MCX set to start options CONTRACT IN GOLD

Sebi has cleared the bourse's plan to offer kilogram contracts and the bourse will release product details in about two weeks

SANTANU CHAKRABORTY & SWANSY AFONSO
Bloomberg

THE Multi Commodity Exchange of India (MCX) said it will start the country's first gold options contract, about a year after the market regulator permitted options trading in commodities.

The Securities & Exchange Board of India has approved the bourse's plan to offer kilogram contracts and the bourse will release product details in about two weeks, MCX spokesman Girish Dev said by phone on Wednesday.

MCX's plan to start trading in December were delayed by discussions among market players and the government over tax rules and settlement procedures. Detailed guidelines from the regulator came in July, allowing the exchange to finalise the product, managing director Mrugank Paranjape told analysts last month.

"We have been doing a very detailed engagement with the bullion segment over the last 45 days, and we'll continue that as we prepare for the launch," accordir - to the transcript of Paranjape's call with analysts.

Introduction of options trading would allow India's commodities market to enhance liquidity after a $920 million payment default at a spot exchange in 2013 cut volumes. Investors lost confidence in the market, prompting the government to bring the commodity futures regulator under the ambit of Sebi.

PTI adds: In June this year, Sebi allowed options trading in commodities to deepen the market but permitted each exchange to launch options on futures of only one commodity initially.

Putting in place strict eligibility criteria, Sebi said options could be launched on futures contract of only those commodities that are among the top five in terms of total trading turnover value of previous 12 months.

Besides, the average daily turnover of underlying futures contracts of such a commodity in past one year should be at least Rs 200 crore for agricultural and agri-processed commodities, and Rs 1,000 crore for other commodities.

