MCX gets Sebi nod for IPO

fe Bureau
Mumbai/New Delhi, Sept 12

The Multi Commodity Exchange Of India (MCX) has got the stock market regulator's approval to launch an initial public offer, the first for any commodity bourse in the country.

The IPO is aimed at meeting regulatory norms on shareholding. Asked if it is the right time to launch the IPO, given the poor equity market sentiments, the MCX spokesman said: "We wanted to secure the Sebi approval first. Now we will see how to go about it."

However, sources indicate that the exchange plans to raise about ₹700–800 crore during the third quarter of the current financial year.

The exchange, which has overseas exchanges and financial institutions like NYSE Euronext, Fidelity and Merrill as its shareholders plans to offer 64.27 lakh shares of ₹10 each through an offer for sale by its existing shareholders. The offer constitutes 12.60% of the paid-up equity share capital of the company. As per sources, the offer price could be in the range of ₹1,100-1,200 per share. The last time the shares of MCX changed hands was in March 2010 when Bennett Coleman & Co picked up close to 1% stake in the exchange for ₹613 per share of face value of ₹5 each taking their total holding to over 3% in the exchange.

Subsequently, the exchange came out with a bonus issue in the ratio of 1:4 and increased their total paid up equity capital to ₹50 crore.

Financial Technologies, which holds 31% stake in the exchange will dilute its stake to 26% through the offer while State Bank of India, GLG Financials Fund, Alexandra Mauritius, Corporation Bank, ICICI Lombard General Insurance and Bank of Baroda are the other selling shareholders in the offer.

As per the norms of the commodity market regulator, Forward Market Commission (FMC), the anchor investors in a commodity exchange are required to reduce their stakes to 26%. Financial Technologies, the promoter of MCX has been given a deadline of March 31, 2012 to comply with the regulatory provision.

MCX will become the first Indian exchange ever to go public and get their shares listed on the domestic equity exchange.

Globally, exchanges such as Chicago Mercantile Exchange (CME), New York Stock Exchange (NYSE), London Stock Exchange (LSE), Bursa Malaysia, Hong Kong Stock Exchange and Australian Stock Exchange are listed in the stock exchanges. MCX, which commands a market share of close to 82% in the domestic market is also the sixth largest commodity exchange in the world. In terms of the total number of contracts traded, the exchange ranks number one in silver futures contract and second in gold futures contract globally. The exchange's average daily turnover is around ₹70,000 crore.



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TOP COMMODITY EXCHANGES

- Shanghai Futures Exchange
- CME Group (including NYMEX & CBOT)
- Dalian Commodity Exchange
- Zhengzhou Commodity Exchange
- Intercontinental Exchange
- MCX
- London Metal exchange