

Axis Securities gets NCDEX membership

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MUMBAI, DECEMBER 5:

Axis Securities, a subsidiary of Axis Bank, has become the first-ever broking arm of a bank to take membership of a commodity exchange by registering itself with NCDEX.

In September, Reserve Bank of India allowed banks wishing to undertake commodities derivatives clearing to set up a separate subsidiary for the purpose and adhere to the membership norms laid by market regulator Securities Exchange Board of India.

Banks should also set up internal risk control measures and take board approvals to decide the extent to which they can fulfil pay-in obligations arising out of trades executed by clients and set prudential norms on risk exposure, among others.

Axis Securities is also in discussion with MCX to take its membership, sources said.

The trading volume in commodity exchange is expected to increase with the wide reach of banks broking firms such as Axis Securities besides boosting investors confidence in commodity derivative trading. However, these broking arms are not allowed to trade on their own behalf (proprietary trading).

Samir Shah, Managing Director, NCDEX, said it is a significant moment for the Indian commodity bourses as for the first time a bank broking arm has become the member of the country's largest agriculture commodity exchange NCDEX. "We expect with Axis Securities already on board and many more in line, the domestic commodity markets will deepen. It will increase the liquidity and distribution which would not only make the process of price discovery more robust, but also provide market participants a more transparent and conducive atmosphere to operate in," he said.

Arun Thukral, Managing Director, Axis Securities, said it will focus on reaching out to clients for agriculture and non-agriculture commodities business across the country, especially from semi-urban and rural India.