

# Don't let the trade ruin!

**T**True to the fact, Commodity Market is a very novel concept in our circumstances. With the number of exchanges mushrooming in the Nepalese financial platform, the market and the general public have been equally aware but at the same time the consequences of negativity associated with this market is also accelerating on its own pace. No doubt, the activities of MEX Nepal have been proving the milestone for the development of the country's financial markets. However, the sense of ownership and the responsibility to expand and explore this market must be built among all the parties involved in the commodity market, which is rarely seen nowadays. People always blame without considering their own fault. This activity of blaming others to redeem themselves is not acceptable. All the stakeholders of MEX Nepal are competent enough to fight against the market abuse. They have collectively voiced opinions against the wash Sales Jobbing, bucketing and even Churning. All these activities ruin the market and make people snivel who invests on it. The ambition of earning more without considering the business ethics may harm the market. Churning is one of the activities which could ruin the Nepalese commodity market.

Involving in the cynical overtrading of customers' accounts for the purpose of generating commission is called churning. This unethical practice by the representatives of the account's holders to accumulate the excessive transactions in an account is not acceptable in the world of derivatives. This personal account dealing undertaken by the representatives of the account may create conflict between the firm and the customer. Churning crops up when a representative opens the trade more frequently than necessary without any market logic, with the intention of generating undue commission. They always try to



generate more commission without harming the principle amount on the trade, but this can't be necessarily guaranteed. In this situation, the end loser will be the clients who have invested their capital, and not the representative; consequently affecting the prospective commodity market of Nepal. We, the Nepalese people are very fast and efficient on copying the activities without bothering about the implication of it. So, these representatives of the commodity market always try to cash in on this behavior of Nepalese traders. With the hope of earning enormous easy money, they invest their hard-earned funds in this sector without any knowledge. They totally believe their representatives who verbally guarantee the percentage of return out of their investment. The question is can any one guarantee the return? Now it's time for traders to wake up to the main fact that they should not invest on the mere promises of the representative's only with the further realization

that the market is after all equal for everyone. Commodity exchanges, brokers and other concerned authorities should groom the traders accordingly and create market awareness to limit their losses and maximize the gains.

Discipline trading is one of the main aspects of commodity trading without which people will lose money. Traders need to build the habit of closing the deal in profit. With the hope of generating more profit, people always wait when it's loss and book when it's profit. Without maintaining the discipline in trading, profits seems like a fantasy. What traders do is that they always study the technical and fundamental factors after they open a position, which is absolutely wrong. Instead, they should study all the factors before they initiate the trade which comes under discipline trading. Contingent trading practice is one of the best ways to be a successful trader which most of the traders

don't follow. But, it should be strictly followed and the representative needs to guide the clients. Taking money home is the best way to build up the confidence of the individual traders, so the representative always needs to motivate their clients to withdraw some part of their profit and not to invest the earned money immediately. Of course, this activity of the traders may decrease the trading lots, which eventually decreases the commission amount, but representatives need to think of the client before the commission which is rarely seen in our practice. Likewise, there are various factors to be considered before initiating the trade. Firstly, the representative needs to perform their duty of explaining all these factors and other technicalities to the traders. Secondly, the traders on the other hand should read the market information carefully, do's and don'ts related to commodity trading before initiating the live trade, not entering into any assured returns arrangement with any representatives, not being carried away by luring advertisements, explicit/implicit promise of returns and ultimately not letting trade get ruined.

Therefore, the responsibility of taking the commodity market in positive and right direction should be borne in mind by each and every individual related to commodity market and its dimension, which will not only ensure discipline trading on part of the traders but also explains the immense potentiality of this market among the general public.



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