

Scheme for conduct of Awareness Programs for
Commodities Derivatives

2017

Investor Awareness Division
Office of Investor Assistance and Education
Securities and Exchange Board of India.

Scheme for conduct of Awareness Programs on Commodities Derivatives

Background

The Preamble of the Securities and Exchange Board of India (SEBI) describes the basic functions of SEBI as "...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto". As per the Securities Contracts Regulation Act (SCRA), 1956 amendment dated September 28, 2015 the definition of securities also includes commodities derivatives. In this regard, **report on IOSCO Principles for the Regulation and Supervision of Commodity Derivatives Markets mentions that the IOSCO Principles are "set out to ensure that the physical commodity derivatives markets serve their fundamental price discovery and hedging functions, while operating free from manipulation..."**

Education and Awareness initiatives of SEBI are based on the primary mandate of SEBI ie "investor protection". Taking this thought forward into the commodities derivatives segment in line with the backdrop of IOSCO principles which say that commodities derivatives market serves the purpose of price discovery and hedging, SEBI now plans to embark upon a Commodities Derivatives Awareness Campaign.

This document sets contours for conduct of Commodities Derivatives Awareness Programs (CAPs) and gives guidelines to entities who may like to empanel with SEBI as Commodities Derivatives Trainers (CoTs).

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1 Overview:

With a view to spreading awareness about commodities derivatives among various stakeholders of commodities derivatives market viz.

1. Farmers
2. Farmers' Associations
3. Farmer Producers organisations (FPOs)
4. Hedgers
5. Producers
6. Manufactures
7. Processors,
8. Traders,
9. Exporters
10. Importers
11. End-users, consumers etc.

a Scheme has been formulated whereby eligible entities interested in conducting commodities awareness programs may approach SEBI for recognition.

SEBI may, under this scheme, recognize entities which can impart education in the field of commodity derivatives on topics such as forward/ futures contracts, hedging, risks etc., related to the commodities derivatives market. SEBI may carry out awareness programs in the prescribed format(s) with entities in the field of education/ other developmental/ ancillary activities pertaining to commodities derivatives. The aim of the Scheme is to reach the farmers/ producers, farmers cooperatives/ groups etc. in various parts of the country. Recognised CoTs are expected to organise programs in small towns/ rural areas or places where majority of target participants are concentrated etc. so as to provide easy access to farmers and other stakeholders as mentioned above.

2 Eligibility Criteria for recognition of CoTs:

Applicants can be a trust/ society/ company /institution/ NGO etc. in the field of education/ other developmental/ ancillary activities pertaining to commodity derivatives which are traded on commodity exchanges, to become Commodities Derivatives Trainers (CoTs) for SEBI.

This scheme envisages that entities may apply to SEBI to become CoTs in the format prescribed (Format is given in the annexure) provided following conditions are fulfilled before application:

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- 1) Applicant may be a trust/ society/ company/ institution /NGO etc. and have a valid certification of incorporation/ trust deed/ registration/ approval under the law of the land.
- 2) Applicant is in existence for atleast three years at the time of applying to SEBI and has experience of working with the erstwhile Forward Market Commission or any Central or State Government body etc. in the area of education/ other developmental/ ancillary activities pertaining to commodities derivatives.
- 3) Experience of around 3 years in the field of training/ dealing in Commodity Derivatives.

3 Recognition by SEBI

An application for recognition as CoT shall be made in the prescribed form as specified in Annexure I. Application should be complete in all respects. SEBI reserves the right to reject any application.

- a) **Processing of application:** Upon receipt of a duly filled application form, SEBI will process the application. While processing SEBI may seek clarifications/ further information as deemed fit.
- b) **Visit/inspection:** Further, SEBI may conduct a surprise visit/ inspection of the facilities of the applicant.
- c) **Recognition:** SEBI may recognise the applicant as CoT, if SEBI so deems fit. These CoTs will form part of the Commodities derivatives Training Network (CoTN) of SEBI.
- d) **Period of recognition:** The recognition for CoTs will be for a period so desired by SEBI. Upon expiry of such a period either SEBI may suo moto extend recognition or the CoT to apply for renewal before expiry of recognition. Application may be treated as a fresh application for recognition if received after expiry.
- e) **Role of recognized CoTs:** The express purpose of recognition of CoTs is that CoTs do conduct education/ awareness programs for SEBI upon receiving approval of the same from SEBI in addition to any other matter specified by SEBI.
- f) **Change of Recognition status/ Derecognition:** SEBI reserves the right to alter/ change the terms/status of recognition.

4 Proposed format of the CAPs:

The recognized CoTs will conduct awareness programs on behalf of SEBI under the aegis of the SEBI Investor Protection and Education Fund (SEBI IPEF). These CAPs will broadly follow the following format of about three hour long program which is illustrative in nature.

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TIME (approximate)	TOPIC	SPEAKER
Half an hour	REGISTRATION	
15 mins	Lighting of Lamp and/ or Keynote Address by Chief Guest from SEBI/ CoT	By SEBI Official/ CoT official
Half an hour	Role & Responsibilities of SEBI	By SEBI Official/ CoT official
Over one hour	Commodities Derivatives Segment and related topics (as relevant to the audience)	Lecture/ delivery by Expert(s)/ Exchange(s)/ CoT official(s) etc
Half an hour	Q & A	All on dias

However, the format may be altered by SEBI depending on the nature of the program.

Cost to the Participants: The CAPs under aegis of SEBI IPEF will be free of cost to the participants.

5 Proposed Reimbursement:

CoTs must adhere to austerity given the fact that the programs are expected to be conducted in rural areas where the cost of living is lower compared to urban areas. Considering that similar programs may be done in rural areas, a **reimbursement of upto ₹50,000 (₹Fifty Thousand)** per CAP may be made by SEBI for the costs incurred by CoTs after due submission of requisite bills in original including supporting bills in case some services such as making of banner etc. are outsourced by the CoTs and duly signed attendance sheet/ certificate. However, in case SEBI is funding the said program, funding/ sponsorship from any other source, will not be acceptable. These programs will be conducted after obtaining prior approval from SEBI.

The indicative heads of expenditure are as follows:

Sr. No.	Illustrative reimbursement heads
1.	Hiring of Premises, banner & related charges
2.	Advertisement in local newspaper and invitation Cost related to gathering people etc.
3.	Refreshments provided during the workshop/ CAP

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4.	Travel, Lodging, Boarding, honorarium etc. of non SEBI speakers
5.	Education material if not provided by SEBI.
6.	Other miscellaneous expenses

SEBI is liable to reject the reimbursement claim not supported by original bills. Reimbursement claims may be sent at the earliest or within one month of the conduct of the CAP.

6 Planning and program approval:

CoTs will submit following details to SEBI for approval in a reasonable time before conduct of the CAP:

1. Time and date of the proposed CAP
2. Location/address of the venue
3. Probable speakers/ experts that you would be engaging (supported with their bio data)
4. Type of target audience to be addressed;
5. The commodity/ topics to be covered; along with the material/PPT;
6. Mode of sending invitation/ publicity

Upon receipt of the aforementioned details, SEBI may give an approval of the said CAP. Upon receipt of approval, CoT may conduct the said program.

The workshop/ CAP shall have a banner "Workshop/ CAP conducted under the aegis of Investor Protection and Education Fund of SEBI".

7 Annexure to this documents:

1. Application form
2. Claim for reimbursement of expenses to recognized CoTs for conducting CAP.
3. Format for seeking approval for proposed CAP
4. Attendance sheet

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Annexure I

Date: _____

Office of Investor Assistance and Education,
Investor Awareness Division,
Securities and Exchange Board of India,
SEBI Bhawan, C4-A, G Block, Bandra Kurla Complex,
Bandra East,
Mumbai 400051.

Dear Sir/Madam,

Application for Recognition of Commodities Derivatives Trainers (CoTs)

We refer to the Scheme for conduct of Awareness Programs in Commodities Derivatives Market. We have read and understood the terms of the Scheme.

We hereby apply for recognition of Commodities Derivatives Trainers (CoTs) to impart education in the field of commodity derivatives.

We further submit that we have relevant expertise of conducting educational programs/ other developmental/ ancillary activities and have more than _____ years of relevant experience in the area of education/ other developmental/ ancillary activities pertaining to Commodity Derivatives.

We are enclosing our application in the prescribed form, along with supporting documents.

Yours faithfully,

Authorized Signatory
(Please give name and designation)

**APPLICATION FORM FOR RECOGNITION OF COMMODITY DERIVATIVES
TRAINERS (CoTS)**

General Instructions

1. All items should be properly filled up / neatly typed.
2. Supplementary details can be given on separate additional sheets, if need be.
3. SEBI may call for additional information on any aspect, if required.
4. SEBI reserves the right to reject any application or cancel recognition in its own discretion without assigning any reason thereof.
5. Submission of this form does not in any way guarantee recognition by SEBI
6. Please be brief while providing your remarks/ comments in the space provided in the form.
7. Unsigned and incomplete applications will be returned in original.

Please ensure the following enclosures before submission/ mailing

Sr. no.	Enclosed	Tick if enclosed
1.	Certified photocopy of the certificate of registration/ incorporation	
2.	Certified copy of the Memorandum of Association/ Trust Deed	
3.	Certified copy of the last three years audited financial reports	
4.	Certified list of names and addresses of all members ?	
5.	Certified copy of the resolution passed to approach SEBI for recognition	
6.	Sample copies of publications, if any.	
7.	Filing of any supplementary documents	

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Application Form for recognition of CoTs

Name of the Applicant	
PAN/ TAN number	
Permanent/ Registered Address for communication/ registration/ incorporation	
Constitution Society/ Trust/ Company	
Registration No. and date of registration under	
i) Societies Registration Act, 1860/ Companies Act, 1956.	
If constituted in the form of trust indicate the name of the settler of the Trust, Date of Trust Deed and date of registration of the deed.	
Name and address of Key personnel along with their contact details	

ORGANISATION

a) Office Bearers:

Name	Designation	Occupation/ Profession	Remuneration in cash or kind received from the Applicant (p.a.)

b) Management of the Applicant is entrusted upon (Governing Board/ Committee etc.)

c) Number of members in the above board/ Council

d) How are they elected or appointed or nominated (from among whom and how)

--

e) Frequency of elections

--

f) Has any of the members of the governing Board/ Board been

--

i) Awarded any penalty by SEBI or Govt. authority

--

ii) Found guilty of any economic offence or violation of any securities laws.

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If yes, then please provide the details thereof.

g) Membership (last three years)

i) Total number:			
ii) No. of members who are Body Corporates or Institutions			
iii) Brokers/ Sub-brokers			
iv) Members who are working for any company as lawyers, solicitors, CAs, CSs, Investment Advisors, Consultants or dealers in shares			
v) Non- profit organizations			

h) Is any member of the Governing Board/ Management Committee/ Board of director or any other office bearer registered with SEBI as an intermediary

i) Is any member of the Governing Board/ Management Committee/ Board of director or any other office bearer a director (other than independent professional director) on the board of any body corporate.

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ACTIVITIES OF THE APPLICANT

- a) Objectives of the Applicant : Mark the relevant portions in the Memorandum of Association
- b) What is the objective of the applicant in seeking recognition from SEBI?

- c) Number of shareholders' conferences/ seminars (or as applicable in the area of Commodity Derivatives) organised during the last year

- d) Any other Activities

- e) Whether suits or proceedings are pending against the Applicants or any of its office bearers/ members in any court

- f) Whether the Applicant agrees to abide by the rules, regulations and/ guidelines framed by SEBI from time to time for its effective functioning and better discipline?

- g) Whether any member of the Applicant is related to any SEBI official?

Certified that the information given above and also in the Annexures/ enclosures are true to the best of our knowledge. We hereby agree to comply with the conditions stipulated by SEBI and also not to carry out any activity in contraventions of Securities Contract (Regulation) Act, 1956 ,Securities and Exchange Board of India Act 1992, and rules, regulations, and circulars and notifications made there under or any other law in force.

Name	Signature
_____ President *	_____
_____ Vice President*	_____
_____ Secretary*	_____
_____ Treasurer*	_____
Date: _____	Place: _____

- As applicable as per the constitution of the applicant

SECURITIES AND EXCHANGE BOARD OF INDIA

CLAIM FOR REIMBURSEMENT OF EXPENSES TO RECOGNIZED COMMODITIES TRAINERS (CoTs) FOR CONDUCTING WORKSHOP / SEMINAR UNDER THE AEGIS OF SEBI IPEF

_____ a Commodities Trainers (CoT) has incurred an expenditure of ₹. _____ ₹ _____), as detailed below, in connection with organizing a workshop/ CAP under the aegis of SEBI IPEF, which may please be reimbursed as per the criteria. The workshop/ CAP was held at _____ (address) on _____ from (time____) to (time____) and was attended by (no.____ of) participants

Sr. No.	Details of the expenses	Amount /₹	Bill submitted
a	Hiring of Premises, banner & related charges		
b	Advertisement in local newspaper and invitation cost related to gathering people etc.		
c	Refreshments provided during the workshop/ bills		
d.	Travel, Lodging And Boarding, honorarium etc. of non SEBI speakers		
e	Education material, if not provided by SEBI		
f	Other miscellaneous expenses		

(Name & Signature of the office bearer of the Commodities Trainers)

Place & Date :

Seal of the CoT

No. of original bills enclosed:

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Important instructions to submit claim for re-imbusement of expenses for conducting workshop / CAP by Commodity Derivatives Trainer

1. The claim shall be made for permissible items as provided in “Conditions of Operations of Commodities Derivatives Trainers”.
2. The claim shall be made strictly in the format prescribed by SEBI.
3. Separate claims shall be submitted for each workshop.
4. The claim shall be supported by **(a)** original bills and receipts, issued in the name of the CoT, **(b)** two photographs of the workshop/ CAP (one of the speakers on the dais and other of the audience), and **(c)** attendance sheet in original as prescribed by SEBI.
5. In case supporting original bill is issued for services availed in more than one workshops/ CAP, original bill shall be submitted along with claim of one of such workshop/ CAP, and copy of bill shall be submitted along with the claim of other workshops/ CAP.

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Annexure III

Securities and Exchange Board of India
(Sent through e-mail)

Sir / Madam,

Subject: Seeking approval of the schedule of workshop / CAP proposed to be conducted under aegis of SEBI IPEF

M/s _____an Commodities Derivatives Trainers (CoT), propose to conduct workshop/ CAP under aegis of SEBI IPEF. In this regard, following schedule of the workshop/ CAP is submitted for approval of SEBI.

Date and Time	Venue (Name and address)	District and State	Topic being covered	Name of the Commodities Derivatives Trainers (CoT) conducting the workshop / CAP seminar	Name and details of Speakers *	Target audience and their expected numbers	Mode of publicity used	Contact person of COT with details	Request for SEBI participation / speakers (Yes / No)

*** A brief profile of external speaker(s) is enclosed herewith**

We hereby undertake that the above scheduled workshop/ CAP will be conducted as per the guidelines prescribed for conducting the workshop/ seminar in “Conditions of Operation of ”Commodities Derivatives Trainers.”

Regards,

(Name & Designation of CoT personnel)

(Name of Commodities Trainers (CoT))

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Annexure IV

Name of Commodities Derivatives Trainers (CoT)- _____

**ATTENDANCE SHEET OF PARTICIPANTS OF WORKSHOP / CAP CONDUCTED
UNDER AEGIS OF SEBI IPEF**

Topic of Workshop / CAP:

Details of venue :

Date :

Time :

Sr. No.	Name	Tel no.	Email id, if any	Signature

Name of Authorised Signatory

Signature of CoT personnel

Stamp of Commodities Trainers (CoT)