MCX looks to launch options trading in Q4

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LEADING commodity exchange MCX plans to launch options trading in the next quarter of this financial year in a few commodities like bullion and crude oil following the Sebi's decision to allow such trading on bourses.

The markets regulator on September 28 had allowed options trading on commodity exchanges with an aim to deepen the commodity derivatives markets and enhance liquidity.

This has been a long pending demand from the exchanges, investors and market participants. So far, only futures trading was permitted on commodity bourses.

"We expect to launch options trading during the January-March quarter of this financial year. We think there is enough potential in six commodities—crude oil, copper, gold, silver and two agri items," MCX's MD and CEO Mrugank M Paranjape said.

He said the exchange is waiting for the Sebi guidelines on options trading before making a formal application to launch options trading in some of the commodities.

"Introduction of options would deepen and transform the Indian commodity derivatives markets, both in terms of products and participants. It will also complement the existing futures contracts and would make Indian commodity derivatives more vibrant and efficient," Paranjape said.

The Sebi had said commodity exchanges willing to start trading in options contracts would have to take prior approval of the regulator for which detailed guidelines will be issued in due course.

A Sebi official has said the regulator had not yet decided on the number of commodities to be allowed for options trade and a decision in this regard would be taken soon.

However, the sources had revealed that the regulator plans to allow options trade in one commodity each in agri and non-agri basket initially. It is looking at commodities such as gold, copper, castorseed and soyoil.

The turnover of commodity exchanges stood at Rs 67 lakh crore in 2015-16, up 9 per cent from the preceding fiscal. Out of the total turnover, MCX contributed Rs 56 lakh crore.

New avenues

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