MCX Enhances the Maximum Compensation Limit to Rs. 25 lakh from the Existing Rs. 2 lakh Payable to Investor from the IPF

Maximum limit for compensation payable from the Investor Protection Fund (IPF) against the claim of an investor arising out of default of a member of MCX, for transactions executed on MCX, has been increased to Rs.25 Lakh from the present Rs.2 Lakh

Mumbai, February 22, 2018: Multi Commodity Exchange of India Limited (MCX) has established and maintains an Investor Protection Fund – 'Multi Commodity Exchange Investor (Client) Protection Fund' (MCX IPF), with the objective of compensating investors in the event of defaulters' assets not being sufficient to meet the legitimate/admitted claims of investors. It also promotes investor education and awareness to enhance literacy, participation in the commodity derivatives market and utilized for such other purpose as mandated / prescribed by the Securities and Exchange Board of India (SEBI).

The maximum amount of compensation available against a single claim of an investor arising out of default of a member of exchange is presently Rs.2 Lakh (Rupees Two Lakh) besides the maximum available compensation being Rs.2 Crore (Rupees Two Crore) per defaulter member.

The exchange in consultation with IPF Trust has reviewed the present limits of compensation and has decided to revise as follows:

- The maximum amount of compensation available against a single claim of an investor is enhanced to Rs.25 Lakh (Rupees Twenty Five Lakh).
- The restriction in the form of maximum available compensation of Rs.2 Crore (Rupees Two Crore), payable against the claims, of all investors, that is crystallized against a defaulter member, is removed.
- The above revisions are applicable to only the claims arising from clients of SEBI registered member where the declaration of default of such member is on or after January 24, 2018.

However, the pre-revision maximum amount of compensation available shall continue to be applicable upon all claims against members where the declaration of default of member is prior to January 24, 2018 as well in case of non-SEBI registered members.

About MCX IPF:

The IPF has been established since March 28, 2012 and is administered by way of registered trust created for the purpose. As on December 31, 2017 the IPF corpus stood at Rs.179 crore. Five trustees manage it, comprising of three public interest directors, a representative from SEBI recognized investor association and the compliance officer of the exchange. The IPF Trust adheres by the comprehensive guidelines issued by SEBI on IPF and related matters at the national commodity derivatives exchanges. In event of default by the member, all transactions executed on the exchange platform shall be eligible for settlement from IPF subject to the Rules, Bye-Laws and Business Rules of the Exchange. For more details, investors can visit- www.mcxindia.com/Investor-Services/defaulters/investors-protection-fund-overview

About MCX:
Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic, commodity futures exchange with permanent recognition from the Government of India. It is also the first exchange to introduce commodity options in India. In the financial year, 2016–17, the market share of MCX was 90.37%. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on the Exchange platform. These include bullion, energy, metals and agri-commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products visit www.mcxindia.com.

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