



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2016/82

September 07, 2016

To,

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

Sir / Madam,

Sub: Transaction Charges by Commodity Derivatives Exchanges

1. The Commodity Derivatives Exchanges are collecting transaction charges from the members for the trades executed on their trading platform. In order to promote competition in the market and bring in greater efficiencies and lower transaction costs to market participants, it has been decided that the following norms shall be continued to be applicable to the Commodity Derivatives Exchanges while levying transaction charges-
 - a. The Exchanges can levy different transaction charges for different commodities' contracts and even in the case of contracts of the same commodity.
 - b. The Exchanges will ensure that the ratio between highest to lowest transaction charges in the turnover slab of any contract is not more than 1.5:1.
 - c. In the slab system the concessional transactional charges shall be charged only on the incremental volume/turnover and not on the entire volume/turnover.
 - d. The transaction charges are to be charged-on post-facto basis that is after the trades are executed.
2. It is also emphasized that, while revising the transaction charges, the Commodity Derivatives Exchanges shall also comply with the following guidelines prescribed vide SEBI Circular [MRD/DoP/SE/Cir-14/2009](#) dated October 14, 2009:
 - a. The stock exchange system is capable of handling additional load.
 - b. It does not affect the existing risk management system.
 - c. It does not favour selective trades or selective category of investor.
 - d. It does not encourage generation of artificial demand.
 - e. It does not result in any market irregularities.
 - f. It is uniformly applied to trades of similar nature.
 - g. It is imposed in fair and transparent manner.
3. 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 Transaction Charges.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

4. The Exchanges are advised to:
 - i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
 - ii. bring the provisions of this circular to the notice of the members 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.
5. This circular is issued in exercise of 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. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

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