK Bindlish, said the commodity derivatives market is still faced with challenges even though trading volumes have risen up to ₹100 lakh crore.

To increase participation, SEBI is now moving towards allowing mutual funds into it. "We are working on finalising the

guidelines at the earliest," he said.

On allowing more products, he said 'indices' will be considered after knowing its robustness.

'Option' trading in commodity derivatives market has already been allowed with the MCX launching it in five commodities and the NCDEX in one commodity. "More commodities will be considered after seeing their success," he said.

Warehousing norms

To strengthen warehousing, the regulator will soon unveil warehousing norms for non-agri commodities also, he said.

"Warehousing Development and Regulatory Authority (WDRA) has done a good job for agri commodities. But for non-agri, there is no regulation and guidelines from WDRA. We will come out with norms soon," he added.

Sebi to soon frame guidelines to allow MFs in commodities

New Delhi: To increase the institutional participation in the commodity segment, the Securities and Exchange Board of India (Sebi) on Thursday said it will soon finalise the guidelines to allow mutual funds (MFs) to invest in commodity derivatives segment.

The markets regulator said it will also frame warehousing norms for non-agriculture commodities and will consider allowing 'indices' once its robustness is established by the bourses.

Addressing an Assocham event, head of Commodity Derivatives Market Regulation Department (CDMRD) in Sebi, P K Bindlish said the commodity derivatives market is still faced with challenges even though the trading volumes have risen up to Rs 100 lakh crore. To increase participation, Sebi is now moving towards allowing mutual funds. "We are working on finalising the guidelines at the earliest," he said.

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Emphasising on the need to have a strong settlement mechanism, the Sebi official further said the exchanges have been asked to put in place their trading corporation for settlement purpose from October.

"At present, the settlement is done by exchanges themselves. World over, it is done by the trading corporation. I am happy to share that already one of the exchanges has made a proposal for a trading corporation and I think they will be getting soon. The other exchanges are in the process," he said. —PTI

Sebi norms for MFs in commodity derivatives soon

NEW DELHI, 19 JULY

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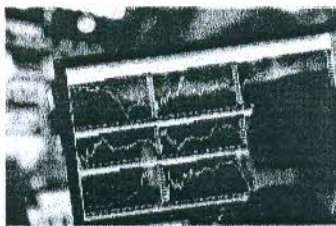
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markets, Shashank Saxena, adviser (financial markets) in the Finance Ministry, said: "We have integrated at the level of regulator and market institutions. We are still far away at the level of participants."

There is a need to work together to increase the number of participants. That's how the depth of the market and liquidity will improve, he said.

The exchanges have been allowed to integrate commodity and equity derivatives by October 1 in order to boost participation, hedging and better price realisation.

Since the basic function of the commodity derivatives market is to provide price signal and hedging efficiency, the official said there is an empirical evidence that as far as price signal is concerned, markets do provide signal to spot market. P11