

Info Capsule

5th February, 2020



**THE INSTITUTE OF
Company Secretaries of India**
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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1. PERFORMANCE REVIEW OF THE COMMODITY DERIVATIVES CONTRACTS – Circular No. - SEBI/HO/CDMRD/DNPMP/CIR/P/2020/21 (Dated 4th February, 2020)

1. The primary objective of the commodity derivatives market is to provide credible future price signals to market participants and an effective platform for hedging the price risks. In order to ensure that the derivatives contracts are closely aligned to the physical markets, it is imperative to have a framework to evaluate the performance of these contracts based not merely on statistics regarding delivery and trade volumes but also on the strength of a comprehensive empirical assessment after considering all relevant information, pertaining to the performance of a derivative contract during the relevant period of time.
2. Keeping the above in view and in consultation with the Commodity Derivatives Advisory Committee (CDAC), the following has been decided:
 - 2.1 All recognized stock exchanges shall review the performance of all contracts traded on their exchanges, in commodity derivatives segment, as per the parameters laid down in the Circular.
 - 2.2 The said performance review shall be consulted with the Product Advisory Committee (PAC) constituted in terms of [SEBI Circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/89](#) dated August 07, 2019 on the subject of “Product Advisory Committee”.
 - 2.3 The said performance review along with the methodology adopted in evaluation, if any, shall be disclosed by the stock exchanges on their website prominently.
 - 2.4 The said performance review shall be conducted on an annual basis for each financial year and shall be disclosed by 30th June of the following financial year.
3. The performance review of the commodity derivatives contracts shall be based on various parameters for each commodity illustrated in Annexure-I of the circular.
4. The Circular would be effective from April 01, 2020. The stock exchanges shall be required to undertake and disclose performance review of all contracts traded on their exchange from FY 2019-20.

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.

The circular is available at: https://www.sebi.gov.in/legal/circulars/feb-2020/performance-review-of-the-commodity-derivatives-contracts_45897.html

2. COMMON APPLICATION FORM FOR FOREIGN PORTFOLIO INVESTORS – Circular No. IMD/FPI&C/CIR/P/2020/022 (Dated 4th February, 2020)

1. The Government of India vide notification number F. No. 4/15/2016-ECB dated January 27, 2020 notified the Common Application Form (CAF) for the purpose of:
 - a) registration of Foreign Portfolio Investors (FPIs) with Securities and Exchange Board of India,
 - b) allotment of Permanent Account Number (PAN) and
 - c) carrying out of Know Your Customer (KYC) for opening of Bank & Demat Account
2. The applicants seeking FPI registration shall be required to duly fill CAF and ‘Annexure to CAF’ and provide supporting documents and applicable fees for SEBI registration and issuance of PAN. The other intermediaries dealing with FPIs may rely on the information in CAF for the purpose of KYC.
3. DDP may continue to accept in–transit FPI registration applications, for a period of 60 days from date of issuance of this Circular, received in the form prescribed in [operational guidelines issued on November 05, 2019](#).

Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

The circular is available at: https://www.sebi.gov.in/legal/circulars/feb-2020/common-application-form-for-foreign-portfolio-investors_45899.html