



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2016/49

April 25, 2016

To,

**The Managing Directors / Chief Executive Officers
of All Commodity Derivatives Exchanges and their members**

Dear Sir / Madam,

Sub: Disclosure of Proprietary Trading by Commodity Derivatives Broker to Client and “Pro - account” Trading terminal

1. In order to increase the transparency in the dealings between the stock broker and the clients in commodity derivatives market, it has been decided to align the provisions relating to the proprietary trading carried out by the stock brokers of commodity derivatives exchanges in line with the securities market.
2. **Disclosure of proprietary trading by broker to client:** The provisions of the directions issued by SEBI vide its circular no. [SEBI/MRD/SE/Cir- 42 /2003](#) dated November 19, 2003, regarding the disclosure of proprietary trading by stock broker to client, are made applicable to all the commodity derivatives exchanges.
3. **“Pro – account” trading terminals:** All the commodity derivatives exchanges shall ensure compliance with the provisions of the directions issued by SEBI vide its circular no. [SEBI/MRD/SE/Cir-32/2003/27/08](#) dated August 27, 2003 regarding “Pro – account” trading terminals.
4. This circular supersedes the circulars issued by the erstwhile Forward Markets Commission related to “Pro – account” trading terminal from time to time and shall come into force with effect from three months from the date of this circular.
5. 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.
6. The 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.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

iii. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Reports to SEBI.

7. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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