

Action Plan for Utilisation of Regulatory fee foregone by SEBI in FY 2018-19

1. In order to encourage the participation by Farmers/Farmer Producer Organizations (FPOs) in agricultural commodity derivatives markets, SEBI has reduced the regulatory fee on Stock Exchanges with respect to turnover in agricultural commodity derivatives. It is specified by SEBI in its Circular no. SEBI/HO/CDMRD/DMP/CIR/P/2019/40 dated March 20, 2019.
2. SEBI also directed the Stock Exchanges to create a separate fund earmarked for the benefit of Farmers/FPOs and deposit the regulatory fee forgone by SEBI in the said fund for exclusive utilization of the same for the benefit of and easy participation by Farmers and FPOs in the agri-commodity derivatives market.
3. SEBI further directed the Exchanges to draw an Action Plan for full utilisation of said fund and disseminate the same in its Website.
4. Accordingly, the Exchange has drawn an Action Plan for FY 2019-20 for utilisation of Regulatory Fee forgone by SEBI in FY 2018-19 and the same is given as under:
 - A. As directed by SEBI in the said circular, the fund will be used for following activities:
 - a. Funding of Warehousing and/or Assaying charges
 - b. Reimbursement of Cost of bags and transportation for the Farmers / FPOs for delivery on Exchange platform
 - c. Funding of Cost of Mark to Market (MTM)
 - d. Subsidization of Broker fee
 - e. Subsidization / Reduction of Delivery fee/charge
 - f. Subsidization of Repository related fee
 - g. Any other activity as may be permitted by SEBI
 - B. However, for the year 2019-20, the Exchange will fund/ reimburse the assaying charges to the FPOs for the Agri Commodities deposited by them with MCCIL accredited warehouses.
 - C. For the purpose of this policy, the “Farmers Producer Organisation” shall mean any legal entity formed by farmers and registered as a producer organisation under the below Acts:
 - a. Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the Respective State;
 - b. Multi-State Cooperative Society Act, 2002;
 - c. Companies Act, 1956/Companies Act, 2013;
 - d. Society Registration Act, 1860;
 - e. Indian Trusts Act, 1882.”

- D. The reimbursement will be subject to availability of funds.
- E. It shall be extended to FPOs who have a valid UCC, registered in the Exchange database.
- F. Further, the Exchange retains the discretion to not extend the financial assistance in the form of funding / reimbursing the assaying charges to an FPO where multiple instances of rejection of their deposits is observed.
- G. The process that will be adopted to administer the utilisation of the said Fund is as follows:

Process-:

1. The FPO will be identified based upon the UCC details registered by the member(s) with the Exchange.
 - Where the same is not identifiable through the UCC, the Exchange may rely upon documents / information pertaining to the FPO by seeking the same from Member(s) / accredited warehouse.
2. Between the Exchange and MCCIL, a confirmation mechanism on stocks inwarded, rejected / deposited will enable the Exchange to satisfy on the eligibility of concerned FPO to avail the benefit / financial assistance against assaying charges.
3. The assaying charges will be funded / reimbursed at actuals.