

MCX/SEC/2232

June 09, 2023

The Dy. General Manager
Corporate Relations & Service Dept.
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai - 400001

Scrip code: 534091, Scrip ID: MCX
Subject: Transcript of calls with Investor/Analysts

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, please find enclosed herewith the following transcript of the call with investor/analysts:

Sr. No	Investor/Analysts	Date	Time	Annexure
1.	ICICI Prudential MF	June 02, 2023	12:00 PM	<i>Annexure - A</i>

The said transcript is also uploaded on the website of the Company at <https://www.mcxindia.com/investor-relations/ir-meetings>

Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,
For Multi Commodity Exchange of India Limited

Manisha Thakur
Company Secretary

Encl: As above



Multi Commodity Exchange of India Limited
Meeting with
ICICI Prudential Mutual Fund
June 02, 2023

Disclaimer: This transcript is provided without express or implied warranties of any kind and should be read in conjunction with the accompanying materials published by the company. The information contained in the transcript is a textual representation of the company's event and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the event. The transcript has been edited wherever required for clarity, correctness of data or transcription error. This document may contain "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward looking statements often address our expected future business and financial performance, often contain words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "should" or "will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.



MANAGEMENT:

MR. SATYAJEET BOLAR – CFO
MR. DG PRAVEEN – CRO

Sanket Gaidhani: We are starting the meeting, right? Hope we are audible now. Just to get the elephant out of the room first, we will discuss the business part, but on the repeatedly asked question on the tech transition. I remember when we met last year around August, we were in the phase of completing it for September last year. There have been delays, there have been some procedural issues. Where are we in that phase today? Would it be fair to assume we are in the last leg of completion? And maybe June deadline which we have, which is the last deadline. Are there some of the trials and tests and procedures and audits pending? What should be the right estimate in terms of timelines, incremental to look at?

Praveen DG: We have said in the call also, I think you would have been a part of the call – the exchange is very much determined to go live, mocks have started, there have been many more such activity and most of our actively trading members already have taken part in this. And for others, their CTCL provider, they have participated. Then it is like, they will also get the complete training because most of them use the CTCL. That way, it is like I can say, our desire, endeavor, and we are determined to go live... It is always, you know that, fine, you can all say that an element of black swan risk isn't always.... Given that one, we are otherwise wanted to go ahead. When we will be informing the market while we will be doing the migration because they also have to prepare themselves.

Sanket Gaidhani: I understand this piece better. You mentioned that CTCL members, some of the members have already started the mock trading. What percentage would have already gone through the mock? Because, we have a large base of customers in terms of.... What percentage would have already tested the mock? And what percentage is completely new to the mock?

Praveen DG: Recently probably more than 200 members have participated in the mock. That means most of them are, you can say that they are amongst our top members. That way it is like, some of the people again our...but these people are covered, and it is like majority of the key members have been covered, if you look at even the concentration-wise and other things, top ten itself is about 63%. Even

though we have members of about 600. The active happen to be around 400. They are going to be active. I think in that case, if you look at it, a decent number has already participated.

Satyajeet Bolar: There is a mock even on Sunday. Not only tomorrow, even they have...

Sanket Gaidhani: Coming to that part, we have mocks on Sunday. Have we tested the mocks during active market hours for all the participants or is it...?

Praveen DG: We are doing on a daily basis as well as Saturday and Sunday. Some we do it from DR, some we do it from primary site. But primary site it is like we do it on Saturdays and Sundays when trading is not there because both the things you can't do at the same time. So, other days we do it from DR.

Sanket Gaidhani: Have you tested it similar to the existing platform, full-fledged, completely available?

Praveen DG: The mock in the sense it is like all the data is going to get feeded into that one and you will have some simulators also so they can get the real feel about what kind of products are traded, automatically it will get matched in some other order. But like an active trading platform, you cannot expect that all the people will come and trade on this one. Those are similar to parallel runs where whatever trade happens, you run it on the new platform, and you will see whether the results are coming very much closer to the old one or not. That is how you look at it. But mock is like more of like who are the clients and everything. This will get uploaded in the mock and then it will be looked at like, okay, whenever you want to trade, it is like exactly a replica of what trading system is all about but because not everybody will be participating... We cannot expect a member to participate throughout the day like in case of actual trading. That is not there.

Sanket Gaidhani: Assuming that the transition happens from 1st July, would there be parallel runs of the existing software as well or transition would mean the existing will cease to exist and we will completely move to the new software.

Satyajeet Bolar: The second part.

- Praveen DG:** Migration happened means we are done with the old one and we have moved to the new one. Once we have moved to the new one, there is no looking back. That is not possible.
- Sanket Gaidhani:** The status we are today in, in terms of transition, do you think one month is the appropriate time for shifting to the new platform or should....?
- Praveen DG:** It is not one month, right? It is happening for many months. Many mocks have happened. The last month and.... is happening. That way it is not something which is just in May. It has happened. Like I said earlier also, we are very much determined to go ahead with migration unless some last moment anything problem happens.
- Gaurav Jain:** What was the addition in this mock as compared to what was being done?
- Praveen DG:** There won't be any major additions in this one. There have been a few elements if at all anybody, any member has given any feedback, those things would have been added to that one, if some any feedback if there is anything. You cannot change the entire system if somebody has given something. It is like more or less the same. If at all any tweaks, minor tweaks are required then that would have been taken up...
- Gaurav Jain:** And in terms of going through the circulars...whereas the earlier one used to have some 21 points... back-end testing. This has some 32 points. Were there some real changes that we were....?
- Praveen DG:** Earlier one means which one you are talking about?
- Gaurav Jain:** The mocks conducted before this mock.
- Praveen DG:** You are talking about September or November?
- Gaurav Jain:** No,...day, but it was not much difference...
- Praveen DG:** I don't know exactly. Maybe the numbers you are talking about, the pages. I didn't really go into that much of detail. But I don't think in one day a lot of

change can happen between the older one and the new one. That is not possible. Minor tweaks can be done, that's all.

Sanket Gaidhani: With this pilot, with this mock which we have done so far, what has been the experience? Is it more on the settlement side? There have been....

Praveen DG: Mostly it is on the settlement one which we have been focusing also...

Gaurav Jain: On the interface, in terms of execution, there have been no challenges? It has been seamless?

Praveen DG: Seamless means, like I said, trading-wise, there are not major issues coming. Mainly it has come on customization kind of issues where there is some generation of some reports and certain things which may not be getting in the right way.

Satyajeet Bolar: In the call also, MD had mentioned that there are one or two levels of bugs. Now we are getting low-end bugs, which could be handled.

Sanket Gaidhani: Before this transition, suppose we are ready for the transition from 1st July. Are there any particular approvals that we need to have from SEBI? Or is there an audit procedure internally who in fact will give a go-ahead? Would it take subsequent time?

Praveen DG: SEBI has given a testing framework.

Sanket Gaidhani: Adherence to that framework would be parallel with the mocks and testing phase or would it start once we are ready with the software?

Praveen DG: Parallel.

Sanket Gaidhani: So, other than the completion of the software, we should not expect any other delay? That the audit is pending or anything else is still pending which would take 3-4 more months? We should not expect that sort of delay?

Praveen DG: As of now, we are not seeing anything major. Like I said, anything comes, it's very difficult to say... Other things we are closely looking into the various

aspects, but we will have to meet all the compliance requirements when we go live.

Gaurav Jain: The number of people who are participating, is 200 who have participated in our this thing out of the 400 active members? From 1st July...use the software. Is it fair to expect that some percentage of people will drop out...

Praveen DG: Not necessary. I don't see that that is major... because most of your top brokers are participating.

Gaurav Jain: And the 60% to 70%...

Praveen DG: Top ten only I am saying it is about 63% like that. If you are taking top 40 or top 50 means significant portion. I am saying more than 200 people have participated means majority of the people have already participated. That means volume-wise if you look at, but it's an insignificant portion of the people who have not participated. We don't see that one as a major, you can say, impact can come because of...

Sanket Gaidhani: We were expecting some cost saving post this integration post moving to TCS platform annually because it has been a separate platform. There will be some cost savings. Now, already we have seen a significant delay. Are there any clauses, part of this transition we would be able to recover whatever excess software cost we have paid during the last financial year.?

Satyajeet Bolar: There is a penalty clause. But obviously when we bargain and gave the contract to TCS, there was hard bargaining. We won't be able to recover these additional expenses that are there, but there are penalty clauses.

Sanket Gaidhani: But there would be some hard penalty clauses, I think, if there is....

Satyajeet Bolar: But it would be linked to your contract value. Can't be more than the contract value.

Sanket Gaidhani: So, up to contract value we would be able to.

- Satyajeet Bolar:** No, it is obviously not up to the contract value. There is a percentage that we can kick in, but it won't be substantial to recover the additional amount that we have paid.
- Sanket Gaidhani:** If there has been a delay and we have paid excess which would be at the shareholders' cost because there has been a great impact on the profitability of the company in FY23, in completion of FY24 as well. Is there no clause that we would be able to recover this?
- Satyajeet Bolar:** Entire amount?
- Sanket Gaidhani:** Entire amount or whatever excess we have paid in the last year. It should be considered as...cost or one-off expense in the last financial year or maybe...
- Satyajeet Bolar:** We have shown it as...
- Sanket Gaidhani:** Does the regulator intervene into such issues as in delays because of implementation of the software? Because, at the end of the day, there are one set of stakeholders, i.e., shareholders; at the other end, there are stakeholders like the customers that will trade. Would the regulator intervene in such delays at a point of time when it's anyway happened like one year delay, now let us intervene into this?
- Praveen DG:** Ultimately, it is the primary responsibility of Exchange to ensure business continuity. SEBI has been informed of the developments whatever is happening. SEBI, first they will not get into because they will have to understand what kind of challenges are there while we keep informing them.
- Sanket Gaidhani:** There have been instances in the past whenever we have moved to some other software or we have done some addition to the software, what has been the experience during those transition phases as well?
- Praveen DG:** Yes, additions happened. It was 63 Moons only that time. So, the current vendor happened to be the... Even these developments and the incremental developments done will have to they only....

- Sanket Gaidhani:** They only did it. But there would be some transition phases during that period as well.
- Praveen DG:** You cannot compare this one with any other phase. It is completely different...
- Satyajeet Bolar:** ... a platform itself. I don't think this has happened anywhere in India.
- Sanket Gaidhani:** Could this issue have been avoided if we had done it ourselves instead of appointing a third-party for....?
- Praveen DG:** We don't have that kind of development team. That kind of team should have been... Even the contract also asked the permission to....
- Satyajeet Bolar:** I think we should also remember that there is one TCS. We have not gone with anyone else. We have gone with a marquee Indian tech company. Isn't it?
- Sanket Gaidhani:** Correct. It could be getting too much into detail, but going by the experience we had for the last one year, what were the real challenges which led to this delay? Was it on the service provider's part? Was it all the changes which we made to that initial software led to such delay?
- Praveen DG:** T7 have been deployed in many countries also. As well, BSE also uses the T7. You require an integrated platform, both trading as well as you will be requiring the clearing and settlements also. This kind of marriage not happened anywhere. It's more like happening here. That is one challenge, the integration has happened... Other part is customization. While global markets, the requirement happen to be different. Indian markets, there are many things which were automated. It is not just a platform. You also require various people if you are all automated. Now, it is like all which have been done over the period of many years. Even when we have started using, we have not reached that stage. It all happened over a period of time. That means it took you can say that 15 to 16 years of time, which took all these years of development... But now you have a limited time within which you have to develop. You can say that indicated one product that really... Second part is customization, which is another part of it.

- Sanket Gaidhani:** It was largely dealing with customization and a unique nature of this contract which has led to the delay?
- Praveen DG:** Yes, because we could not start much earlier. That is another thing. Otherwise, because of the contract, we could not able to....
- Satyajeet Bolar:** Contract with the existing vendor says that we cannot even float an RFP 2 years before the maturity of the contract. So, your window was only 2 years. We floated RFP sometime in October-November 2020. Then we went through the RFP process and appointed TCS. TCS was awarded the contract in February. We did our part of it, but the window was only that much.
- Sanket Gaidhani:** Just one last question from my side on the tech platform. In the worst scenario, if there is a delay and if we need to renew this contract with the existing vendor for 3 more months, that would be a possibility, right? The way we have extended the contract for 3 and 6 months, would we be able to extend it for 3 months or maybe 6 months? That liberty we have? Or would it be 3-year, 1-year contract?
- Praveen DG:** At this hour at least, I can say it is more of a hypothetical question because it's too early to really look at it. Because, while we are focused on doing that kind of thing...
- Sanket Gaidhani:** Are we in a position to negotiate with the existing vendor for shorter period, or no?
- Praveen DG:** There cannot be a give or take kind of thing right now.
- Satyajeet Bolar:** Earlier also they have said.... Last time when we went, they said minimum 2 quarters. That's why we entered in for 2 quarters. They are not in a position.... You are aware of it, isn't it?
- Gaurav Jain:** Where are we exactly in terms of timelines that... at least from today? Do you have an internal...provide you with a... How is...because this is the progress path that is necessarily is a 28-day affair, very critical thing that we have to grow...but you have an internal audit... How is that...?

- Praveen DG:** Currently it is like target is around the third or fourth week of the June. But we will inform to the market. A circular will be issued to the market. We have to inform the members so that they will also be prepared...
- Satyajeet Bolar:** I think by around 15th or so, we will inform the market.
- Praveen DG:** That means if at all really migrating, we will issue a circular informing the market.
- Sanket Gaidhani:** But that much time we will have to give to the participants also to hear of that okay, this has finally something which has progressed...
- Satyajeet Bolar:** In the second or third week, we will inform the market.
- Gaurav Jain:** In the event of any contingency arising out of...software for the initial...do we have any kind of insurance or any kind of payment place which will protect us from any kind of legal downside which can arise from our...
- Satyajeet Bolar:** We will have insurance. The main thing is that our partner should be able to set it up, up and running. Isn't it?
- Gaurav Jain:** That is obviously the ideal aspiration that we all are going for, but we can't rule out 1% or 2%...That is what is our protection we wanted from...
- Satyajeet Bolar:** We have the right to take whatever protection we can. But the main effort is when we decide to go live, these are all the factors that we will consider. In the next 10 days, these would be the factors that we would consider. Because, obviously, we would not want to go live and then flutter and have some issues.
- Sanket Gaidhani:** Sir, moving to the business side, if I look at the options, the options volumes have been doing phenomenally good. Even if I look at the current month of volumes, month on month, there has been good jump and it is largely coming from one commodity. What has been the....
- Satyajeet Bolar:** Last month it was also from Bullion.

Sanket Gaidhani: Bullion, it was there. But crude it has been consistent. Consistently crude has been supporting the overall options volumes. What has been our experience in terms of the current options volumes which we see on the crude side and on the other commodities?

Praveen DG: Even if you look at equity markets, this is dominated by basically one or two index products. You should not be really bothered about concentration because these are cash-settled products. Obviously, natural choice for many of them will be the cash-settled products. Beyond that one, what we have been doing is we are diversifying that particular asset... Once I think migration happens, I think we can also look for shorter duration products. That can really add more value to the participants. Today, one of the major challenges are bullion options, especially Gold 1kg options. That is a bimonthly one that we wanted to go, but because we are in this transition, we could not able to move ahead and that is definitely our desire. Apart from that one, all the silver options are all bimonthly options. That also we wanted to make it monthly or shorter duration contracts. Then you have the index. The index is actually cash-settled product. Now the transition is after the peak margin, everybody is now looking at options. I think weekly options, fortnightly options, and other things definitely will see interest.

Sanket Gaidhani: On the options, currently we have option on futures. Would it be fair to assume that there could be extension to this options portfolio as well? Because, unless and until we have some futures on any particular commodity, we could not have options on those. So, could there be an extension of these options?

Praveen DG: Index we can do it. There is no challenge there. Without even having an underlying futures, you can able to. That means there is no threshold which has been stipulated by the regulator. In case of other products, a minimum of thousand crores should be there. If you have it, then you can come out with an option on futures. But in case of index, we don't have that.

Sanket Gaidhani: Even on a smaller....

Praveen DG: It is not going to be an option on futures. Directly, it can be settled based on the index like in the case of equity indices.

Sanket Gaidhani: Just one thing on crude options. We earlier had very high margins on the futures contracts. During FY20 and FY21, the margins were very high and subsequently it reduced. And that time, the volume had also come down on the crude side, on the futures. Now if you look at the crude volume, it is phenomenally well ahead of what we used to do on the futures as well. What percentage would be a shift from futures to options, purely? The traders who used to trade on futures have moved to options. What would be the new customers which we are now able to recruit because of the low margin on the options?

Praveen DG: That you would have seen. I think the numbers also we have given in our investor presentation. The number definitely there has been a drop in the case of number of UCCs who have traded in the futures contract compared to the options contract. But given the drop and given the increase that if you compare both of them, there is a substantial increase happening in the case of options products. That means net on net, there is an increase in the overall UCC traded on the derivative products, but definitely there is some amount of drop that has happened in futures. It's not like totally you can say that all have migrated to the options. These are all options on futures. That means you definitely would be requiring that kind of liquid futures contracts. So, Algo traders, whoever is writing options one side, provides liquidity to futures contract because they will not be able to give in isolation. It is not possible. They have to trade that, especially the writers, because they have to protect themselves from that kind of risk that can arise by just selling, by writing that kind of options. So, they miss that. I'm saying while retail and other people, some of the people, especially those who are not interested to part of their money margins getting into this kind of margins, they are preferring the options because after the peak margin reporting introduction, in case of options, you have to just pay the premium once. After that one, you will not have to repeatedly look at what is the margin and all. That is going to give some comfort to some of the market participants. They are preferring this kind of options, but naturally algo and some of the hedgers are looking at futures continuously.

- Sanket Gaidhani:** What would be the composition of institutional clients in the options side – proportion between institutional and retail from the overall ADT? A ballpark figure.
- Praveen DG:** While algos can give you some indicative numbers because algos in options it is 54% to 55% and futures it is 50%. And client trading, again it is about 50% in options; futures it is 53%.
- Sanket Gaidhani:** What was the peak number in futures in terms of algo traders during the history of the company? Was algo at....?
- Praveen DG:** It has been increasing. I can say that recent numbers could have been higher than the earlier ones because algos of late have been increased. Not only in the commodity but it is also across products. But that way, we don't see it as any threat because of that one because we see that that also will provide liquidity. In fact, if somebody wanted to take, you require a counterpart, and commodities are traded too late in the night. So, you require kind of algo presence. There is a decent algo compared to what is happening in the equity markets.
- Sanket Gaidhani:** I was just trying to understand how has been the participation of the algo traders and institutional clients on the options side and should we consider that sustainably this number would continue to move up? Would it provide additional ADT or...
- Praveen DG:** Percentage-wise if you look at it, it may go up also, but overall pie may itself grow.
- Sanket Gaidhani:** That has been the case so far – the pie has been increasing?
- Praveen DG:** I think it has been increasing definitely because 66 is something which at least it all happened within a very short duration of time. We were somewhere around only 25 to 30. Now, we have moved to 60...
- Satyajeet Bolari:** And in cases futures is between 21,000 and 23,000, not that it has dropped, but it has been in that range.

Sanket Gaidhani: Do you think that futures volume would go up from here or it would be range bound in...

Praveen DG: Always I look at both should complement each other, but definitely given the taxation structure and other things, definitely various aspects will favor options compared to the futures. But when overall options is growing, definitely it will complement futures or like if you compare even in the equity markets, options have grown. You compare NSE, both options as well as futures contracts have grown. That is how we can simplify. That's grown along with the cash market also, where they can complement each other.

Sanket Gaidhani: This could be just a data point, but this is to have a flavor of how the option market is growing. If you look at the new customers which have come to the platform and dealing in options, has that been largely on the tier 2, tier 3, and beyond markets because MCX has been very strong in tier 2 and tier 3 earlier as well. In terms of traders on the futures side, what has been the trade? Is it largely at the client level? We are just curious. Where is these traders are coming from? Is it largely from the tier 2, tier 3 beyond, or is there a new....?

Praveen DG: I feel that that can be one story, but I look at those people who are comfortable in options trading. They are the first ones who could be... I don't think the one who is totally unaware will really will... Then you have a delivery, you have... kind of which is a little bit complicated compared to the... And you know that in India we have many option traders... It's not like.... In fact, compared to the global market, our markets are totally different because globally it is only around 20% of futures is options, but here it is already where it is completely....

Sanket Gaidhani: Same is the case with the equity market.

Praveen DG: Plus that, you have the slab-wise transaction based on the...

Sanket Gaidhani: During this transition phase of software, we did see some of the launches like mini we have done...

- Praveen DG:** I think this February and March, we have launched 4 contracts... And at least a decent amount of liquidity they already have gained.
- Sanket Gaidhani:** We have addressed some of the issues on the mini part or some of the commodities we launched last year. Any low-hanging fruit over this transition?
- Praveen DG:** One is immediately we wanted to come out with the steel, TMT rebar, that which we got the approval, but we are waiting for tech migration...
- Sanket Gaidhani:** It would have mini as well or it would be similar to....
- Praveen DG:** In only one and also maybe in what I can say is we have regular follow-up with the regulator for giving permissions for mini copper and nickel contracts because we lost liquidity in nickel. We wanted to revive that contract. One way is to if we can able to make it a smaller one. Then I think we can able to revive that contract. That contract has substantially been increased. Earlier, it was a 250 kg contract which has gone up to 1.5 metric ton contract. So, the trading value has substantially increased...
- Sanket Gaidhani:** TMT approval we got, I guess, 1 to 1-1/2s years back.
- Praveen DG:** No, recently we got it.
- Sanket Gaidhani:** We applied a year back?
- Praveen DG:** Applied long time back, but we got the approval now...
- Sanket Gaidhani:** But this is typically the time frame we should consider whenever we have....
- Praveen DG:** It's not like that. Depending upon case to case. Like mini, we got it very quickly. The reason is it is a decision that is taken by the regulator that okay, let's go, now you can allow minis also to be traded. The moment that decision is being taken, we have applied, and we got the approval. But in this case, sometimes if they have any doubts, they write us. When we respond to that one, if it is a new contract which is totally different. It is not regular in nature. In that case, even the regulator wanted to understand it before giving the approval. So, depending upon the product to product, the timelines will change.

Sanket Gaidhani: Any other products that you think could be a right addition to our portfolio in the near term?

Praveen DG: Electricity has been in our mind, but because of the regulatory challenges, we couldn't get the approval. Otherwise, we would have launched. Second is, just launching too many products also will not serve any purpose. Maybe you will have to launch in a progressive way....

Sanket Gaidhani: Comparing to the globally available commodities available for trading on the options and futures platform, there would be some use cases in India as well, like the customers are currently doing on some other exchange, which could easily move to MCX. It could be very small in the overall scheme of things, but any such commodities which you think could be an easy addition to our portfolio?

Praveen DG: Linked products are very limited as of now because most of the major products like crude oil and natural gas which can be linked are listed. We wanted to make our people also look for products there and then they can take that reference price from there and they can able to put quotes. That kind of products are today you can say that it is very limited. We don't have any user base and also the regulator is looking for compulsory delivery-based contracts. Considering this one, I think indigenous products have to be developed. But potential could be there for many products. But our focus is now on technology. Because that is the critical element for all of them. Once this happens, our focus can all be shifted to the business.

ICICI Participant: Would it be fair to assume that entire top management bandwidth is currently suffering. Entire top including MD, you?

Praveen DG: Especially you can see MD, technology, ... Everybody's mind is towards that one. Whenever we wanted to some of the product...all once we get... Once this happens, I think then we can able to shift our energy on business.

Sanket Gaidhani: On the bullion side, we currently only have that index kind of options.

Praveen DG: Index options.?

Sanket Gaidhani: Silver was, I guess, only available via index. There was something which we used to do only via index or able to get it. Maybe I will check that out. But on the bullion side, there were some limitations in terms of trading. We had to trade via index only in the futures side.

Praveen DG: Apart from bullion, the gold and silver, we also have Bulldex. It is a combination of gold and silver prices based index.

Sanket Gaidhani: Separate index we were trying to do. Only Bulldex which is a combination of both silver and gold, we were trying to launch something like gold index and a silver index, I guess.

Praveen DG: Single commodity index currently is not permitted by the regulator. That is why, whatever we launch these are all sectorial indices. Composite can be launched, but we currently do not foresee any great merit in launching that kind of composite index with a combination of energy, metals, bullion... But sectorial still there is a great demand for Metldex. Because of the nickel which played the spoilsport, it has taken away the liquidity from the Metldex. Otherwise, we get a lot of requests for renewal of Metldex. And anyway, today from the Metldex, nickel has been removed. So, index-wise, now it has only 4 commodities. But yes, maybe we will have to look for ways and means again to revive. Focus would have been shifted to some other product. But now, almost everything has been shifted to options. When index products were launched, we are on index but now the focus has been shifted to options. Now, to revive the Metldex, I feel that the index options can be looked at.

Sanket Gaidhani: Internally, are there separate teams who take care of the futures in terms of....?

Praveen DG: No, it is like.... We have bullion like.... We call them as product management teams. We have different teams for different commodities. We have a separate bullion segment, then we have energy segment, metal and agri segments.

Sanket Gaidhani: But it would be bifurcated on the basis of the commodities so that the entire focused bandwidth is involved into options. Because that is giving you....

- Praveen DG:** For a broker or I say algo trader or you take any general investor, for them it doesn't matter whether you are trading in bullion or you are trading in... The moment you see the liquidity, you can use your strategy for gold or silver, anything. But our priority why we have constituted this is to focus on hedgers. Because, while other set of participants will come, you require the focus to bring the hedgers onto the platform...
- Sanket Gaidhani:** Just one last question from my side. On the FPI participation, recently that has been allowed.
- Praveen DG:** Because the response has been very good and I think around 25 people have registered. Turnover-wise, it is not a great number but responses have been, I can see that it is encouraging. As of now, we are allowing them only in the cash-settled contracts.
- Sanket Gaidhani:** Which commodities they are largely into?
- Praveen DG:** Now natural gas and crude oil. They are allowed only in two.
- Sanket Gaidhani:** But it is largely coming from crude?
- Praveen DG:** Mostly it should have been from crude oil only.
- Sanket Gaidhani:** And this could be a big volume driver for us incrementally the FPI participation? Where do you see in terms of the percentage of overall turnover contribution from the FPI?
- Praveen DG:** It is very difficult to compare. Like in the equity market, we cannot compare here because here the product is also there in global markets. Reliance is not traded anywhere in the world but in India only. But crude is traded everywhere in the world. So, what is that that makes them to look at it is, one is if they are not able to participate in that market. Some people for some reason may not be able to participate. Those people will come. The second kind of people who can able to look at it is you can say that some algo kind of people who are maybe trading because for them it is a market-neutral kind of thing because

they can able to deploy their strategies. Second, if they wanted to balance their act in different markets for inter-market arbitrages, they can also look at it.

Satyajeet Bolar: We should be an enabler, isn't it? That we are providing. Like how 2 years back getting mutual funds in was a big thing. Only around four or five have actually started seeing for commodity. Their contribution has not been so good. But at least the facility is there. Maybe once GST aspect is also taken care of, that GST pain-point, then I think some...

Sanket Gaidhani: Where are we in terms of GST?

Satyajeet Bolar: It's been escalated at the highest level, but those pain points are still there.

Sanket Gaidhani: That would be the only pain point for more mutual funds to come in? That is the core reason they are staying away from this platform, right? Couldn't we fast... do something on that?

Praveen DG: You know that GST is not completely in central Governments hand....

Satyajeet Bolar: It is a sensitive subject, isn't it? But we have to provide the enablers.

Sanket Gaidhani: When the mutual fund started participating and the hedgers, and algo traders, there was a participation build up? We are very hopeful that this could be a big piece, and this would overall increase the liquidity. Similar thing can happen from FPIs as well, right?

Praveen DG: FPIs, for them anyway, as of now that is not an issue because they are allowed only cash-settled products. Options should be attractive to the FPIs...

Gaurav Jain: Just one query, premium as a percentage turnover... understand one reason was this more people trading near the high price option. What would be the other reason why we understand that you are not going to reduce the hike of 20%. Are there other software which are leading to say more trading... lesser premium or something of that sort?

Praveen DG: There could be a possibility when more people are trading, the liquidity will spread not only from at-the-money, it will also spread to out-of-the-money. In fact, you can say that it will contribute to further growth...

Gaurav Jain: Even in the premium to turnover... but because more....

Praveen DG: If it is more out of the money is there because some of the people prefer to trade only in the out-of-the-money because they have to pay lesser. It is like a one-time kind of thing they want to look at to take given about positioning and other thing, they wanted to go for out of the money. So, we have to take it as a positive sign, because it is like as the volumes are growing, your liquidity is spreading beyond your near-the-money and other things to out of the money. As long as the overall pie is increasing, it is good.

Gaurav Jain: As a trend, should we see more of this?

Praveen DG: Only I can say is you can look at the equity market, but I don't know how really that will get reflected in the Indian market, but we have a history there how the things have shaped up in the equity market, but again equity index could be maybe giving you a different picture. You also look at the currency and also you look at the single stock options. This all can give you a fair idea how the market can perform. But every product is different in nature that way because given the volatility, given the fundamentals and other things, you cannot strictly compare these, but you can get some trends whatever is there.

Sanket Gaidhani: One last question - is there a case that we can increase tariffs on the options?

Praveen DG: Case is always there. It is like you want to do it, you can do anything, but it is like at this hour, like I said, the primary focus is not on any of these things. Our focus is primarily on technology because once it is done, we are through with this one, then we can think of more of all these things.

Satyajeet Bolar: You shouldn't forget that we started charging only in October '21.

Sanket Gaidhani: One and a half year now. We launched it 6 months prior but I think six months we gave it for....

- Satyajeet Bolar:** You noticed that because we were not charging. We started charging only from October 21.
- Sanket Gaidhani:** Now with the response....
- Praveen DG:** In the meantime, anyway, markets are growing. Let it grow. As long as your pie is growing....
- Satyajeet Bolar:** Because we had it in place, we were able to manage the margin issues in the futures market, isn't it? If we didn't have options, then....
- Praveen DG:** We didn't change for many years. Then, we had taken a call at the right time and we could able to take the right opportunity...
- Satyajeet Bolar:** So, let it stabilize, grow a bit. With confidence, we will get comfortable with the product. Then we can take a call. And now we have only 2 slabs. Maybe then the number of slabs also may increase. We could tweak it that way.
- Sanket Gaidhani:** That's all from our side. Thank you.