NSE allows trading in MCX shares

Bows To Broker Pressure, Offers Platform Sans Listing

Partha Sinha | TNN

Mumbai: NSE, India's premier stock exchange which for long has waged a bitter and public battle with Financial Technologies (FT) group both in and out of the courtroom, late on Wednesday allowed shares of the Multi Commodity Exchange (MCX) to trade on its equity platform from Friday. Interestingly, the NSE decision is voluntary since MCX, which had a very successful IPO in February-end, did not apply for listing on the country's biggest exchange by turnover and volumes. MCX, an FT group company, is set to list on the BSE on Friday.

The move by NSE came after several brokers, fearing loss of brokerage, approached the bourse's management to allow MCX to be traded on its equity platform. The NSE circular dated March 7 said that the MCX stock will trade in NSE's capital market segment from March 9, the day it is listed on the BSE. This means that MCX is under no obligation to comply with NSE's rules for listed stocks and also the listing agreement, including filing of annual reports, notices, press releases, etc. A search on NSE's website showed that there are more than 10 stocks which trade on the bourse without a formal listing agreement, covered under its 'permitted to trade' rule.

Sources, however, also indicate that the NSE decision can in no way be seen as a move to smoke the peace pipe with its warring competitor. Spokespersons for NSE and MCX declined to comment on the development.

As per records, companies with market capitalization of Rs 500 crore and more usually get listed on both the premier bourses in the country — BSE and NSE. Although it was clear during the IPO process that MCX was not listing on the NSE because of the FT group's feud with the bourse and its management over several years, MCX officials had taken the line that they would prefer to list on the BSE first, observe the volumes in the counter for a few months and then list on the NSE. But now that the stock is allowed to be traded on the NSE under the 'permitted to trade' rule, there would be more liquidity in the stock, dealers said. For brokers who are members of only the NSE and not the BSE, the NSE's decision means they will not lose out on their revenues from trading in the MCX stock. NSE also stands to gain from the move as bourses earn from every trade done on their platform.

BITTER RIVALS



- MCX-SX had moved CCI alleging that NSE used its dominant position to distort the currency futures trading segment
- The watchdog slapped a Rs 550 crore fine on NSE, which has moved the competition tribunal against it
- The differences between the two had started when the FT group emerged as a serious player in exchange-based trading

The differences between the two warring bourses started when the FT group emerged as a serious player in the exchange-based trading segment offering trading software as well as platforms. A fierce competition ensued with the NSE and its associate companies, which have together emerged as strong players in the same segment. The two have also fought two significant legal battles, with the most famous being the one between MCX Stock Exchange (MCX-SX), a FT group company, and the NSE in the Competition Commission of India (CCI).

MCX-SX had moved CCI complaining that the NSE used its dominant position to distort the currency futures trading segment. Subsequent to a CCI investigation, the fair trade watchdog had penalized NSE, including slapping a fine of Rs 550 crore, which has been challenged by the bourse in the competition tribunal. The second one was about NSE's warning to its members about using FT's ODIN, a leading trading software used by equity brokers. Under directions from Bombay high court, the dispute was settled in August last year.