MCX plans to set up six new delivery centres for bullion

SURESH P IYENGAR
Mumbai, August 31

Gearing up for spot exchange launch, MCX will set up six new bullion delivery centres one each in Mumbai, Delhi, Chennai, Kochi, Hyderabad and Kolkata in a couple of months. The exchange currently has delivery centre only in Ahmedabad.

Mrugank Paranjape, Managing Director, MCX, said the exchange already acts as a spot exchange during the deliverable period of bullion futures contract and handles a delivery of about 700-800 kg.

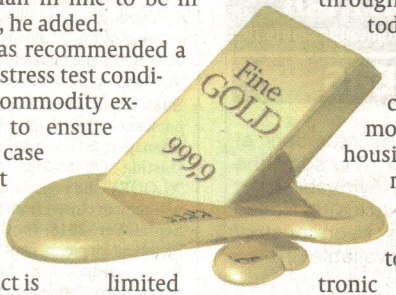
The country's largest commodity derivative exchange has joined hands with the Indian Bullion and Jewellery Association to explore launch of a bullion spot exchange.

A firm road-map and nitty-gritty on the formal spot exchange launch will be decided after the government lays down the policy structure which is expected this fiscal, he added in an interaction with media on the sidelines of an event to launch MCX Clearing Corporation.

SK Mohanty, Whole-time Director, SEBI, said no commodity exchange will be allowed to operate without a separate clearing corporation from October.

Another commodity exchange (NCDEX) will come with clearing corporation this month and others too have to fall in line to be in business, he added.

SEBI has recommended a series of stress test condition to commodity exchanges to ensure that in case of default in a contract the impact is limited to that particular commodity and avoid contagion risk, he said.



ENWRs on metals

On the ensuing competition from BSE and NSE in the commodity future space, Paranjape said the new players will help in expanding the pie by launching new products from the list of 91 commodities approved rather than eating into existing exchange's business.

He brushed aside questions on the proposed merger of MCX and NSE. MCX has already submitted a report to SEBI on policy measures to allow mutual funds, portfolio management services and alternate investment funds to invest in commodity markets through the custodian route.

Paranjape said the exchange has moved Warehousing Development and Regulatory Authority to issue Electronic Negotiable Warehouse Receipts (ENWRs) of non-agriculture commodities such as bullion, metals and other energy products stored in its accredited warehouses. ENWRs will be issued through its joint venture CDSL Commodity Repository.

Interestingly, BSE and MCX are equal partners with 24 per cent stake each in CDSL Commodity Repository, while the rest 52 per cent is owned by Central Depository Services Ltd.