MCX Chief Sees Trade in Currency Segment Soon

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Mumbai: The launch of a currency derivatives segment is what Mrugank Paranjape, the newly-anointed MD of Multi Commodity Exchange of India (MCX), is betting on as and when regulator Sebi allows commodity exchanges to offer more asset platforms and equity bourses like BSE and NSE to offer a commodity futures segment.

The exchange has sought proposals from three-four technology vendors to this end, Paranjape told **ET** after his first media interaction since having taken helm at the country's largest and only listed commodity bourse on May 8.

"I see this as the next logical step given the close relationship between commodities and currencies," the 25-year corporate banking veteran said when asked if he'd rather see MCX launch an equity segment, given the regulator allows them.

Currently, NSE, BSE and MSEI offer currency derivatives, of which dollar-rupee futures and options are the most liquid. The average daily turnover of the currency futures market is around ₹28,000 crore, similar to the size of the currency futures market including MCX, NCDEX and NMCE.



Mrugank Paranjape

Queried whether the renegotiated technology provider agreement between the exchange and its erstwhile founder Financial Technologies (FTIL) was binding till 2022, he answered in the affirmative, but added that did not stop MCX from "continuously evaluating" what was in the best interest for it, which could mean having more than one partner or expanding the scope with its existing partner.

"Let me say that despite the problems, all of which have been resolved, since the NSEL payment crisis in 2013 and the consequent forensic audit on MCX (by PwC) there has been no issue with the trading technology, which remains the best in its class," he added.

He said the 13-year-old commodity futures market was at the cusp of brimming opportunity since the regulatory merger of Forward Markets Commission (FMC) with Sebi in September last year. FMC was the regulator of the commodity futures market until after the ₹5,600 crore NSEL payment crisis which resulted in the merger to strengthen oversight of it.

Paranjape expects Sebi to approve the launch of options by commodity exchanges over three-four months and trading to commence in the next nine-odd months. Asset management companies will initially be allowed to participate in commodity futures before foreign portfolio investors and insurance companies, which could be allowed in at more or less the same time. About banks' participation, he said that was a question for the RBI to decide.

on Sebi Approval

Mrugank Paranjape bets on new segment as and when Sebi allows commodity exchanges to offer more asset platforms