MCX-IPF organises COMMrisk to Promote Commodity Price Risk Management and Disclosure

Mumbai, March 23, 2018: MCX Investor (Client) Protection Fund (MCX-IPF) today conducted COMMrisk, conference to promote commodity price risk management and disclosure in corporate India and SMEs. Attended by officials of companies exposed to commodity price risks, financial institutions, regulatory bodies, traders, brokers, and other stakeholders of India's commodity markets, the programme was held on the backdrop of increasing risks to India Inc. arising from high volatility and uncertainty in commodity prices.

Speakers of the event, including Mr. Hector Pena, Executive Director, Financial Nacional de Desarrollo Agropecuario (FND), Mexico; Mr. Phillip Heidendal, Head, Commodity Derivatives Sales, ING, Netherlands; several market experts and risk consultants from India and abroad, shared their perspectives, experiences and good practices in risk management in commodities.

Technical Sessions and Panel Discussions educating the participants on risk management strategies, global best practices, role that institutions like banks, exchanges and other intermediaries can play to foster a culture commodity risk management, and the need for measurement, management and disclosure of commodity price risks were held while several hedgers shared their experiences in hedging commodity price risks with the participants. As risk management practitioners in their respective organizations, they shared their journeys of institutionalizing this culture in their respective organisations. They also highlighted the checks & balances that should exist in the organizations so as to ensure a balanced approach to managing commodity price risks.

The risk consultants representing prominent consulting firms also deliberated upon the significance of hedge accounting standards for promoting commodity risk management and disclosure effectiveness. They pointed out that with the roadmap laid for Indian companies to adopt international accounting standards, they would need to understand and appropriately disclose the nature and extent of all market risks, including commodity price risks, in order to align with global disclosure standards. Better disclosures and transparency, in turn, also ensure the availability of the right information and, therefore, accuracy and robustness in the price discovery process. They emphasized the increased realization about the benefits that good financial reporting brings in, which enables creation of a business environment marked by trust, transparency and accountability. It is important that information about risks facing businesses are provided in a transparent manner to the market participants in order to remove information asymmetries, the speakers stressed.

Mr. Mrugank Paranjape, MD & CEO, MCX said, "Under MCX-IPF's numerous and multi-prong outreach initiatives, we have been conducting training programs and awareness campaigns across the country to sensitize businesses, especially SME/MSMEs, about the impact of commodity price risks and to encourage them to adopt appropriate risk management measures, while ensuring their adequate disclosures. It has been our constant endeavour to reach out to a multitude of diverse stakeholder groups exposed to commodity price risks, and thereby,

contribute in the cultivation of a culture of commodity price risk management and their adequate disclosures in corporate India. COMMrisk has been an initiative in pursuit of such an organizational strategy, which we want to repeat and replicate in the future too."

The programme was an initiative of the MCX Investor (Client) Protection Fund.

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

For further details, contact:
Shivani Sharma
Manager – Media Relations
Mobile: +91 9833376243
shivani.sharma@mcxindia.com