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NYSE picks up 5% stake in MCX for $55m

TIMES NEWS NETWORK

Mumbai: NYSE Euronext, the world's leading and most diverse financial market group, has signed a binding agreement to buy a 5% equity stake in Multi Commodity Exchange, India's largest commodity bourse, for $55 million. The 5% equity investment is the maximum equity interest permitted by foreign investors in derivative exchanges under Indian law. Financial Technologies India, which controls the Multi Commodity Exchange and NYSE Euronext said they expect to complete the deal in the first half of 2008.

MCX managing director Jignesh Shah said Financial Technologies' stake in the bourse would come down to about 32 % after the sale, while holdings of foreign direct investors would rise to 22%. The proceeds from the stake sale would be used to improve domestic spot integration and related infrastructure such as warehouses, Shah added.

"We believe that our investment in MCX will produce new business opportunities for NYSE Euronext in the commodities sector and deliver value to NYSE Euronext shareholders," said Duncan Niederauer, NYSE Euronext chief executive officer in a statement.



NEW OPPORTUNITIES: NYSE Euronext CEO Duncan L Niederauer

Last July, NYSE Euronext granted MCX a licence to use futures prices from the group's London-based Liffe derivatives market.

This will be NYSE Euronext's second investment in the country. Last year, it picked up a 5% stake in National Stock Exchange for $115 million.