

Sebi forms panel to oversee FMC merger

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The Securities and Exchange Board of India (Sebi) has appointed a committee to ensure smooth merger of the commodity derivatives regulator, the Forward Markets Commission (FMC), with itself.

The merger was announced in the Union Budget and related legal changes were proposed in the Finance Bill, which Parliament has passed.

The committee is to be headed by Murlidhar Rao, executive director in the markets regulations department of Sebi. It has other officials from Sebi and FMC, said sources.

Beside a smooth merger, it will discuss operational issues of commodity exchanges when these come under Sebi. The comexes will then be called stock exchanges and will have to adhere to Sebi norms. The FMC norms will continue in force till a year or the merger.

Such a regulatory merger is being done in India for the first time. Among the issues that will need attention by the panel, all brokers with the comexes will have to be registered with Sebi, paying the needed fees. Even the exchanges have to formally register with Sebi; some will have to restructure their board of directors. Except the two two comexes, which are in compliance with shareholding norms of both regulators, the others will have to also restructure their capital.

Handling the issue of physical delivery of commodities and forward trading will be a challenge for Sebi, as these are not practices in the capital market.

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