

Forward Markets Commission  
Department of Consumer Affairs  
Ministry of Consumer Affairs, Food and Public Distribution

F.No.11/29/2009-IR-II

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**GUIDELINES FOR MEMBER OF COMMODITY EXCHANGES IN JOINT VENTURES  
AND WHOLLY OWNED SUBSIDIARIES ABROAD**

**INTRODUCTION**

- 1.1 The RBI vide its circular A.P.(Dir Series) Circular No.6 dated 06.09.2006 (Overseas Direct Investment by Regulated Entities in the Financial Sector) has clarified that trading in Commodities Exchanges overseas and setting up Joint Ventures/Wholly Owned Subsidiaries (JV/WOS, in short) for trading in overseas Commodities Exchanges will be reckoned as financial services activity and will require clearance from the Forward Markets Commission(FMC, in short)
- 1.2 In the light of the above, the following guidelines are issued to elaborate the procedure for obtaining approval/NOC from the FMC.
- 1.3 These guidelines are in supersession of the guidelines issued by the FMC on 03.08.2006.
- 1.4 These guidelines shall be supplementary to the existing Regulations/ Notifications/ Circulars/ Guidelines/ Directions issued or that would be issued from time to time, under FEMA, 1999 by the RBI/Central Government.

**APPLICABILITY**

- 2.1 These guidelines shall apply to only such persons who have been Members of a Recognized Association as per the provisions of Section 6 of the Forward Contract (Regulations) Act, 1952 (FCRA, 1952) for at least one year.
- 2.2 These guidelines shall also apply to those persons who will approach the Commission for revalidation of their NOC issued earlier .

**Guidelines in respect of JV/ WOS abroad by members of Exchanges**

