Sebi may Allow PMS on Commodity Exchanges

Our Bureau

Mumbai: The Sebi is working on facilitating participation of mutual funds and commencement of portfolio management services (PMS) in the commodity derivatives market.

MCX and custodian banks have submitted a report to Sebi on how issues pertaining to MF participation can be facilitated and expedited, MCX's CEO Mrugank Paranjape, said on the sidelines of a function to launch MCX Clearing Corporation (MCX CCL).

Sebi whole-time member PK Mohanty confirmed that the regulator was seized of the matter.

Issues that need to be worked out are how custodian banks can handle delivery of commodities. Most commodity derivatives are physically settled. Certain changes could possibly have to be made to extant custodian regulations or a way will have to be found to work with existing norms as institutions will have to use custodial services.

MCX CCL has networth of 150 crore and will begin clearing trades from September 3. It is the first clearing corporation set up in the commodity derivatives market. The regulator has mandated separation of trading and clearing services on commodity exchanges in three years of Forward Markets Commission having being merged with it in September 2015. Currently, the commodity futures market is accessed by retail traders and a few corporates. Institutional participation is in the works.

MCX and custodian banks have also submitted a report to Sebi on how issues on MF participation can be facilitated