

Metropolitan Stock Exchange receives SEBI approval to launch weekly options on USD-INR and two new currency products

- *The SEBI approval for MSE to launch Currency Pair Options, Cross Currency Futures and Cross Currency Options is indicative of exchange's future prospects*
- *The approval on new products comes at the most opportune time when the Indian market requires new hedging products in currency in the wake of high volatility in the currency markets and market turmoil*
- *Newly launched products to be available on MSE platform from first week of December 2018*

November 30, 2018. Mumbai: Metropolitan Stock Exchange (MSE) has received approval from market regulator SEBI to launch weekly options on US Dollar–Indian Rupee (USD-INR) and two new currency products.

The exchange is introducing a weekly hedging product – Currency Options on USD-INR, which will enable market participants to reduce their cost of hedging significantly. “This is due to the smaller duration of hedge reducing the 'time cost' of futures or options instrument. Such a significant cost reduction works to the advantage of Indian markets which are extremely price sensitive to hedging/ insurance products,” said Kunal Sanghavi, CFO, MSE.

The weekly options contracts on USD-INR will complement the existing monthly contracts that expire two working days prior to the last business day of the expiry month.

In the second approval, MSE has been allowed by SEBI to introduce monthly Currency Options contracts on currency pairs of EUR-INR, GBP-INR & JPY-INR.

The third approval allows MSE to introduce Futures & Options on cross currency pairs of EUR-USD, GBP-USD & USD-JPY. These Futures & Options on cross currency pairs would be available for trading on the Exchange from 9.00 am to 7.30 pm on trading days.

These approvals further enable exchange's offering aligned to its business revival plan. The SEBI had recently revised the networth criteria for clearing corporations from Rs 300 crore to Rs 100 crore, which will enable MSE to free up excess amount locked in its clearing arm and use it for implementing its turnaround plans, which includes new product launches. The exchange is actively working to revitalize its equity segments as well.

“MSE is now in a much comfortable position to launch new product segments and put behind the lingering worries of working capital. This has laid the path for the exchange to implement all the measures as per the turnaround plan, which includes expanding our product basket. The approval from market regulator is a show of faith for our future prospects and also boosts the confidence of the management team that is focused on revival,” said Sanghavi.



The launch of these products will equip market participants with new instruments for hedging their currency risks amidst the ongoing volatility in the markets. With the new products in its kitty, the exchange now plans to improve its market share in currency derivatives segment.

MSE has elaborate plans of reaching out to the market participants at the grassroots level and educate the end users about how to participate in the market for hedging their currency risks on the exchange's currency derivatives platform. "We intend to reach out to the end users across import and export hubs of India via the hub and spoke model. The "hub" would be focus on leading banks and financial institutions in top metros while the "spoke" would be end users across garment export hubs like Kanpur and Tirupur jewellery export hubs like Ahmedabad, Surat, Jaipur, etc," Sanghavi adds.

These new products will be available on the MSE platform from first week of December 2018

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