MCX Strengthens its Precious Metals Suite with the Launch of Silver Options

Mumbai, May 24, 2018: India's first options contract on silver futures was launched today on Multi Commodity Exchange of India Ltd. (MCX), the country's largest commodity derivatives exchange. At the end of first trading session at 05:00pm the contract registered a total volume of 278 lots with value of Rs. 34.36 crore.

Options contracts expiring in the months of June' 18, August '18, November '18, February '19 and April '19 have been currently offered for trading with corresponding silver (30 kilograms) futures as underlying. Each option expiry has minimum twenty one strikes available; viz. ten each for 'In the Money' (ITM), ten 'out of the money' (OTM) and one 'near-the-money' with strike price intervals of Rs 250. The European-styled silver options with a tick size of Rs. 0.50 are physically settled, which means the exercised positions of the options contract post expiry shall devolve into the respective underlying future positions.

Silver, a metal of high intrinsic value, with characteristics such as strength, malleability, ductility, electrical and thermal conductivity, sensitivity, high reflectance of light, and reactivity makes it the metal of choice for industrial use, jewellery industry, and electrical applications among others. In FY17-18 the annualised volatility in silver was 14%, which is indicative of the quantum of risk the industry is exposed to annually. This contract will enable the silver stakeholders, including industrial consumers and producers harness the benefits of a new risk management tool.

Speaking on the launch, **Mr. Mrugank Paranjape, MD & CEO, MCX** said, "It is highly encouraging to see that the silver options contract recorded an impressive debut today with strong interest from the bullion industry. The unique properties of Silver, which is regarded as Gold's more volatile cousin, makes it attractive as both precious and industrial metal. And, Indian bullion industry and consumers are exposed to its price volatility, largely driven by global fundamentals. The performance in silver option trading clearly exhibits the market's appetite for the new exchange-traded offering to complement the existing bullion suite, which will provide the market participants with versatility and choice in tailoring their risk management and trading strategies."

Mr. Surendra Mehta, National Secretary, India Bullion & Jewellers Association Ltd. (IBJA) said, "We are happy to note that with the launch of much needed and long awaited financial instrument, 'silver options', bullion industry would be provided with unparalleled opportunities to hedge and mitigate price risk in a more flexible and cost effective manner. In a dynamic and fast growing bullion market, we are sure that the product will have a wider appeal among its stakeholders."

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic, commodity derivatives exchange. It is also the first exchange to introduce commodity options in India. In the financial year 2017–18, the market share of MCX was 89.58%. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on the Exchange platform. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products visit www.mcxindia.com.

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