

## **Sebi allows commodity bourses to carry forward unutilised IPF interest income**

Sebi today said unutilised Investor Protection Fund (IPF) interest income accruing during a specific financial year can be carried forward to the next fiscal to enable effective utilisation of such money by the commodity derivative exchanges.

The markets regulator allowed such exchanges to utilise IPF interest income for undertaking research activities related to commodities market, provided every such research activity can be undertaken only after obtaining prior written approval of the trustees of the IPF Trust, who would record the reasons, relevance and stated objectives of the research project while according approval to such project.

The decision has been taken after receiving representations from from the national commodity derivatives exchanges (NCDEs), the Securities and Exchange Board of India (Sebi) said in a circular.

Further, the exchanges board should be apprised of the research programmes activities being undertaken at least once in every quarter or half year of a given financial year.

However, Sebi said there will be an overall cap on the total amount.

"Not more than 10 per cent of the interest amount of IPF which can be spent on research activities related to commodities market," it added.

IPF would frame a policy towards identifying public and private academic institutions, professional bodies, trade (physical market) associations and industry bodies with whom such research activities will be undertaken.

The regulator has allowed exchanges to use the IPF for meeting their liabilities towards the clients of members not registered with Sebi, if the same is allowed under the byelaws of the exchange.

Currently, the IPF of the exchange can be utilised for the clients of Sebi registered members only.

Further, the regulator has prescribed certain expenditures, which are to be met utilising the Investor Service Fund (ISF) and not IPF.

"However, since ISF is of recent origin, its corpus may be inadequate. NCDEs have therefore requested to permit utilising interest on IPF in lieu of ISF for expenditures meant only for ISF.

Accordingly, the NCDEs have been granted three years period starting April 1, 2018 to permit utilising interest on IPF for activities of ISF also.

*(India Today)*