MCX to Launch Options Trading in Crude Oil on May 15, 2018

Mumbai, May 08, 2018: Multi Commodity Exchange of India Ltd (MCX), the country's largest commodity derivatives exchange, will launch options trading with Crude Oil (100 barrels) futures as the underlying on May 15, 2018. The exchange received SEBI's approval for the launch 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.

Two crude oil options contracts expiring on June 15, 2018 and July 17, 2018 will be available for trading on the day of the launch. The lot size of the option contract is same as the underlying crude oil futures contract (i.e. 100 barrels). Significantly, this is India's first crude oil options contract and on its expiry, the open position shall devolve into the respective underlying futures position. This contract has been designed to meet crude oil stakeholders' hedging needs so as to protect them from rapid price fluctuations following market uncertainties.

India is the world's third largest consumer of crude oil and is heavily dependent on imports for supply. For the SME sector the crude options contracts would serve as hedging tool which would help them better manage their energy price exposure. Moreover, the crude oil options contract will help the traders, manufacturers and other value chain physical market participants to mitigate the crude oil and its derivative products price risk; especially for industries such as petrochemicals, glass manufacturing, textiles, heat treatment, plastic, etc., which are highly exposed to crude oil price volatility.

Speaking on the development, **Mr. Mrugank Paranjape, MD & CEO, MCX** said, "We are pleased to announce the launch of options contract in crude oil which reflects the vibrancy and excitement of participants in this market. MCX crude futures has been one of the leading futures contracts on the exchange ever since its launch in 2005. 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."

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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