

F.No.8/20/2014-CD
Ministry of Finance
Deptt. of Economic Affairs
Commodity Derivatives Markets Division
(CD Section)

North Block, New Delhi
Dated the 10th June, 2014

OFFICE MEMORANDUM

Subject: Setting up of a Working Group (WG) on Common Clearing for commodity exchanges – reg.

It has been decided, with the approval of the Competent Authority, to constitute a **Working Group (WG)** to prepare a road map and structure for a Common Clearing system for all commodity exchanges in the country in order to reduce transaction cost of market participants and to strengthen the risk management system. The composition of the Working Group is as under:

S.No.	Name	Designation
1.	Shri V.K. Sharma (Former ED, RBI)	Chairman
2.	Prof. Ajay Shah National Institute of Public Finance and Policy (NIPFP)	Member
3.	Representative of DEA	Member
4.	Representative of WDRA	Member
5.	Representative of FMC	Member Convener

2. Representatives of SEBI, NSCCL, CCIL, ICCL, NCCL (independent clearing agency of NCDEX) shall be "Invitees" in the said Working Group meetings. The Working Group may co-opt other experts.

3. The Terms of Reference of the Working Group is at Annexure-A.

4. The Working Group will be serviced by the Forward Markets Commission, Mumbai.

5. The Working Group will give a practical, actionable report by 31st August, 2014.


(Lekhan Thakkar)
Director (CD)
Tel.:011-23095016

To

1. Shri V.K. Sharma, Former Executive Director, RBI, C-2203, Lakshachandi Heights, Gokuldharm, Goregaon East, Mumbai-400063
2. Prof. Ajay Shah, National Institute of Public Finance and Policy (NIPFP)
3. Chairman, WDRA with the request to inform the name of their representative.
4. Chairman, FMC with the request to inform the name of their representative.

5. Sh. S. V. Murali Dhar Rao, Executive Director,
Securities and Exchange Board of India
Plot No.C4-A,'G' Block, Bandra Kurla Complex,
Bandra (East), Mumbai
6. Shri P. Venkatarao, MD & CEO,
National Securities Clearing Corporation Ltd. (NSCCL),
Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
7. Mr. K. Kumar, MD & CEO,
Indian Clearing Corporation Limited (ICCL),
Karvy Computershare Private Limited,
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,
Hyderabad 500 081
8. Mr. R. Sridharan, MD
The Clearing Corporation of India Ltd.
CCIL Bhavan, College Lane, off S K Bole Road,
Dadar (West), Mumbai - 400 028
9. Sh.Samir Shah, Chairman
National Commodity Clearing Limited (NCCL)
Gayathri Towers, 954, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400025.

Terms of Reference (ToR) for the Working Group on Common Clearing for Commodity Exchanges

- i. Examine the feasibility of setting up of a Common Clearing Corporation for all the commodity exchanges.
- ii. Review the existing Risk Management System and rationalization of the same with the perspective of adoption by Common Clearing Corporation.
- iii. Setting up of a common Repository for keeping electronic record of warehouses receipts.
- iv. Setting up a common infrastructure facilities such as warehouses, assayers, elevators or aggregators to facilitate delivery of right quality and quantity of commodities for settlement of trade through common Clearing Corporation.
- v. To examine the feasibility of fungibility of warehouses goods to be delivered against the settlement of trade across Exchanges.
- vi. To suggest ways and means to make available finances against 'warehouse receipts' in the futures markets.
- vii. Review of the membership categories and separation of clearing membership and trading membership with introduction of professional, self clearing members in commodities market.
- viii. Any other related issue.
