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MCX files IPO prospectus, to list on BSE

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THE Multi Commodity Exchange has filed its draft red herring prospectus with the Securities and Exchange Board of India for the company's public offer. It will list only on the Bombay Stock Exchange (BSE).

It has also decided to formulate a policy to disclose in answer to queries information under the national Right to Information Act and appoint an 'exchange ombudsman'. It would be the first exchange to take these initiatives.

The public issue would be an offer for sale by promoter Financial Technologies (FT), State Bank of India, GLG Financials Fund, Alexandra Mauritius Ltd, Corporation Bank, ICICI Lombard General Insurance and Bank of Baroda. The offer constitutes 12.6 per cent of the paid-up equity share capital. About 6.4 million shares would be sold at a premium over a face value of ₹10.

MCX Managing Director and CEO Lamon Rutten said, "We would look to list on the National Stock Exchange (NSE) at a later stage. We would launch the issue as soon as the regulator gives clearance."

NSE and the FT group are arch rivals and fighting for a market share in various capital market segments. Earlier, NSE had also expressed an intention to sell its 2.45 per cent stake in MCX. However, that does not seem to be the case now, as NSE is not listed among sellers through the offer.

NSE has put FT, which is also a software vendor, on a watch list. FT has complained to the Competition Commission of India against NSE's alleged monopoly practices. And, while MCX intends to be the first exchange to give information under the RTI, NSE has challenged the law's applicability in court and said that it does not come under the purview.

FT is the main promoter of MCX and holds 31 per cent stake in the exchange. This will reduce to 26 per cent. Under the rules, no anchor investor is allowed to hold more than this much in a commodity exchange.

Continued on Pg 5

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STATE Bank of India, another major shareholder in MCX, will bring down its holding from 5.18 per cent to 1.04 per cent.

On an average, ₹50,000 crore worth of commodities are traded daily on the exchanges, in which 80 per cent market share is cornered by MCX.

The commodity markets regulator had set a deadline of March 31 for the three commodity exchanges — MCX, the National Commodity and Derivatives Exchange and National Multi-Commodity Exchange — to restructure capital and bring down each's promoter's stake to no more than 26 per cent.

However, the deadline can be extended up to September.

The offer will be through 100 per cent book building, with not more than 50 per cent of the net offer to be allocated on a proportionate basis to qualified institutional buyers, not less than 15 per cent of the issue to be available to non-institutional bidders and not less than 35 per cent of the issue for retail individual bidders.

Edelweiss Capital Ltd, Citigroup Global Markets India Pvt Ltd and Morgan Stanley India Company Pvt Ltd are the book running lead managers to the offer.