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NYSE Euronext buys 5% in MCX

Deal signed at an enterprise value of $1.1bn

BS REPORTER
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NYSE Euronext, the parent company of the New York Stock Exchange, has bought 5 per cent stake in the Multi Commodity Exchange (MCX), India's largest commodity trading platform, from Financial Technologies (FTIL) for about Rs 220 crore.

The deal was signed at an enterprise value of $1.1 billion (Rs 4,400 crore) at which FTIL recently divested equity to ICICI Venture, Kotak and IL&FS.

With this strategic equity sale, the total foreign direct investment (FDI) in MCX has gone up to 22 per cent while FTIL's holding has come down to 32 per cent. The stake sale process is likely to be completed by June-end. Fidelity holds 9 per cent stake in the exchange, while Citigroup and Merrill Lynch own 5 per cent each.

Announcing the deal, Jignesh Shah, managing director and chief executive, Financial Technologies, said,"This is a win-win situation for shareholders of both exchanges as MCX, the world's 8th largest commex, would be able to bring the best global trading practices to India."

Since the launch of futures trading in commodities four years ago, the commodities markets in India has grew manifold with about 90 agri and non-agri commodities have been traded on exchange platform.

MCX enjoys about 75 per cent share of the commodity futures business in India with an average daily turnover of Rs 13,000 crore.

"The deal is a part of our group strategy to become global and have multiple product platforms. India can have good business linkages with the US," said Catherine Kinney, president and co-chief operating officer, NYSE Euronext.

"The transaction can be a window for the two countries to explore business potential in a wide range of potential areas," Joseph Massey, deputy managing director, MCX, said.

FOREIGN PLAY

- With this equity sale, the total foreign direct investment in MCX has gone up to **22%** while FTIL's holding has come down to **32%**
- This will be NYSE Euronext's second foray in India after buying **5%** in the National Stock Exchange for **$115 million** last year

Multi Commodity Exchange