MCX to launch options trading in crude oil on May 15

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COUNTRY'S LARGEST COMMODITY exchange MCX on Tuesday said it will launch options trading in crude oil on May 15.

Two crude oil options contracts expiring on June 15 and July 17 will be available for trading on the launch day and the lot size will be the same as the underlying crude oil futures contract of 100 barrels, the Multi Commodity Exchange of India (MCX) said in a statement here.

"We have received Sebi's approval for the launch of options trading in crude oil last week. The crude oil option contracts on the exchange platform will complement its popular crude oil futures contracts and enlarge the crude oil product offerings on the exchange," it added.

Significantly, this is India's first crude oil options contract and on its expiry, the open position will devolve into the respective underlying futures position.

MCX crude futures has been one of the leading futures contracts on the exchange ever since its launch in 2005.

Mrugank Paranjape, managing director and chief executive officer, MCX, said the option contract will provide the physical market participants an excellent product to trade and meet their hedging requirements alongside the existing futures contracts.

"The contract has all ingredients to become one of the most favourable contracts on the exchange in times to come," he added.