

MEDIA RELEASE

MCCIL TO CLEAR AND SETTLE THE TRADES EXECUTED AT ICEX PLATFORM

- BOTH ICEX AND MCCIL GOT SEBI'S NOD ON SEPTEMBER 27, 2018
- ICEX will transfer its clearing settlement functions to MCCIL with effect from October 01, 2018
- First-ever arrangement between a stock exchange and a SEBI-recognised clearing corporation which is not in the nature of vertical integration
- First-time ever a SEBI-recognised Clearing Corporation will provide services to two exchanges operating in diverse segments
- Alliance paves way for ICEX and MSE to develop new synergies in future and optimize resources across both the exchanges

October 2018: Metropolitan Clearing Corporation of India Limited (MCCIL), a subsidiary of Metropolitan Stock Exchange (MSE) to clear and settle the trades executed at ICEX platform with effect from October 1st 2018. Both ICEX and MCCIL got SEBI's nod on September 27, 2018.

The alliance paves the way for ICEX to outsource clearing and settlement of all trades on it to MCCIL, a SEBI recognised Clearing Corporation, thus enabling it to focus on its core activities. MCCIL will act as the counterparty for all trades to be executed on ICEX, and guarantee settlement. Accordingly, the associated risks will also be assumed and handled by the MCCIL. So far, clearing & settlement department of ICEX was handling post trade activities.

The tie-up is unique in nature as it's a deviation from the vertically integrated model typically adopted in Indian exchange traded markets for post trade services. This is also for the first time that a Clearing Corporation in India will be providing services to more than one exchange and for diverse segments –Commodities, Securities and Currencies.

Since, a single clearing corporation is going to provide services for both MSE and ICEX, it opens up many new opportunities for both the exchanges to develop synergies alongside the unified exchange framework that come into effect from October 2018.

Further, the arrangement will be implemented in such a manner that will cause minimal impact to market participants. There could also be common members across the exchanges and these members will be able to use their margins and collaterals in a more meaningful manner. MSE & ICEX members may also consider expanding their trading activity to other segments cleared by MCCIL to make best use of financial resources.

Elaborating about the benefits of the alliance, Mr. Sanjit Prasad, MD & CEO, ICEX, said, "With an independent clearing corporation handling the settlement and clearing of trades on ICEX, it will enable us to focus and deploy resources more on product innovation. We are also anticipating many changes in the ecosystem around exchange-traded markets and would like to take a decision on having our own vertically integrated clearing corporation after some time."



Mr. Balu Nair, Managing Director, MCCIL said, “These are interesting times with large-scale regulatory changes in exchange space. Universal exchange norms enable exchanges to explore more asset classes to enhance business. As a Clearing Corporation, our preparedness to clear commodity derivatives in addition to existing asset classes will better equip us to cater to requirements of universal exchanges.”

About MSEI

Metropolitan Stock Exchange of India offers a transparent, hi-tech platform for trading in Capital Market, Futures & Options (F&O), Interest Rate Derivatives, Currency Derivatives, ETFs and Debt Market. At present, 245 companies are listed on the exchange, and about 1,300 large corporates are available for trading in the permitted to trade category.

Since its inception in 2008, MSE—the third national stock exchange to be operational—is committed to addressing these two challenges by encouraging broader participation in equity and growing the non-equity segment(s). On the anvil are a slew of differentiated products, some likely to be the first in the Indian market. The product positioning of MSE shall be complemented by reduced operating cost for members, better utilization of their capital and technology upgrade.

About Indian Commodity Exchange (ICEX)

Indian Commodity Exchange Limited (ICEX) is recognized Stock exchange under the SCRA, 1956 in terms of Section 131 (B) of Finance Act, 2015 pursuant to the central Government notification dated August 28, 2015 providing a nation-wide on-line trading platform in commodity derivatives.

For Media Queries, please contact:

Jayesh Shinde

Jayesh.Shinde@msei.in

+91-9867779919
