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NYSE Euronext to buy 5% in MCX

Deal valued at Rs 220 cr

Our Bureau

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The Multi Commodity Exchange has agreed to sell five per cent stake to NYSE Euronext for Rs 220 crore.

It will be NYSE Euronext's second investment in India after it bought a five per cent stake in the NSE for $115 million last year.

The Government is yet to clarify on the five per cent FDI cap in commodity exchanges will apply prospectively on existing investors.

On January 30, the Government restricted the FDI in commodity exchanges at 49 per cent with an individual cap of five per cent.

However, Fidelity International in 2006 picked up 9 per cent stake in MCX for Rs 216 crore.

Similarly, Goldman Sachs and the US-based Intercontinental Exchange Inc hold 7 and 8 per cent stakes in the National Commodity Derivatives Exchange.

Post-NYSE deal, the promoter company Financial Technologies' stake in MCX will fall to about 32 per cent, while foreign holdings rise to 22 per cent.

Mr Jignesh Shah, Managing Director, MCX, said "the proceeds from the stake sale will be used to develop the market and related infrastructure such as warehouses."