

Multi Commodity Exchange of India Ltd.

The Multi Commodity Exchange of India Limited (MCX), India's first and only listed exchange, is a state-of-the-art, commodity futures exchange that facilitates online trading, and clearing and settlement of commodity futures transactions, thereby providing a platform for risk management. The Exchange, which started operations in November 2003, offers trading in 30 commodity futures contracts across segments including bullion, base metals, energy, and agricultural commodities. The exchange focuses on providing commodity ecosystem participants with neutral, secure and transparent trade mechanisms, and formulating quality parameters and trade regulations, in conformity with the regulatory framework. The Exchange has an extensive national reach, with 1792 active members and about 49,000 Authorised Persons, operating through more than 4,86,000 trading terminals (including CTCL), reaching out to over 22 lakh unique clients spanning over 1879 cities and towns across India as on 31 March 2015.

MCX is India's leading commodity futures exchange with a market share of 84.04 per cent in terms of the value of commodity futures contracts traded in FY 2014-15. The Exchange was having nearly 100 percent market share in the bullion, metal and energy futures trade in FY 2014-15 and was World No. 3 in gold futures trade in terms of the number of contracts traded in CY2014, based on the Futures Industry Association's annual volume survey released in March 2015. The exchange's flagship index, the MCXCOMDEX, is a real-time composite commodity futures price index which gives information on market movements in key commodities. Other commodity indices developed by the exchange include MCXAgri, MCXEnergy, and MCXMetal. MCX has been certified to three ISO standards including ISO 9001:2000 quality management standard, ISO 27001:2005 information security management standard and ISO 14001:2004 environment management standard.

With an aim to seamlessly integrate with the global commodities ecosystem, MCX has forged strategic alliances with leading international exchanges such as CME Group, London Metal Exchange (LME), The Baltic Exchange, Dalian Commodity Exchange (DCE) and Taiwan Futures Exchange (TAIFEX). The Exchange has also tied-up with various trade bodies, corporates, educational institutions and R&D centres across the country. These alliances enable the Exchange to improve trade practices, increase awareness, and facilitate the overall improvement of commodity futures market in India. The exchange often partners with these institutions to conduct awareness programmes across the country to spread

education on the need and benefits of managing price risks by trading on commodity futures exchanges. The exchange also engages with the print and the electronic media to sensitise the public at large on the economic functions and utility of the commodity futures market.

In order to provide the necessary knowledge to acquaint participants with the modalities of commodity derivatives market in India, MCX conducts training programmes on various aspects of the market. It also offers certification programmes for those interested in pursuing a career in the commodity derivatives market.

MCX's ability to use and apply technology efficiently is a key factor in the development of its business. The exchange's technology framework is designed to provide high availability for all critical components, which guarantees continuous availability of trading facilities. The robust technology infrastructure of the exchange, along with its with rapid customisation and deployment capabilities enables it to operate efficiently with fast order routing, immediate trade execution, trade reporting, real-time risk management, market surveillance and market data dissemination.

The Exchange is committed to nurturing communities that are vital for the development of its business. To achieve the goal of inclusive growth, MCX collaborates with diversified partners. Gramin Suvidha Kendra, the exchange's social inclusion programme in partnership with India Post, seeks to enhance farmers' value realisation from agricultural activities.

MCX has been continuously raising the bar through effective research and product development, intelligent use of information and technology, innovation, thought leadership and ethical business conduct. A number of studies conducted by reputed institutes have discovered that the exchange and the ecosystem created by it have been playing an important role in efficient price risk management and price discovery, reduction in spot price volatility and reduction in information asymmetry. A Joint study by IIM Calcutta and NISTADS (2012) has established that the MCX futures market in mentha oil has created a highly efficient alternative marketing channel in Mentha Oil value chain. The MCX futures market in mentha oil has facilitated the rise of India as the major exporter of processed mentha crystals in recent years. Another study by the Tata Institute of Social Sciences (2012) has established that MCX platform has ensured stable and fair prices for small and medium enterprises. Fairer prices reduce the cost of production and import bill, boost growth of the Small and Medium Enterprises (SMEs) and provide accurate demand-supply signals that reduce risks in SMEs.

MCX has received worldwide recognition and many accolades for its pioneering efforts at inclusion and market development. In 2013, it won the “Best Commodity Exchange of the Year” award at the Global Cotton Conference, and in 2015 it was honoured with the ‘Exchange of the year for Investors Education and Awareness Award’ by the Commodity Participants Association of India (CPAI).

The exchange today is recognized as a thought leader and innovator across the industry.