# Sebi clears draft IPO prospectus of MCX

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IN a development that is likely to encourage other Indian bourses to seek public listing like some of their global peers, the proposal of Multi Commodity Exchange of India Ltd to list its shares though an initial public offering (IPO) has received the initial approval of the market regulator.

The Securities and Exchange Board of India (Sebi) has cleared the draft red herring prospectus for the proposed initial public offering, an official said. The approval comes amid a debate on whether or not to allow exchanges to list shares because of the conflict of interest between supervising trading and maximizing profit.

Currently, no Indian exchange is listed.

The Bimal Jalan panel set up by the Sebi to review the ownership and governance structure of exchanges and depositories was against public listing of exchanges, citing the conflict of interest. The regulator's then chairman, CB Bhave, had supported the panel's view. However, Sebi's current chairman UK Sinha hasn't yet taken a final call on the panel's report.

MCX is 31 per cent-owned by founder Financial Technologies (India) Ltd and its shareholders include NYSE Euronext and Fidelity. It offers futures trading across segments such as bullion, ferrous and non-ferrous metals, energy and a number of agriculture commodities. The exchange is already in a legal battle with the Sebi after the regulator denied it permission to start equity trading earlier this year, saying it withheld material information on ownership pattern.

Through the IPO, some shareholders of MCX, including Financial Technologies, plan to sell about 6.4 million shares, constituting 12.6 per cent of the company's paid-up equity capital.