



Bill Summary

The Forward Contracts (Regulation) Amendment Bill, 2010

- The Forward Contracts (Regulation) Amendment Bill, 2010 was introduced in the Lok Sabha on December 6, 2010 by the Minister of Agriculture, Consumer affairs, Food and Public Distribution Shri Sharad Pawar. The Bill was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution (Smt. Jayanthi Natarajan), which is scheduled to submit its report within three months.
- The Bill transforms the role of the Forward Market Commission (FMC) from a government department to an independent regulator (similar to SEBI). The Bill confers statutory powers upon the FMC.
- The Bill allows trading in all commodity derivatives, and also options on goods and commodity derivatives.
- The Bill makes a provision for corporatisation and demutualisation of all recognized associations in accordance with the scheme to be approved by the FMC.
- At present, ready delivery contracts need to be delivered and paid for immediately or within 11 days. The Bill extends this period of the ready delivery to 30 days.
- The number of members of the FMC has been increased from four to nine, including one Chairperson and three whole-time members.
- The Bill vests powers in the FMC to impose penalties in cases of failure to furnish information or comply with the directions of the Commission, indulging in insider trading or fraudulent and unfair trade practices, and in case of contravention of the provisions of the Forward Contract Regulation Act, 1952. .
- All sums collected by way of penalties shall be credited to the Consolidated Fund of India.
- The Bill allows for appeals from the order of the FMC and the adjudicating officer to the Securities Appellate Tribunal established under the SEBI Act, 1992.
- The Bill makes a provision for the transfer of duties and functions presently performed by a clearing house to a clearing corporation.
- The Central Government has the power to prohibit forward contracts or options in goods or commodity derivatives by notification in some cases.
- The Central Government would have the power to issue directions to the FMC on matters of policy and to supersede it in certain cases.

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