

MSE becomes 1st exchange to receive SEBI nod to launch weekly contracts in Interest Rate Futures, Cross Currency Pairs

Mumbai: The Metropolitan Stock Exchange of India (MSE) has received approval from market regulator Securities and Exchange Board of India (SEBI) to introduce India's first weekly derivatives contracts on Interest Rate Futures (IRF). The launch of weekly IRF contracts completes the entire span of IRF market, and creates additional avenues for hedging and speculation for market participants for mitigating short-term risks.

SEBI has also allowed MSE to launch weekly Futures contracts on the currency pairs such as USD-INR, EUR-INR, GBP-INR, JPY-INR, EUR-USD, GBP-USD and USD-JPY. Similarly, MSE has been allowed to introduce Weekly Currency Options contracts on currency pairs such as EUR-INR, GBP-INR, JPY-INR, EUR-USD, GBP-USD and USD-JPY.

Elaborating further on the benefits of IRF weekly contracts for market participants, **Mr. Ajit Singh, VP & Head Branches - Business Development**, said "With the addition of weekly IRF contracts, the Indian fixed income market now has the ability to hedge market risk exposure from short-term policy moves, such as the RBI policy rate decisions, without having to deploy month-long futures positions which would have other dynamics at play. Moreover, weekly IRFs will have weekly convergences to interest rates. Hence, short-term speculative spread trading on interest rate futures should logically commence, especially during periods of rate volatility, thus creating a new and potentially highly profitable income avenue for market participants."

He added that by providing intermediate tenor continuity within the month, the IRF weekly contracts would enhance the effectiveness of the monthly IRF market, and thus also lead to further expansion of the monthly market.

Similarly, weekly Currency F&O contracts will provide yet another tool to market participants to hedge their currency exposure and manage short-term risks while leveraging opportunities from events such as such policies of the central banks or sudden volatility or movement in global currency markets.

MSE, besides being the first stock exchange in India to get approval for IRF weekly contract launch, it was also the exchange to clear India's first trade under the interoperability framework for stock exchanges and clearing corporations.

In addition to Interoperability, MSE's own efforts to introduce product and service differentiation, the Exchange has led to a healthy and month-on-month growth in average daily volumes on its currency derivatives segment. Its Currency Derivatives Volumes have been growing at the average rate of 92 per cent over the period of 6 months post Interoperability.

About MSE:

Since its inception in 2008, MSE—the third national stock exchange—is committed to encouraging broader participation in equity and growing the non-equity segment(s). On the anvil are a slew of differentiated products, some likely to be the first in the Indian market. The product positioning of MSE shall be complemented by reduced operating cost for members, better utilization of their capital and technology upgrade.

Metropolitan Stock Exchange of India offers a transparent, hi-tech platform for trading in Capital Market, Futures & Options (F&O), Interest Rate Derivatives, Currency Derivatives, ETFs and Debt Market. At present, 245 companies are listed on the exchange, and about 1,300 large corporates are available for trading in the permitted to trade category.

MSE is planning to strengthen the risk management capabilities for Indian corporates and mainly SMEs, importers and exporters, etc. Businesses that operate in volatile currency market and risky global / international trade can effectively use MSE's platform to mitigate their forex risk.

Various sectors can approach MSE to share their risk management requirements and the exchange will be happy to consider their requirements. MSE will also work to develop suitable risk management products for metal industry, textile, Gem and jewellery, agriculture trade, bullion, energy and new economy sectors.

Companies can also use MSE's equity platform for listing and capital management activities, stock trading and clearance requirements as per SEBI guidelines. MSE will position itself as a new age stock market of the 21st century.

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