Q & A

We expect to launch options trading in March quarter

SURESH P IYENGAR
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Mrugank Paranjape, MD, MCX

After a prolonged lull, commodity future exchanges are set for an interesting growth phase under the new regulator, SEBI. MCX was the first exchange to introduce concentration margin as an additional risk management measure on contracts with open interest of over ₹250 crore. Mrugank Paranjape, Managing Director, MCX, told *BusinessLine* that integration of electronic national agricultural markets with derivative markets holds the key for further growth. Excerpts:

How do you expect 2017 to play out?
Commodity exchanges will embark on the next phase of growth in 2017 with the introduction of new products, such as options, along with a broad spectrum of institutional participation. Next year could emerge as a watershed year in the growth of commodity exchanges.

And how was 2016?
SEBI's September announcement on the introduction of options was significant. In anticipation of institutional participation, the MCX Clearing Corporation applied to SEBI seeking recognition as a separate clearing corporation to enable MCX to transfer the functions of clearing and settlement of trades to MCX CCL.

What challenges will 2017 bring?
With the possible introduction of options trading and new commodities, commodity exchanges have to work hard to ensure that commodity stakeholders reap the benefits. New initiatives, such as electronic National Agricultural Markets and their integration with derivative markets, hold the key for growth.

When will you launch options trading?
We are awaiting SEBI guidelines on options trading before making a formal application to launch it; we expect to launch options trading during the first quarter of 2017. We have launched outreach activities to prepare stakeholders for the launch.