

**Headline:** SGX to begin single stock futures trading in Nifty 50

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**PALAK SHAH**

Mumbai, November 6

The Singapore Stock Exchange (SGX) will launch single stock futures (SSF) trading in 50 of India's top companies, which make up the Nifty index. SGX may begin offering this trade in early 2018, a source told *BusinessLine*.

SEBI's ban on P-Notes is a key catalyst for SGX to think of this idea, the source said.

For SGX, launching Indian SSFs is a necessity as it fears losing out to the Dubai bourse. The Dubai Gold and Commodity Exchange (DGCX) is another top off-shore destination that trades Indian financial products. It has made a mark in trading rupee and gold contracts linked to India and has even launched stock futures trading in the 'top 10' Indian companies.

This push by DGCX has made SGX uncomfortable and it will fiercely protect its tag of preferred off-shore destination in Asia, say fund managers.

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# SGX will launch derivative trading in Nifty 50 companies

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Mumbai, November 6

The Singapore Stock Exchange (SGX), a key competitor to domestic bourses, is set to launch trading in single stock futures (SSF) in 50 of India's top companies that are part of the Nifty index. SGX may do this in early 2018, a source close to the exchange told *BusinessLine*.

SEBI's ban on offshore derivative instruments or P-Notes is a key catalyst for SGX to think of this idea, the source said. P-Notes gave foreign players an easy entry and exit from Indian markets minus the tax and regulatory hassles. But, after several years of clamp down, SEBI finally banned P-Notes on derivatives in July.

"P-Note players are yearning for SSFs on SGX," said an official work-

ing with a foreign fund.

For SGX, bringing Indian SSFs on its platform is a necessity now as it fears losing out in the race to the Dubai bourse.

The Dubai Gold and Commodity Exchange (DGCX) has emerged as another offshore destination to trade Indian financial products. It has made a mark in trading Rupee and Gold contracts linked to India and has even launched stock futures trading in top 10 Indian companies. In fact, shortly after SEBI's ban of P-Notes *BusinessLine* reported that DGCX was on its way to launch trading in the top 50 Indian companies this year itself.

## **Need to protect identity**

This aggression by DGCX has made SGX uncomfortable and it will fiercely protect its tag of pre-

ferred offshore destination in Asia, fund managers say.

Replying to an email query, the SGX said it is continuously in dialogue with market participants to assess the demand for risk management products.

"As a highly liquid, offshore risk management centre, SGX remains committed to complementing the primary domestic market for hedging of Indian equity exposures," SGX said.

## **Aims encore**

Traders said SGX was their first choice if Indian SSFs were launched. Singapore is already a part of most foreign investors' strategic business eco-system and infrastructure for decades, while Dubai would require some new set-up and capital spend.

SGX aims to repeat the roaring success of trading Nifty futures with Indian SSFs too. Funds wanting India equity exposure without registering here are attracted to SGX Nifty like flies to jaggery, an analyst said. It has been over a decade since the NSE first licensed SGX to trade Nifty on its platform, which promoted Singapore as a top offshore destination for India products. Often, Nifty has been a large volume generator on SGX and the open interest has come close to that on the NSE.

The popularity of P-Notes can be gauged from open positions of more than ₹40,000 crore in equity derivatives around July 8, when SEBI disallowed it. SGX may attract all these positions and more as soon as it launches SSFs, fund managers say.