



**CIRCULAR**

SEBI/HO/CDMRD/DMP/CIR/P/2016/78

September 02, 2016

To,

**The Managing Directors / Chief Executive Officers  
National Commodity Derivatives Exchanges**

Dear Sir / Madam,

**Sub: Spot Price Polling Mechanism**

1. As per Section 131(4) of Finance Act, 2015 all rules, directions, guidelines, instructions, circulars, or any like instruments, made by the erstwhile FMC or the Central Government applicable to recognized associations under the FCRA would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.
2. Erstwhile FMC, from time to time, had prescribed various norms related to "Spot Price Polling Mechanism". This circular is being issued to consolidate and update such norms prescribed by erstwhile FMC.
3. The Commodity Derivatives Exchanges have been using a 'Spot Price Polling Mechanism' to arrive at the prevailing spot prices. Transparent discovery of spot prices is a critical factor in smooth running of futures market as the same are used as reference prices for settlement of contracts traded on the exchange platform. To arrive at the prevailing spot prices, the exchanges are polling the spot prices from various spot price polling participants. Some exchanges undertake this activity themselves whereas some have outsourced this work to an external agency.
4. In order to maintain the transparency of spot price polling process and dissemination of spot prices arrived at through spot price polling process, the commodity derivatives exchanges are directed to:
  - 4.1. have a well laid down and documented policy for the spot price polling mechanism.
  - 4.2. display the spot price polling mechanism adopted for every contract on its website along with following details:



S. No.	Particulars	Details
1.	Details of the contract	
2.	Mechanism of spot price polling	
3.	How spot prices are arrived at	
4.	Whether these prices include or exclude taxes and other levies / costs	
5.	Whether spot prices polling has been outsourced to any external agency and if so, the details thereof.	
6.	Criteria for selection of these polling participants	
7.	Any other information that the Exchange may consider	

4.3. disclose, for every contract, following details with respect to individual spot price polling participants on its website:

Participants	Location	Profession	Price quoted	Time, Date
A <sub>1</sub>				
A <sub>2</sub>				

4.3.1. The Exchanges may assign a code such A1, A2, A3...etc. for polling participants of a particular contract and reveal his location and price (s) for the day.

4.3.2. This information shall be updated on Exchange website every day for every contract traded on the exchange platform.

4.3.3. The information shall continue to be displayed even after the expiry of the contract for a period of 3 years.

4.4. endeavour in increasing the sample size used for fixing the daily spot prices during the last 15 days of the contract .

4.5. review on a monthly basis the prices polled by the participants to identify participants habitually polling unrealistic prices. These participants could be put under watch and subsequently removed from the panel if such instances reoccur despite appropriate communications.

4.6. provide a separate feedback window for receiving complaints in this regard. The exchanges shall address such complaints in a time-bound manner. Further the exchanges shall keep the audit trail of all such complaints received and the steps taken for redressal.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

5. The provisions of this circular shall come into effect from September 29, 2016 in supersession of all earlier directives issued by erstwhile FMC with regard to matters related to 'spot price polling'.
6. 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.
7. 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.
  - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
8. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars" and "Info for Commodity Derivatives".

**Yours faithfully,**

**Vikas Sukhwai**  
**Deputy General Manager**  
**Division of Market Policy**  
**Commodity Derivatives Market Regulation Department**  
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