# Fidelity to sell 2% in MCX to Intel arm

## Move Aimed At Bringing Down Single Foreign Investor's Stake In Commodity Bourse To 5% As Per Norms

Ram Narsinghdev Sahgal
MUMBAI

LEADING foreign institutional investor Fidelity, which holds around 7% stake in commodity bourse MCX, is divesting around 2% in the exchange to Intel Capital (Mauritius), the investment arm of chip maker Intel, said a person familiar with the deal. The sale is in keeping with a government norm that restricts a single foreign investor's shareholding in a commodity bourse to 5%. The deadline for foreign investors to bring down their stakes in commodity bourses is March 31, 2010.

Fidelity, which held around 9% in MCX, recently divested 2% to Passport India, an existing shareholder in the bourse whose stake has now gone up to 5%. With this completion of the current sale, Fidelity's stake in MCX will come down to around 5%.

"Fidelity is planning to sell part of its stake in MCX to Intel Capital," confirmed an official from FMC, the regulator for commodity futures trading in the country. "FMC received an application for such a proposal a few days ago."




### PUT OPTION

- **Indian government** restricts single foreign investor's stake in a commodity bourse to 5%
- **The deadline** for foreign investors to bring down their stakes is March 31, 2010
- **Fidelity, which** held around 9% in MCX, recently divested 2% to Passport India, an existing shareholder in the bourse
- **With this** sale, Fidelity's stake in MCX will come down to around 5%

However, the pricing of the deal could not be ascertained as both Fidelity and MCX spokespersons declined to comment. "We don't comment on Fidelity's holdings," said the former, while an MCX spokesperson said, "As a matter of policy we do not comment on rumours/ speculation nor do selective disclosures and we have no comments to offer at this point of time." MCX is the leading commodity bourse in the country focusing on metals and energy. In the first half of February, the bourse recorded turnover of around Rs 3.25 lakh crore, or 83%, of the total turnover recorded by the four national and 18 regional bourses over the period.

### NCDEX RIGHTS ISSUE

Meanwhile, the other commodity exchange NCDEX has completed its rights issue, but there are unconfirmed reports that a few investors may not have participated in the offering. When asked to comment whether Goldman Sachs, one of the foreign investors holding 5% in NCDEX, had subscribed to the rights offer, MK Ananda Kumar, chief corporate services, NCDEX, said in a text message, "I have no comments to make."

The NCDEX rights issue was launched by the bourse to partly raise its equity capital from the current Rs 30 crore to a minimum of Rs 50 crore by September-end as stipulated by FMC for existing commodity bourses. Earlier, Mr Ananda Kumar told ET that the bourse proposed to raise its paid-up equity capital from Rs 30 crore to Rs 37.5 crore via the 1:4 rights issue. He said that the issue had been priced at Rs 110 a share, or at a premium of Rs 100. While Rs 7.5 crore would be added to the exchange's equity capital, the premium amount of Rs 75 crore would go into its reserves.

The exchange is also planning to rope in Delhi-based brokerage Jaypee as an anchor investor, who can hold up to 26% in a commodity bourse. The approval for Jaypee's induction is pending with the FMC. NCDEX's major shareholders include NSE, LIC and Nabard, which hold 15% each in the bourse, while Crisil and Iffco hold 12% each.

ram.sahgal@timesgroup.com