Corporate Bond Index Futures

Prelims: *Current events of National and International Importance| Economy*

Why in News?

Recently, the National Stock Exchange of India (NSE) received a No Objection Certificate (NOC) from the Reserve Bank of India (RBI) to launch Corporate Bond Index Futures, following SEBI's clearance on October 1, 2026.

- **Regulatory Approvals –** NSE now holds both SEBI clearance (October 1, 2026) and RBI approval (November 26, 2026) to introduce these exchange-traded derivatives under existing regulatory rules.
- **Pending Launch Details –** NSE has not yet announced the trading commencement date, underlying corporate bond indices, contract sizes, expiry dates, or settlement details. Operational preparations are underway.

Why It Matters for India's Debt Market

- **Hedging Interest Rate & Credit Spread Risk –** Investors holding corporate bonds can use index futures to hedge portfolio valuations against rising interest rates and widening credit spreads (the yield gap over comparable government bonds) without selling individual, often less-liquid bonds.
- **Directional Views & Market Depth –** Eligible market participants can take directional positions on corporate bond market movements and support market making.
- **Market Scale –** Outstanding corporate bonds in India stood at roughly ₹61.95 lakh crore in October 2026 (up from ₹61.52 lakh crore in September), underscoring demand for standardized exchange-traded risk tools alongside debt ETFs.

Reference

Business Standard| Corporate Bond Index Futures