

Currency options volume on USE sees sharp rise

KASHYAP SHAH

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The United Stock Exchange (USE) has shown a significant increase in trading activity in its currency options segment. Market share has hit a high of 33.91 per cent of total average daily volumes for the segment in January.

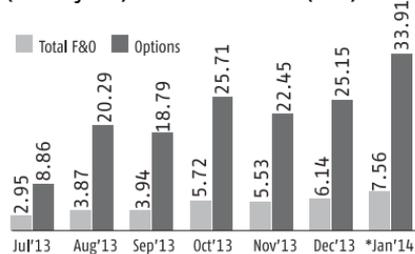
The capture of a third of the segment comes even as its overall market share in the currency category (including futures and options) remains in single digits. It is 7.6 per cent so far this month.

The National Stock Exchange (NSE) has 52.6 per cent of overall currency market volumes, MCX Stock Exchange (MCX-SX) has 31.4 per cent, and the BSE (which began operations only last month) had 8.4 per cent.

In the options segment, NSE has 61.4 per cent of the pie, MCX-SX 4.7 and BSE 0.01 per cent.

The gains for USE came even as brokers Business

USE'S MARKET SHARE (Currency F&O)



*Till January 13, 2014
Compiled by BS Research Bureau

Source: Exchanges

Standard spoke with suggested membership of the exchange was limited. Kishore Narne, associate director and head, commodity & currency, at Motilal Oswal Commodity Broker, said he didn't have one, either. "We are not members of USE...and broader trends are likely to remain subdued until the regulatory curbs on currency exchanges are removed," he said.

Naveen Mathur, associate director, commodities and currencies at Angel Broking, said his brokerage, too, did not have membership of the exchange. "Until there is a relaxation of position limits, there is no

major trigger for a rise in volumes on the currency side," he said.

One source who spoke on condition of anonymity suggested the spike could be because the turnover captured contract value rather than premium paid for the options. Hence, activity in lower premium contracts might have boosted the overall figure.

Arindam Saha, director, business development, USE, suggested this could be so. "...Possible, you have noted the notional value in the options segment. This constitutes strike and the premium. Thus, obviously it might look inflated," he said.

He added the exchange was in the process of revitalising itself and claimed there were applications for membership. "A few new organisations have applied. Most of them are known for their skills in the futures segment...perhaps we are the only exchange which might have received multiple applications in the recent past," he said.