Do derivatives matter? Evidence from a policy experiment

Deepak Agrawal  K R Subramanyam  Prasanna Tantri  Ramabhadran Thirumalai

Discussed by:
Nidhi Aggarwal
, Finance Research Group, IGIDR

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- Exploits a policy intervention when the Indian regulator raised the minimum thresholds to allow a stock to continue trading on derivatives.

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- **Academic contribution**:
  - Adds to the evidence examining the importance of derivatives.
  - **Distinguishes** itself by using a natural experiment which provides clean identification opportunities, and lends credibility to the main results.
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- **Question**: Do we a slower reaction of spot prices to negative news after derivatives delisting?
The current SEBI rules: Are they optimal?

- Useful to ask if the current regulatory rules for derivatives exclusion optimal?
- Especially the MWPL limit. Economic rationale?
  - **Question**: Can derivatives mitigate the effect of higher insider ownership on a stock?
Thank you