



**CIRCULAR**

**SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/68**

**May 10, 2023**

To

All Recognized Stock Exchanges having Commodity Derivatives Segment

All Foreign Portfolio Investors registered with SEBI

All Custodians registered with SEBI

Sir/Madam,

**Sub: Direct Market Access (DMA) to SEBI registered Foreign Portfolio Investors (FPIs) for participating in Exchange Traded Commodity Derivatives (ETCDs)**

1. In order to promote institutional participation in ETCDs, SEBI, vide Circular No. SEBI/HO/MRD/MRD-RAC-1/P/CIR/2022/131 dated September 29, 2022 permitted FPIs to participate in ETCDs subject to certain conditions specified therein.
2. SEBI vide Circular No MRD/DoP/SE/Cir-7/2008 dated April 3, 2008, Circular No MRD/DoP/SE/Cir-03/2009 dated February 20, 2009 and Circular No CIR/MRD/DP/20/2012 dated August 2, 2012 laid down framework of DMA facility for institutional investors or through investment manager, as the case may be.
3. DMA facilitates the clients of a broker to directly access the exchange trading system through the broker's infrastructure to place/execute orders without manual intervention by the broker. DMA enables the clients of a broker to have advantages viz. direct control over orders, faster execution of orders, reduced risk of errors associated with manual order entry, maintaining confidentiality, lower impact costs for large orders and implementing better hedging and arbitrage strategies.
4. Based on representations received for enabling DMA facility to FPIs in ETCDs and deliberations by Commodity Derivatives Advisory Committee (CDAC) of SEBI, it has been decided to allow stock exchanges to extend DMA facility to FPIs for participation in ETCDs subject to the following conditions:



- 4.1. Stock exchanges/brokers shall adhere to the provisions stipulated in SEBI Circulars mentioned at Paragraph 2 above which include procedure for application for DMA, operational specifications, Client authorization and broker-client agreement, risk management, etc.
- 4.2. The provisions of Circular No. SEBI/HO/MRD/MRD-RAC-1/P/CIR/2022/131 dated September 29, 2022 allowing FPIs to participate in ETCDs shall remain applicable.
5. The provisions of this circular shall come into immediate effect.
6. This circular is issued with the approval of competent authority.
7. The stock exchanges are advised to:
  - 7.1 Take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of this circular,
  - 7.2 Bring the provisions of this circular to the notice of the members of the stock exchange and also disseminate the same on their website.
  - 7.3 Communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Report.
8. 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.
9. The 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,

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