MCX launches India's first gold commodity options

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The Multi-Commodity Exchange of India Ltd (MCX) on Tuesday launched India's first commodity options in gold, giving stakeholders a new set of financial instruments to hedge their price risks.

Launched by Union Finance Minister Arun Jaitley in New Delhi on the auspicious day of Dhanteras, the gold options received an encouraging response on Day 1.

The total traded notional value for gold options stood at ₹1,259 crore, while the total traded volume totalled 4,220 lots (1 kg each).

MCX has currently launched a Gold Option contract, keeping gold (1 Kg) futures as the underlying asset, with expiry on November 28, 2017 and January 29, 2018. The European-styled Gold options are hedge-friendly and physically settled, which means on exercise at expiration the options position develops into a corresponding underlying MCX 1 KG Gold futures position at the strike price of the exercised options.

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