MCX, US-based CME explore setting up exchange in GIFT

BS REPORTER
Mumbai, 21 July

Multi Commodity Exchange of India Limited (MCX) has signed a memorandum of understanding with the US-based CME group, which runs the world's largest chain of exchanges in derivatives products, for a study on setting up operations in the International Finance Service Centre at the Gujarat International finance Tec-city (GIFT) near Ahmedabad.

CME has been trying to buy stakes in Indian exchanges, including MCX, for many years. If the two companies decide to set up joint operations, it will be CME's first big venture in an Indian exchange.

"The MoU will include establishment of a joint working group to explore opportunities to develop and market new products and services for the US and Indian markets, as well as collaboration on customer education," a MCX release said.

MCX and CME also announced the extension of a licensing agreement that allows MCX to settle rupee-denominated oil and gas contracts at CME's prices.

The arrangement that was ending in June was one of the reasons for the success of these contracts on MCX.

"We are pleased to sign an MoU to explore opportunities and cooperate in product development and market education," said Derek Sammann, senior managing director, global head of commodities and options, CME.

Satyananda Mishra, chairman of MCX, said, "This agreement gives us the opportunity to build on the existing relationship between MCX and CME since October 2005."

Parveen Kumar Singhal, joint managing director of MCX, said: "The expertise of CME supplements MCX's efforts in identifying and providing products to small and medium enterprises that cannot participate in international exchanges."