

CIRCULAR

SEBI/HO/CDMRD/DNPMP/CIR/P/2019/08

January 04, 2019

To,

**The Managing Directors / Chief Executive Officers
All Recognized Stock Exchanges having commodity derivatives segment**

Dear Sir / Madam,

Sub: Disclosures by Stock Exchanges for commodity derivatives

1. SEBI vide circular [SEBI/HO/CDMRD/DMP/2016/101](#) dated September 27, 2016 had prescribed certain norms regarding disclosures by Stock Exchanges on their website for commodity derivatives.
2. Transparency in the commodities derivatives markets is paramount for price signals as well as its correlation with the underlying physical market activities. In order to enhance transparency to the public in Commodity Derivatives Markets and also as recommended by Commodity Derivatives Advisory Committee (CDAC), all recognised stock exchanges shall make additional disclosures on their websites with respect to trading in commodity derivatives. The formats for these disclosures are placed at **Annexures-I and II**.
3. **Annexure I** contains format for disclosure of Open Interest and turnover for various categories of participants at Commodity as well as market level. In this regard the stock exchanges shall:
 - a. Categorise the participants in the following six categories:
 - i. **Farmers/FPOs**: It includes participants such as farmers, farmers' cooperatives, Farmers Producers Organisations (FPOs) and such entities of like nature.
 - ii. **Value chain participants (VCPs)**: It includes participants such as Processors, Commercial users as Dal and Flour Millers, Importers, Exporters, Physical Market Traders, Stockists, Cash & Carry participants, Producers, SMEs/MSMEs & Wholesalers etc., but exclude farmers/FPOs.
 - iii. **Proprietary traders**: It includes the members of stock exchanges trading in their proprietary account.

- iv. **Domestic financial institutional investors**: It includes participants such as Mutual Funds (MFs), Portfolio Managers, Alternative Investment Funds (AIFs), Banks, Insurance Companies and Pension Funds etc., which are allowed to trade in commodity derivatives.
 - v. **Foreign participants**: It includes participants such as Eligible Foreign Entities (EFEs), NRIs etc. which are allowed to trade in commodity derivatives markets.
 - vi. **Others**: All other participants which cannot be classified in the above categories.
- b. The categorization of the clients/members shall be made on self-declaration basis for each commodity. However, exchanges can re-classify any participant where it deems necessary to do so based on the information available with it. Exchanges shall be required to conduct periodical exercise to capture the above data. Thus, the exchange shall put in place necessary systems to capture the requisite information.
 - c. In case self-declaration is not obtained for a particular client for a particular commodity, positions of such client in such commodity shall be clubbed with “Others” category.
 - d. In case there are less than 10 participants in any category, the stock exchanges while disclosing the number of participants can disclose as “less than 10”.
 - e. To begin with, stock exchanges shall make the disclosures on a weekly basis for every Wednesday by next Wednesday (and for next trading day in case of holiday on any Wednesday) by October 01, 2019. By April 01, 2020 onwards, such disclosures shall be made on daily basis by 6:00 PM on T+1 day.
4. **Annexure II** contains Commodity wise format of disclosure for top participants, members and market wide position limits. Stock Exchanges shall make disclosures on daily basis, latest within a month of the date of this circular. Such disclosures for any day are to be made before start of trading on the next day. The recognized stock exchange shall make necessary disclaimer that the grouping of clients is based on the “Guidelines on Clubbing of Open Positions” issued by it.
 5. Exchanges shall also maintain complete historical data of the above disclosures on their website in spread sheet format.
 6. These disclosure requirements are in addition to those already mandated by SEBI.



7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. Exchanges are advised to:
 - i. to make necessary amendments to the relevant bye-laws, rules and regulations.
 - ii. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
9. This circular is available on SEBI website at www.sebi.gov.in under the category “Circulars” and “Info for Commodity Derivatives”.

Yours faithfully,

Vikas Sukhwal
Deputy General Manager
Division of New Products and Market Policy
Commodity Derivatives Market Regulation Department

Annexure I: Format for disclosure of Open Interest (OI) and turnover for various categories of market participants at individual commodity as well as overall market level

A. Disclosure of category wise OI at commodity level

<i>Details of open interest by each category of participants as on T day</i>													
Instrument	Open Interest	FPOs/ Farmers		VCPs/ Hedgers		Proprietary traders		Domestic financial institutional investors		Foreign participants		Others	
		Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
Futures													
Options													
<i>Details of Changes in open interest by each category of participants from previous disclosure</i>													
Instrument	Open Interest	FPOs/ Farmers		VCPs/ Hedger		Proprietary traders		Domestic financial institutional investors		Foreign participants		Others	
		Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
Futures													
Options													



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Percent of open interest represented by each category of participants as on T day

Instrument	Open Interest	FPOs/ Farmers		VCPs/ Hedger		Proprietary traders		Domestic financial institutional investors		Foreign participants		Others	
		Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
Futures													
Options													

*Number of participants in each category as on T day**

Instrument	Total Particip ants	FPOs/ Farmers		VCPs/ Hedger		Proprietary traders		Domestic financial institutional investors		Foreign participants		Others	
		Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
Futures													
Options													

* In case number of participant is less than 10, the same can be disclosed as "less than 10" in the said category

B. Disclosure of category wise turnover at commodity level

<i>Details of Turnover by each category of participants as on T day</i>							
Instrument	Turnover	FPOs/ Farmers	VCPs/ Hedger	Proprietary traders	Domestic financial institutional investors	Foreign participants	Others
Futures							
Options							
<i>Details of Changes in turnover by each category of participants from previous day</i>							
Instrument	Turnover	FPOs/ Farmers	VCPs/ Hedger	Proprietary traders	Domestic financial institutional investors	Foreign participants	Others
Futures							
Options							

C. Disclosure of turnover for various categories of participants at Market level

<i>Details of Turnover by each category of participants as on T day</i>							
Instrument	Turnover	FPOs/ Farmers	VCPs/ Hedger	Proprietary traders	Domestic financial institutional investors	Foreign participants	Others
Futures							
Options							
<i>Details of Changes in turnover by each category of participants from previous day</i>							
Instrument	Turnover	FPOs/ Farmers	VCPs/ Hedger	Proprietary traders	Domestic financial institutional investors	Foreign participants	Others
Futures							
Options							

Annexure II: Commodity wise format of disclosure for top participants, members and market wide position limits
A. Disclosure of top participants/members at commodity level

<i>Percentage of open interest held by the indicated number of the largest participants as on T day *</i>						
Instrument	Top 3		Top 5		Top 10	
	Long	Short	Long	Short	Long	Short
Futures						
Options						
<i>Percentage of open interest held by the indicated number of the largest group of participants as on T day</i>						
Instrument	Top 3		Top 5		Top 10	
	Long	Short	Long	Short	Long	Short
Futures						
Options						
<i>Percentage of open interest held by the indicated number of the largest members as on T day</i>						
Instrument	Top 3		Top 5		Top 10	
	Long	Short	Long	Short	Long	Short
Futures						
Options						
<i>* Based on PAN of the participant</i>						



B. Disclosure of market wide OI

Commodity	Instrument	Exchange wide position limits	OI at the EOD	OI as % of Exchange wide position limits
A	Futures			
	Options			
B	Futures			
	Options			