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SEBI Reforms

Why in news?

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SEBI recently announced a commodity market reform of permitting exchanges to launch options contracts.

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What are the changes announced?

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- Allowing exchanges to launch options contracts **would deepen the domestic commodity market.**
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- It would provide farmers and other participants a new hedging tool, in a more cost-effective manner.
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- **Single broking licence** - Stockbrokers will be allowed to deal in commodities and vice versa. Within a year, a single licence will be allowed for exchanges as well.
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- The move will help the Multi Commodity Exchange (MCX) to launch equities trading, and the National Stock Exchange (NSE) and the BSE to foray into the commodity derivatives space.
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- **QIB** - A qualified institutional buyer (QIB) status on important non-banking finance companies (NBFCs) that have net worth of more than Rs 500 crore is accorded.
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- Earlier, NBFCs had to invest in the non-institutional category, which has only 15% reservation.
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- The current move will give NBFCs greater play in the IPO market, as nearly

half the issue size is reserved for QIBs.

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- **Monitoring Authority** - Capital raised in IPOs could be misused or siphoned off.

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- So to ensure transparency in the use of proceeds, all IPOs raising Rs 100 crore or more in fresh equity capital will have to appoint a “monitoring agency”.

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- Until now, it was mandatory only for IPOs that raised over Rs 500 crore.

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- **P notes** - Residents and non-resident Indian (NRIs) are not allowed to take direct or indirect exposure to the market participatory notes (p-notes).

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- MFs can be bought through e-wallets, such as Paytm, Mobikwik and Freecharge.

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- Sebi announced a new framework for consolidation and re-issuance of debt securities aimed at boosting the bond market and infusing more liquidity.

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Source: Business Standard

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