

Sebi, NSE urge banks to source gold from exchange platform for hedging

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Banks should source gold from the exchange platform and also utilise it for hedging and risk

management, Sebi Whole Time Member S K Mohanty said on Friday.

"Time has now come for the banks to come forward and source gold from the exchange platform... also do their hedging and hedge risk management on the exchange platform itself.

"Indian gold standard can become an international gold standard when we display good governance and credibility before the international forum," Mohanty said.

He was addressing the digital launch of NSE-approved refiners' gold bars. The Indian refiners' gold will be available from September 1, 2020.

The exchange will accept gold bars produced by the domestic refiners for settlement of the gold futures contracts traded on its platform.

In order to generate confidence among the traders, dealers and other participants in terms of quality, NSE has put in place a robust risk management, auditing, testing methodology and other norms, Mohanty added.

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"NSE has become the first exchange to operationalise and commercialise the India Good Delivery Standards. We hope that this change will enable the other market participants such as the banks and nominated agencies, who play a major role in the import of bullion, to participate on the exchange.

"This will help them in substituting the imported gold by taking delivery through our exchange," he noted.

NSE Managing Director and CEO Vikram Limaye opined that banks should be allowed to participate in the exchange where they can integrate refining of the scrap gold or jewellery mobilised under the Gold Monetisation Scheme.

"Enablers should also be provided for banks to deliver and source the Indian good delivery standard bars on NSE exchange platform," he added.

The development of a good delivery standard for any country means that there is greater organised trade and recognition that refiners in that nation are capable of producing world-class bullion bars, he said.

This is the first time that Indian refiners will deliver their gold bars on the NSE platform.

The refiners include **M D Overseas**, Kundan Care Products, Augmont Enterprises, GGC Gujarat Gold Centre.

The introduction of NSE Refiner Standards (NRS) for BIS-Standard Gold by NSE is expected to facilitate greater participation from the domestic market players in the exchange traded deliverable bullion commodity derivatives.