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# It's official, NYSE picks up 5% stake in MCX for about $55 m

Our Bureau
MUMBAI

NEW York-based NYSE Euronext, which owns the New York Stock Exchange, on Friday announced that it has inked a deal to buy a 5% stake in the Multi Commodity Exchange (MCX), India's number one commodity exchange. At MCX's enterprise value of $1.1 billion, the deal works out to about $55 million. **ET** was the first to report about NYSE's move in its February 15 edition.

The transaction is expected to be completed over the next 2-3 months, subject to relevant regulatory approvals. Financial Technologies, which is the main promoter of MCX, will see its stake drop to 32%, once the deal is final.

Also, the combined foreign holding in MCX will rise to 22%. Financial Technologies scrip rose 4% to close at Rs 2,180 on Friday on BSE Earlier in July 2006, MCX and Liffe, NYSE Euronext's derivatives business, had entered a licensing agreement for MCX to use Liffe futures prices. This enabled MCX to list domestic mini-futures contracts for robusta and white sugar based on Liffe futures prices and to identify other areas of collaboration.

NYSE Euronext president and co-chief operating officer Catherine R Kinney spoke to **ET** about her group's plans for India. Excerpts:



NYSE Euronext president and co-COO Catherine R Kinney at a press conference in Mumbai on Friday. — AFP

**What is the rationale behind picking up 5% in MCX?**

NYSE is focused on expanding both its preferred products as well as geographic presence. And we have a particular focus on India. So all opportunities, like a 5% stake in MCX, are welcome since they give us an exposure to India, and broadens our presence.

**Would you seek board representation?**

We really haven't gone through the terms of the contract. But for now, this is just a 5% stake.

**Any plans to increase stake?**

The (5%) stake that we have bought now is what has been dictated by the government. But if things change, I am hopeful, they will, we would consider it.

**What about NYSE's India plans?**

We continue to look for opportunities in each of the products — equities, derivatives, commodities, fixed income and options. We are open to strategic relationships to consolidate our position.

**What are your immediate plans for MCX?**

The first step would be to deepen MCX's relationship with Liffe. There is a plan to facilitate cross-trading of products between MCX and Liffe. But for now, our challenge is to create more opportunities in the commodity space in both our markets, Liffe and MCX.

**Does the MCX stake buy rule out similar deal with other commexes?**

No. At the moment, we are working only with MCX, but that does not preclude anything.

**What about your relationship with NSE?**

We are working on a series of ideas with NSE, including cross-listing of securities and cross-trading of products. But nothing concrete that we can speak on right now.