

SEBI BOARD APPROVES FRAMEWORK FOR GOLD EXCHANGE

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The Securities Exchange Board of India (SEBI) board on Tuesday approved the framework for gold exchange wherein the yellow metal will be traded in the form of electronic gold receipts and will help in having a transparent domestic spot price discovery mechanism.

The market regulator also approved the creation of Social Stock Exchange at the board meeting.

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Under the creation of Social Stock Exchange, Sebi board said that it will be used for purpose of fund raising by social entrepreneurs. Moreover, Chairman Ajay Tyagi stated, "Can't specify timeline for social stock exchange, will coordinate with government to take it ahead."

Sebi also approved that amendments to delisting framework for equity shares. It also eased eligibility requirements relating to Superior Voting Rights shares framework.

Presenting the Budget for 2021-22, Finance Minister Nirmala Sitharaman had said that Sebi will be the regulator for gold exchange and Warehousing Development and Regulatory Authority (WDRA) will be strengthened to set up the commodity market ecosystem.

As per Sebi's earlier statement, the proposed gold exchange would lead to efficient and transparent domestic spot price discovery, assurance in the quality of gold, promotion of India good delivery standard with active retail participation, greater integration with financial markets and augment gold recycling in the country.

"Establishment of regulated gold exchange is a landmark measure and to give due prominence to the historic step, it is believed that the terminology for the instrument should be unique and one that carries a global resonance," Sebi noted.

The regulator has suggested that the instrument to be traded on the bourse can be termed as an 'Electronic Gold Receipt' (EGR) and that the entire transaction mechanism can be divided into three tranches.

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