RS240 CR DEAL

NYSE Euronext to buy 5% in MCX

By Thomas Kutty Abraham & Debarati Roy

MUMBAI

NYSE Euronext, owner of four European bourses and the New York Stock Exchange, agreed to pay Rs240 crore for 5% of **Multi Commodity Exchange of India Ltd** (MCX), the nation's biggest commodity bourse.

The transaction, which requires regulatory approval, will probably be completed by June, the companies said in a joint statement released in Mumbai, where MCX is based.

NYSE Euronext joins **Citigroup Inc.** and **Merrill Lynch and Co.** in buying a stake in the world's third biggest gold bourse. Investing in commodity exchanges is the only way foreign funds can tap the surge in trading in India, the world's largest user of gold and the second biggest producer of wheat, sugar and rice. Overseas funds are barred from trading commodity futures.

"Indian markets have a range of attractions and the exchanges are run well," said **Ruben Lee**, London-based chief executive officer of research and consulting firm **Oxford Finance Group**. "NYSE Euronext wants to make sure they have a foot in the door as they are looking to diversify productwise and geographically."

Trading in Indian commodity exchanges may reach Rs50 trillion in the year beginning 1 April as rule changes boost trading in sugar and soya bean oil, according to market regulator Forward Markets Commission. The government last month said foreign ownership for a single investor in commodities exchanges will be capped at 5%, with a 49% overall limit.

MCX accounts for more than four-fifths of the value of commodities traded in India, and offered futures trading in 56 commodities as of December. **Fidelity International** has a 9% stake in the exchange, while Citigroup and Merrill Lynch own 5% each. Three Indian investors including **ICICI Bank Ltd**'s unit bought 9.55% of the exchange in December.

NYSE Euronext will pay Rs240 crore for the 5% stake in MCX, valuing the Indian exchange at $1.1 billion, MCX spokesman Ravi Muthreja told reporters. "MCX will produce new business opportunities for NYSE Euronext," said Duncan L. Niederauer, chief executive officer of the New York-based exchange.

Last year, NYSE and **Goldman Sachs Group Inc.** led a group of investors in buying 20% of the **National Stock Exchange of India Ltd.** BLOOMBERG