

India's 1st crypto futures ETF to hit mkt

Torus Kling Blockchain IFSC and India INX plan to launch crypto futures ETF at GIFT City

BB BUREAU
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Asia's 1st crypto ETF may launch at GIFT City

Local JV Torus Ties Up With BSE Arm, Seeks IFSCA Nod

Partha Sinha & Aseem Gujar | TNN

Mumbai: Asia's first cryptocurrency exchange-traded fund (ETF) could be launched in India's GIFT City this year.

Torus Kling Blockchain IFSC, a joint venture between Mumbai-based Cosmea Financial Holdings and Hyderabad-based Kling Trading India, has signed an MoU (memorandum of understanding) with BSE's international arm India INX to launch digital asset-based products, which will be traded on GIFT City's IFSC (international financial services centre).

The development comes after the US securities regulator SEC in October 2021 allowed launch of a crypto futures ETF, the first such in the US. ETFs like these track returns from cryptocurrencies without investing directly in the digital tokens.

The Torus Kling crypto futures ETF will be launched in a sandbox environment, which is under GIFT regulatory authority IFSCA. Such a sandbox allows regulated entities to launch and live-test products under strict controls.

Once the Torus Kling ETF obtains regulatory nod, Indians will be able to invest in this ETF using the RBI's liberalised remittance scheme (LRS)

route. Global investors, who have similar options in the US and Switzerland, will have another alternative to invest through the regular process.

REGULATORY SANDBOX

➤ Once the Torus Kling crypto futures ETF gets nod from GIFT regulator IFSCA (under a sandbox environment initially), Indians will be able to invest using the RBI's liberalised remittance scheme (LRS) route

➤ Such ETFs track crypto returns without investing directly in the digital tokens

➤ US regulator SEC allowed a crypto futures ETF in Oct 2021 for the 1st time. Since then, the ETF's value has fallen over 31%

According to India INX's MD & CEO V Balasubramaniam, the exchange has already made an application to IFSCA under the regulatory sandbox.

According to estimates, global annual derivatives trading volume in the cryptocurrency market is about \$3.2 trillion, while total spot volume is at approximately \$2.7 trillion. According to Torus Kling Blockchain IFSC's CEO Krishna Mohan Meenavalli, ETFs allow trading through regular investment accounts, bypassing the hassle and security concerns of cryptocurrency exchanges.

asset-based products and has already made an application to IFSCA under Regulatory Sandbox," V Balasubramaniam, MD and CEO India INX, said.

Noting that this is a part of product innovation initiative to benchmark its offerings with other international finance centres, he said, "we will be launching products in these new age assets in complete compliance with the prevailing laws after receiving all required regulatory approvals". Krishna



Mohan Meenavalli, CEO of Torus Kling Blockchain IFSC, said the new asset class is a tip of the iceberg. Exchange traded products allow trading through regular investment accounts, bypassing the hassle and security concerns of crypto currency exchanges. As per reports, global derivatives trading volume for the crypto currency market totalled \$3.2 trillion while total spot volumes were half a billion lower at \$2.7 trillion. In India, the ETF AUM has almost doubled from Rs 1.5 lakh crore to Rs 2.9 lakh crore during FY21. Also, ETPs have acquired more than USD 1 trillion representing 15 per cent of all fund assets globally. Torus Kling Blockchain IFSC is a 50:50 joint venture between Sam Ghosh-promoted Cosmea Financial Holdings and Kling Trading India.

India's first Bitcoin ETF likely to come up in GIFT City

FE BUREAU
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INDIA'S FIRST BITCOIN and Ethereum Futures ETF could come up in GIFT City if the International Financial Services Centre (IFSCA) gives its blessings to India INX.

The international arm of BSE along with Kling Block Chain IFSC has sought approvals to launch digital asset-based products at the GIFT IFSC. The exchange has signed a memorandum of understanding with Kling Block Chain IFSC to explore and launch the products.

V Balasubramaniam, MD & CEO, India INX, said, "India INX at GIFT IFSC is looking at exploring launch of digital asset-based products and has already made an application to IFSCA under Regulatory Sandbox. This is a part of our product innovation ini-

COMING SOON

■ The digital asset-based products will be launched under the sandbox construct

■ These will be the first crypto-backed futures ETF outside US

■ If IFSCA gives its approval, domiciled Indians will be able to invest in a crypto ETF through brokers registered with INX

tiative for benchmark our offerings with other international finance centres. We will be launching products in these new-age assets in complete compliance with the pre-

vailing laws after receiving all required regulatory approvals."

Torus Kling Blockchain IFSC, a 50:50 joint venture between Sam Ghosh-promoted Cosmea Financial Holdings and Kling Trading India, is looking at India's first Bitcoin and Ethereum Futures ETF and Metaverse US listed large-cap discount certificates. This will be the first crypto-backed futures ETF outside the US. Torus Kling Blockchain will provide India INX round-the-clock deep liquidity with smart order routing. The product will be distributed through Torus's global distribution team and partners.

Domiciled Indians will be able to invest in the Bitcoin Futures ETF under the liberalised remittance scheme as ETFs are treated as stocks. Given the regulatory uncertainty around cryptocurrencies, investors have

found it tough to invest in these digital assets. If IFSCA gives its approval, domiciled Indians will be able to invest in a crypto ETF through brokers registered with INX.

Torus Kling Blockchain is targeting \$1 billion assets under management in the first two years from customers participating in blockchain-backed products through ETFs and discount certificates.

Krishna Mohan Meenavalli, CEO, Torus Kling Blockchain IFSC, said: "Crypto assets will be big in future. GIFT City is looking at being a leader in dollar assets. Application has been made jointly with INX and we are expecting an approval by March this year. This is a new asset class and will create an opportunity for domestic and international investors to invest in digital assets. We want to bridge the gap between the digital assets market and regulated markets."