Business Standard

MCX receives SEBI approval for MCXCCL

The Multi Commodity Exchange of India Ltd (MCX) on Wednesday said it has received the recognition from market regulator SEBI to launch operations of its subsidiary, Multi Commodity Exchange Clearing Corporation Ltd (MCXCCL) -- the first clearing corporation in the commodity derivatives market.

MCXCCL, a wholly-owned subsidiary of MCX, will soon commence its operations and undertake collateral management, risk management functions and clearing and settlement of trades executed on the exchange, MCX said in a statement.

According to the statement from India's leading commodity bourse, MCXCCL has state-of-the-art risk management system, including various online and offline risk management tools.

"It will be the central counter-party for all trades executed on MCX's trading platform and will collect margins from the members, effect pay-in and pay-out and oversee delivery and settlement process, and will also facilitate deliveries in various commodities across multiple locations in India," said the exchange.

Besides, MCXCCL will also provide electronic commodity accounting and receipts tracking facility through its portal -- Commodity Receipts Information Systems (COMRIS), according to MCX.

Further, it will provide a settlement guarantee for all trades executed on MCX via Settlement Guarantee Fund (SGF), it added.

"Setting up of MCXCCL is a vital step towards elevating MCX's risk management practices, as also mandated by the regulator. At MCX, we firmly believe in stronger risk management norms for the safety of our members," said Mrugank Paranjape, MD & CEO, MCX.

"We continue to enhance efficiencies in our systems and processes so that our members and their clients can trade with confidence. As we significantly step up our operational standards to adhere to regulatory requirements, we are also aware that advancement in risk management is the need of the hour."

According to Narendra Ahlawat, the MCXCCL MD & CEO, the new entity will provide secure, capital-efficient counter-party risk management and post-trade services to the exchange's members and their clients.

"It has a robust risk management framework to mitigate the risks it will undertake in its capacity as a clearing corporation," Ahlawat said.