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Riding a boom

NYSE Euronext to pick 5 pc in MCX

Funds for improving spot market registration, warehousing

Vyas Mohan
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NYSE EURONEXT, the owner of four European bourses and the New York Stock Exchange, said on Friday it would buy 5 per cent stake in the Financial Techologies-owned Multi Commodity Exchange (MCX) for Rs 220 crore, which values the commodity index at Rs 4,400 crore.

"The proceeds will be deployed for improving the domestic spot market integration and warehousing capacities," said Jignesh Shah, managing director and CEO of MCX.

Once the deal is sealed, which is expected to take place in the first half of 2008 subject to regulatory approvals, foreign direct investors would hold a combined 22 per cent in the domestic commodity exchange, while the holding of its parent Financial Technologies would drop to around 32 per cent.

"We are a leading exchange in equity markets and the MCX is a leader in commodities. So, we have a good synergy in between," said Serge Harry group head of strategy and member of the management committee, NYSE Euronext.

In July last year, NYSE Euronext granted MCX a licence to use futures prices from the group's London-based Liffe derivatives market. The 5 per cent equity investment is the maximum equity interest permitted to any single foreign investor in a domestic exchange under the Indian law.

Shareholders in the MCX include the State Bank of India, National Bank for Agriculture and Rural Development, National Stock Exchange, SBI Life Insurance, Bank of India, Bank of Baroda, Union Bank of India, Corporation Bank, Canara Bank, HDFC Bank, Fidelity Fund (Mauritius) -- an affiliate of Fidelity International, ICICI Ventures, IL&FS, Kotak group, Citibank, Merrill Lynch and Financial Technologies.



AFP

Jignesh Shah, managing director and CEO of MCX, and NYSE Euronext president & co-COO Catherine Kinney in Mumbai on Friday

- NYSE Euronext would acquire a 5 pc stake in MCX for Rs 220 cr
- Deal expected to close by first half of 2008, subject to relevant regulatory approvals
- 5 pc equity investment is the maximum equity interest permitted to any single foreign investor in a domestic exchange