Commodity traders may be monitored by MAS

IN A long-anticipated move, commodity traders could soon come under monitoring by the Monetary Authority of Singapore (MAS), a role currently undertaken by the Trade and Industry Ministry through International Enterprise (IE) Singapore.

Introduced in Parliament yesterday, the Commodity Trading (Amendment) Bill seeks to effectively place all financial trading activities and people involved in them under the purview of the MAS.

This is part of the Government’s move to enhance Singapore’s status as a financial hub by having a more streamlined and efficient legal system governing financial activities.

Said Associate Dean Annie Koh of SMU’s Business School: “All this time, IE Singapore has been looking after the trading community and the activities of trading firms, which have made Singapore a trading hub with quite sizeable volume in terms of selected commodities, especially oil, rubber and palm oil.”

Experts say with the commodities market worth some US$140 billion ($214 billion) globally, it is no longer just a case of attracting traders to set up shop in Singapore — a more robust regime is also needed to monitor its growth.

“I don’t see this as a regulatory problem, but rather, as aligning the cash market to the futures and derivatives area,” said Associate Professor Koh, who runs a course at SMU to train commodity traders.

The amendment bill will see commodities trading subjected to the same laws as currencies and bonds in the equities market, such as the Securities and Futures Act and the Financial Advisers Act.

Industry players say one benefit would be more activities at the Joint Asian Derivative Exchange set up last year, which could see more new contracts beyond the current crude palm oil and rubber commodities. — JOHNSON CHOO