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“Multi Commodity Exchange of India (MCX) Limited”

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The Multi Commodity Exchange of India Ltd (MCX), first India's Exchange is a State-of-the-art, commodity derivatives exchange that facilitates electronic online trading of commodity derivatives transactions, thereby providing a platform for price discovery and risk management. It was incorporated in 2002. MCX is a India's first recognised commodity exchange which is owned by the Government of India under Ministry of Finance and based in Mumbai. It commenced its operations on 10 November, 2003. MCX is regulated by Securities and Exchange Board of India (SEBI) which is the security market regulator in India since 28th September, 2015. Prior to be regulated by SEBI, MCX was regulated by the Forward Markets Commission (FMC) which merged with SEBI on 28th September, 2015. MCX being Government metals and commodity exchange is highly trusted and top-rated exchange in India because of its Transparency, Extreme, Liquidity, Quality, Maintenance, Profit and above all, its high end security system that has been designed to protect the investment of investors made in MCX. The Multi Commodity Exchange of India Ltd (MCX) became India's first listed exchange in 2012 and it launched first-over Gold Options Contract on Futures in India in 2017. It grant of recognition to multi commodity exchange clearing Corporation Limited (MCX CCL) a wholly owned subsidiary of MCX to act as a clearing corporation in 2018 and also launched option contract in curde Oil, Silver, Copper & Zinc in the same year and in this year lunched first over brass futures contract in the world. In 2019 MCX lunched the mcxicomdex™ commodity index series, comprising of a composite index, two sectorial indexes and four single commodity indexes in December and introduced real time MCX icoMDEX Excess Return index serials including composite sectoral (bullion & Metal) and single commodity ER indices and lunched kapas contract in the same year. In 2020, MCX lunched the Rubber contract, futureson mcxicomdex Base metal Index and became the first Indian Exchange to have derivatives on an index of Base Metals. MCX lunched Silver contract in 2020.

One of the most crucial intermediaries that ensure smooth functioning in the commodities market in the member/broker. It is a corporate entity that is registered with the commodity exchange and act as client gateway to MCX. There are four types of membership of the MCX. Each having their own specific rights and responsibilities.

(1) Trading-Cum- Clearing Member (TCM)/Stock Broker and Self Clearing Member :-

Its trade on their own account as well as on account of their clients. TCMs can themselves clear and settle these trades. Corporates, Registered Partnership Firms, Alimited liability

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partnerships (LLPs), Sole proprietors/Individuals (Proprietary Firms) are eligible to apply for membership subject to the regulatory norms and provisions of SEBI. The minimum Rs 100 lakh Networth required for the purpose of eligibility.

The Fee & Deposit Structure for TCM are :-

Processing Fee* (Non-refundable)- Rs. 10,000 \$

Admission Fee* (Non-refundable)- Rs. 10,00,000

Interest Free Security Deposit (in Ratio of 1:1)- Rs. 50,00,000

Base Minimum Capital (in ratio of 1:3)- Rs. 50,00,000

and A member with algo trading- Rs. 10,00,000

Annual Subscription Fee*#- Rs. 75,000

(2) Institutional Trading-cum-Clearing Member (ITCM)/Stock Broker and Clearing Member :-

ITCM are eligible to trade on their own account and also on account to their clients. The trade clearance settle executed by themselves as well as of trading members and trading cum clearing member of MCX exchange. The Companies or Institutions are only eligible to become member of MCX Exchange. It can apply for membership as per norms and provisions of SEBI and as provided in the rules, Regulations, Bye-laws and Circulars of the Exchange. For ITCM membership, they will pay Processing Fee* (Non-refundable) Rs 10,000 \$ admission Fee* (Non-refundable) Rs 25,00,000, Interest Free Security Deposit (in ratio of 1:1) Rs 1,00,00,000, Base Minimum Capital (in ratio of 1:3) Rs 50,00,000, Base Minimum Capital when a member with Algo Trading Rs 25,00,000 and Annual Subscription Fee*# Rs 1,00,000. The minimum network for the purpose of eligibility is Rs 3 cr.

(3) Professional Clearing Member (PCM)/Clearing Member :-

This Members are only entitled to clear and settle trades executed by trading-cum-clearing members or trading members of MCX Exchange. For membership, any companies and institutions can apply, subject to the regulatory norms and provision on of SEBI and as provided in the rules, Regulations, Bye- laws and Circulars of Clearing Corporations. The PCM will be pay fee & deposit for membership as processing Fee* (Non-Refundable) Rs 10,00,000, Interest Free Security Deposit (in ratio of 1:1) Rs 1,00,00,000 and Annual Subscription Fee*# Rs 1,00,000. The minimum network for the purpose of eligibility is Rs 5 cr.

(4) Trading Member TM/Stock Broker :

The Trading members have rights to trade on their own account as well as on account of their clients. It do not have right to clear and settle such that have traded. All TMs must be affiliated with any one of the institutional trading-cum-clearing member or professional clearing members who have right of clearing on MCX Exchange. The Corporated, Registered Partnership Firms, a Limited Liability Partnerships (LLPs) and Sole proprietors/individuals (proprietary Firms) are eligible for membership.

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The Trading Member (TM) will pay fee and deposit as processing fee* (non-refundable) Rs 10,000, admission fee* (Non-refundable) Rs 7,50,000, base minimum capital (in ratio of 1:3) Rs 50,00,000, base minimum capital a member with algo trading Rs 10,00,000, base capital (cash) Rs 50,00,000, cash deposit from clearing member Rs 5,00,000 and annual subscription fee*# Rs 40,000. Interest free Security deposit will be collected by PCM/ITCM to Trading member. The minimum networth for the purpose of eligibility is Rs 25 lakh for Corporate/LLPs and Rs 10 Lakh for Non-Corporate.

Note : * GST as applicable will at rate of 18%

Refer Exchange Circular No. 315 dated 17/6/2019

\$ Refer Exchange Circular No. 669 dated 26/11/2019 and

Clearing corporation circular No. 282 dated 03/12/2019

The MCX Exchange has 587 registered members and 51,489 Authorised Persons. Its presence in around 837 cities and towns across all over India. Authorised Persons may any person whether being an individual (including proprietors), a partnership firm, a limited liability partnership (LLP) or Body Corporate Who is appointed as such by a member of MCX upon approval of MCX, for providing access to the trading platform of MCX, as a agent of the member. The Member should submit a prescribed format application prior to MCX for approval that member wish of dealing through Authorised Persons. The Authorised Person who appointed by members in the commodity Derivatives markets could not use words such as Stock/Security/Securities/Share/Commex/Comdex/Exchange/National in their names. The member can canceled Authorised Persons by submitting prescribed format application to Exchange. The MCX provide approval of Authorised Person concilasion. The Members shall pay his remuneration as fee. Charges, commission, salary etc. to Authorised Person for his service as per agreement between Member and Authorised Person. The Member shall be responsible for all acts of omission and commission of his Authorised Person and/or their employees, including liabilities arising therefrom.

The MCX traded commodities like precious metals, Industrial or Base metals, Hydrocarban Contracts and Agricultural commodities. MCX has a dominant position in trading in precious metals in which gold and silver and the denominations with lot size in terms of KG/grams. The MCX has a leadership position in base metals. The base metal included trading in copper, zinc, brass, nickel, aluminum and lead etc. which are basic industrial inputs use for manufacturing a variety of products. MCX also has leadership position in oil and natural gas trading. MCX trades agricultural commodities like rice, wheat, black papper, costor seed, soyabean oil, cotton, rubber, menthe oil, kapas etc.

The investor who wish trading in commodity with MCX, they should open trading account or demat account. When investor open trading account the would be able to cash settlement or physical settlement of trades in commodities and when they want to invest in different commodities in stock market, then open MCX demat account that work as gateway. The investor can trade on MCX commodity only through registered members or through member agent (Authorised Person). They should check that member is registered with the exchange or not from the exchange website and they choose best member for trade. Thereafter, can apply offline by downloading form for Trading account and comple form should be send alongwith required document to member/Authorised Person (AP)

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address or can fill the form online by visiting broker's website. For demat account upload all important document online. The broker verify all document that is submitted by investor and broker give confirmation then investor deposit the margin money in MCX trading account/demat account for starting trading. There are some account opening charge but some brokers offers free account open. The investor should be get unique client code (UCC) before trading from exchange and ensure all trades of investors are done under his UCC.

Thus, it may observe that MCX provide online trading platform for commodity product like agriculture and natural resource in India first time. The Indian farmer's can take benefit of MCX through trading of the products. The member of MCX Exchange provide facilities to investors in trading on their behalf. Members also help to investors in account opening and smooth functioning in commodity market. The member also provides advice on investor request in investment at time to time. Authorised person who is an agent of member provide access in trading on platform of Exchange. Thus, MCX Exchange provide boost in development of Indian commodity market.

Source & website of :

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