Circular no.: MCX/COMP/358/2011 October 11, 2011

Segregation of Client Accounts in Commodity Futures Exchange

In terms of the provisions of the Rules, Bye-laws and Business Rules of the Exchange and as directed by the Forward Markets Commission (FMC) vide letter No. 9/1/2011-MKT/I dated September 26, 2011, Members of the Exchange are hereby notified as under:

In order to provide safeguards for the funds of clients lying with the Members and for effective risk management, FMC has directed the Commodity Futures Exchange, to ensure that a Member of the Exchange, in addition to his trading on the recognized Commodity Futures Exchanges, may trade on behalf of the same client on the National Commodity Spot Exchanges, which are granted exemption by the Government of India under Section 27 of the Forward Contracts (Regulations) Act, 1952 and in respect of whom the Government of India has nominated FMC as the 'designated agency'; subject to the following conditions:

a) The capital adequacy and net worth criteria prescribed by the Commodity Futures Exchanges should be met separately by the Members.

b) Members of the Commodity Futures Exchanges should maintain separate ledgers for business done by clients on Commodity Futures Exchanges and National Commodity Spot Exchanges.

c) Members should not allow any cross margining between exposure of a client on Commodity Futures Exchanges and National Commodity Spot Exchanges.

d) Members should issue separate contract notes for trades on Commodity Futures Exchanges and National Commodity Spot Exchanges.

Members are required to comply with the above requirements with immediate effect.

J. B. Ram
Sr. Vice President
Membership & Inspection

Kindly contact Compliance Team on 022 – 6649 4090 or send an email at compliance@mcxindia.com for further clarification

---------- Corporate office ----------
Multi Commodity Exchange of India Limited
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
Tel.: 022 – 6649 4000 Fax: 022 – 6649 4151
www.mcxindia.com email: customersupport@mcxindia.com