

MCX Stock Exchange COMMUNIQUE

From Chairman's desk:



"We need to work towards rebuilding confidence in the strength of the economy in order for the potential to be realised."

To say that the year 2011 was tumultuous would be an understatement. Politically, the Arab Spring which unleashed the forces of democracy in many countries that were locked in dictatorships or worse for decades, was a historic turning point. On the economic front, the earthquake and Tsunami in Japan forced a contraction of the Japanese economy just when it seemed to have broken the shackles of prolonged stagnation. The downgrading of USA's credit rating by one of the rating agencies underlined the importance of financial prudence. Across the Atlantic, the Eurozone displayed signs of imminent collapse of the monetary union, which had the many Summits of European leaders groping for solutions.

Closer home in India, the expectations of a high GDP growth of 9% evaporated as politics took the centre-stage relegating sound economic policies to the background. As a consequence of national and international factors, investment declined, the rupee depreciated by about 18%, the stock market was down by about 20% while inflation continued to be at near double-digit levels, despite the Reserve Bank of India raising the policy rates of interest at frequent intervals. While some of the economic problems confronting the country are due to exogenous factors, the contribution of domestic issues cannot be ignored.

The state of the economy underscores the fact that maintaining a 9% or more GDP growth cannot be taken for granted merely because demography is in our favour. Consistently, sound economic policies need perhaps to be reinforced with sounder political consensus across the spectrum. We need to work towards rebuilding confidence in the strength of the economy in order for the potential to be realised. In this endeavor all market participants and stakeholders – regulators, exchanges brokers etc have to come together to achieve the common goal of propelling the country to sustain a higher level of economic growth.

Here's hoping 2012 will bring greater cheer!

Ashok Jha (IAS, Retd.)
Chairman, MCX Stock Exchange

McGraw-Hill and CME Group set to forge joint venture in index services business

McGraw-Hill, one of the world's foremost financial information companies and owner of S&P Indices, and CME Group, the world's leading and most diverse derivatives marketplace and 90 per cent owner of the CME Group/Dow Jones joint venture, has announced an agreement to establish a new joint venture in the rapidly growing index business. Under the terms of the agreement, which has been approved by the Boards of both companies, McGraw-Hill will contribute its S&P Indices business and the CME Group/Dow Jones joint venture will contribute the Dow Jones Indexes business to create S&P/Dow Jones Indices, a global leader in index services with annual revenue of more than \$400 million. Approximately \$6 trillion in assets are benchmarked against these leading indices.

Source: McGraw Hill, November 4, 2011
<http://investor.mcgraw-hill.com/phoenix.zhtml?c=96562&p=RssLanding&cat=news&id=1626334>

HKEx's securities clearing house and TDCC sign MoU

The Hong Kong Securities Clearing Company Ltd. (HKSCC), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), and the Taiwan Depository & Clearing Corporation (TDCC) signed a memorandum of understanding (MoU) focussed on cooperation and the exchange of information. HKSCC, the clearing house and central depository for HKEx's securities market, provides clearing, settlement, depository and nominee services for securities listed in Hong Kong. TDCC, the central depository in Taiwan, provides services for equity securities and fixed-income instruments.

Source: HKEx, November 17, 2011
<http://www.hkex.com.hk/eng/newsconsul/hkexnews/2011/111117news.htm>

BM&FBOVESPA signs contract for new clearing system

BM&FBOVESPA signed an exclusive contract with Swedish technology company Cinnober on October 21, 2011 for the perpetual licensing of TRADExpressRealTime Clearing. This is a state-of-the-art, flexible multi-market clearing system with real-time data processing and risk calculation capacities.

Source: BM&F BOVESPA, November 8, 2011
<http://www.bmfbovespa.com.br/en-us/News/2011/BMFBOVESPA-signs-contract-for-new-clearing-system-2011-11-09.aspx?tipoNoticia=1&idioma=en-us>

LCH.Cleernet launches interoperable clearing across 17 countries for Turquoise trading platform

LCH.Cleernet Ltd., the leading independent clearing house, has launched interoperable clearing across 17 countries for Turquoise, the independent pan-European equity trading platform. Turquoise was established in 2008 to engender greater competition in the secondary trading of European equities, and offers a combination of innovative services, superior technology and competitive pricing.

Source: LCH. Cleernet, November 17, 2011
http://www.lchclearnet.com/media_centre/press_releases/2011-11-17.asp

ISE completes upgrade of its Optimise™ trading system

The International Securities Exchange (ISE) has completed the most recent upgrade to its new trading system based on Deutsche Börse Group's Optimise™ trading architecture. Technology Release 1.6 is the second major enhancement to the system since the completion of its initial rollout in July 2011. The compressed release cycle of Optimise allows for greater flexibility to introduce performance enhancements and new functionality while minimising any additional work for ISE's member firms due to its backward compatibility.

Source: ISE, November 7, 2011
http://www.ise.com/assets/documents/AboutISE/PressRelease/CompanyNews/2011/20111107ISE_Completes_Latest_Optimise_Upgrade.pdf

Malta Stock Exchange signs up Deutsche Börse's Xetra

The Malta Stock Exchange will use Xetra – Deutsche Börse Group's fully electronic trading system. Probably from mid 2012, Deutsche Börse will organize trading in equities listed on the Malta Stock

Exchange. Both parties signed a minimum 5-year contract on October 24, 2011.

Source: DB, November 3, 2011
http://deutsche-boerse.com/dbag/dispatch/en/notescontent/gdb_navigation/press/10_Latest_Press_Releases/10_All/INTEGRATE/mr_pressreleases?notesDoc=381FB1916303A03DC125793D0039AF1B&newstitle=maltastockexchangesignsxetra&location=press

Scoach gets Hong Kong regulator's nod to connect market participants to the Xetra trading system

Scoach has been authorised by the Hong Kong regulator SFC (Securities and Futures Commission) to connect market participants in Hong Kong directly to the Xetra trading system. In the future, banks and brokers can use the Xetra network to place structured product orders for trading on Scoach.

Source: DB, November 14, 2011
http://deutsche-boerse.com/dbag/dispatch/en/notescontent/gdb_navigation/press/10_Latest_Press_Releases/10_All/INTEGRATE/mr_pressreleases?notesDoc=33DAB731B379F82AC1257948005D4CDD&newstitle=scoachreceivesauthorizationfro&location=press

Eurex ropes in partners for extending its training and education initiatives in Taiwan region

The international derivatives exchange Eurex has announced that it has signed cooperation agreements with two well-known and highly respected partners in Taiwan, the National Taiwan University (NTU) and the Securities & Futures Institute (SFI). The cooperation with NTU foresees joint training and education efforts for Taiwanese students and market participants. Eurex will provide substantial funding for the set-up of a professional trading laboratory at NTU including the provision of market data. The cooperation with SFI is dedicated to jointly offer capital market training courses and aims to contribute to the development of the regional futures markets.

Source: DB, November 25, 2011
http://deutsche-boerse.com/dbag/dispatch/en/notescontent/gdb_navigation/press/10_Latest_Press_Releases/10_All/INTEGRATE/mr_pressreleases?notesDoc=DE1AC16A8A5F88E9C1257953003345E5&newstitle=newpartnershipsintaiwan&location=press

Deutsche Börse's study finds growing interest of European private equity investors in China

Private equity investors are taking a growing interest in entering China, but competition for the most promising target companies is increasing too. This is the result of a joint study by Deutsche Börse and CMS HascheSigle to be presented as part of the German Equity Forum in Frankfurt. The study also concludes that China will remain attractive in the long term for PE investors, although many of them believe that the country still needs to catch up, particularly on the issue of corporate governance.

Source: DB, November 22, 2011
http://deutsche-boerse.com/dbag/dispatch/en/notescontent/gdb_navigation/press/10_Latest_Press_Releases/10_All/INTEGRATE/mr_pressreleases?notesDoc=BDC9920EABED1502C1257950003C90BC&newstitle=study:europeanprivateequityinv&location=press

FINRA and Ontario Securities Commission sign regulatory cooperation arrangement

The Financial Industry Regulatory Authority (FINRA) and the Ontario Securities Commission (OSC) have entered into a memorandum of understanding (MoU) that will facilitate exchange of information with respect to regulated entities that operate across the US-Canadian border.

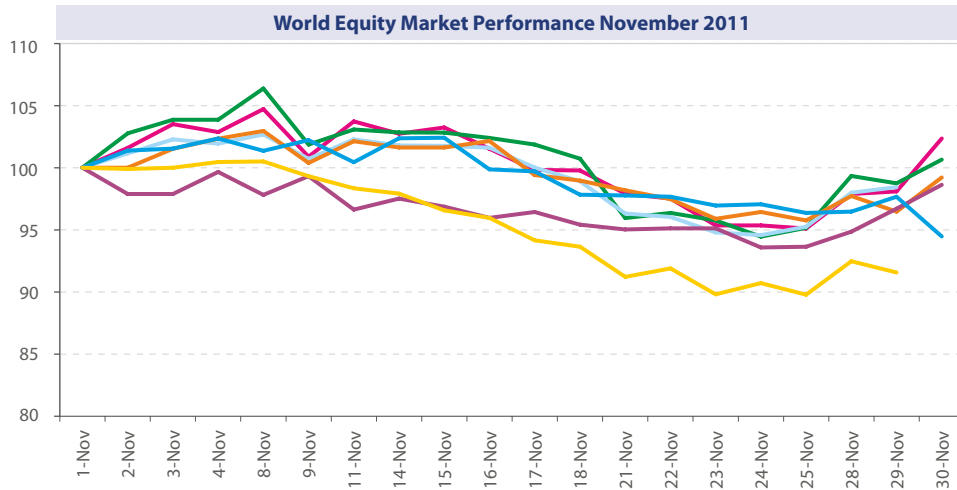
Source: FINRA, November 18, 2011
<http://www.finra.org/Newsroom/NewsReleases/2011/P125146>

Deutsche Börse and Istanbul Stock Exchange join hands

Deutsche Börse and Istanbul Stock Exchange (ISE) are working together to cooperate in several business areas. Both exchanges support the mutual understanding of developments in each other's securities markets, carry out joint research projects or seminars on topics of mutual interest and assist each other in marketing activities in Germany and Turkey. It is also their intention to cooperate on the level of joint indices and product development in order to support a closer cooperation between both financial centers, Frankfurt and Istanbul.

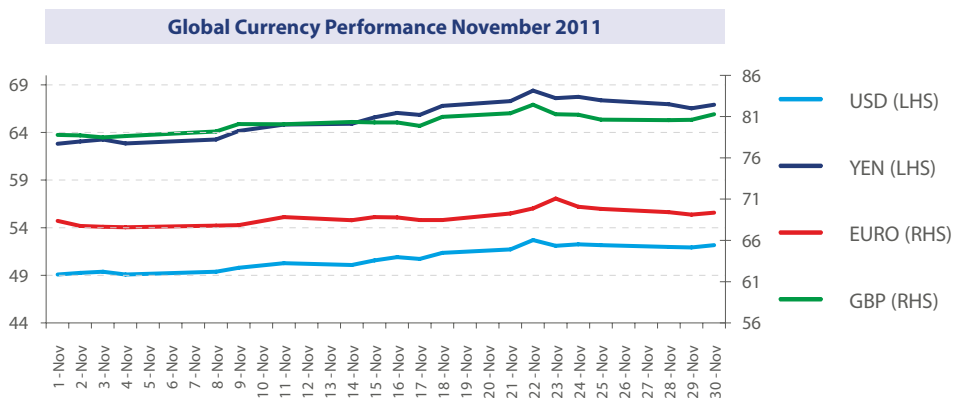
Source: Istanbul Stock Exchange, November 22, 2011
<http://www.ise.org/announcements/newsdetail/11-11-22/-3762281526.aspx>

NEWSWATCH NEWSWATCH NEWSWATCH NEWSWATCH NEWSWATCH



- USA
- Russia
- UK
- Brazil
- Japan
- China
- India

Source: MCX-SX, Bloomberg

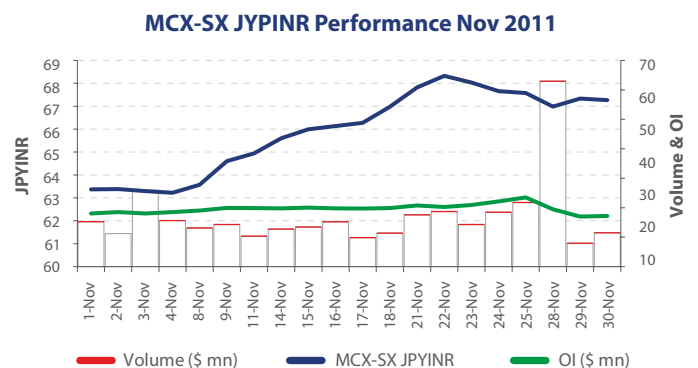
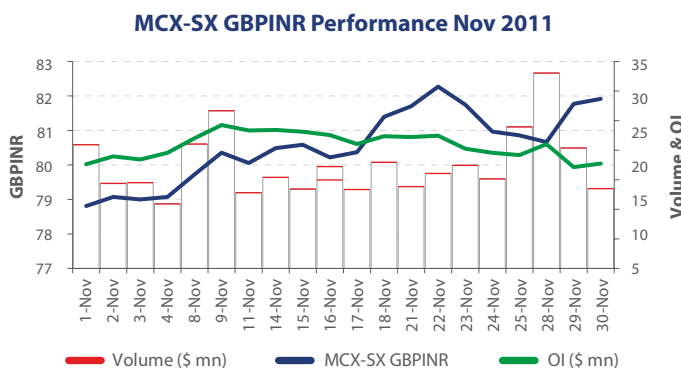
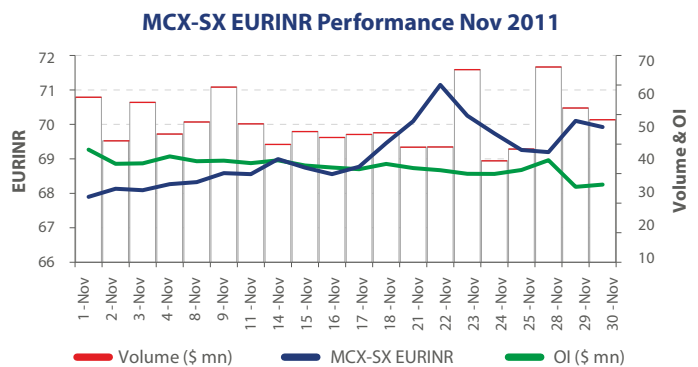
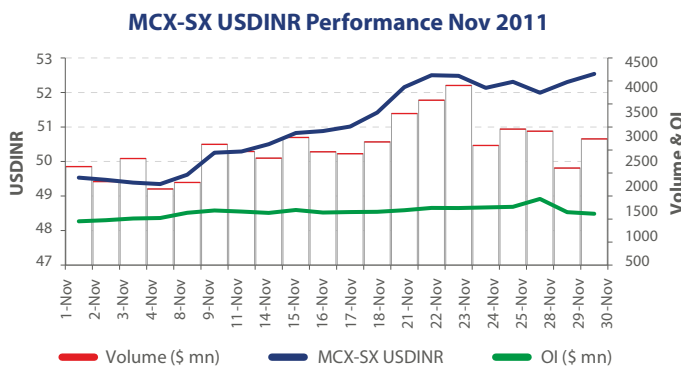


RBI Reference Rates

		Beginning of the Month	End of the Month
Nov-11	USD	49.0775	52.1650
	EURO	67.7597	69.4735
	GBP	78.7817	81.2887
	YEN	62.8200	66.9300
Nov-10	USD	44.4200	46.0400
	EURO	62.1600	60.3600
	GBP	71.4052	71.6406
	YEN	55.2200	54.7700

Source: RBI

PRODUCTWATCH



Source: MCX-SX, Bloomberg

Statistics

FX Reserves *	As on December 9, 2011	USD 271,636 million
Exports	October, 2011 October, 2010	USD 19,870 million (+10.82% y-o-y) USD 17,930 million
Imports	October, 2011 October, 2010	USD 39,514 million (+21.72% y-o-y) USD 32,462 million
IIP	October, 2011 October, 2010	158.1 (-5.10 % y-o-y) 166.6
FII Inflows	November, 2011 October, 2011	USD -858.78 million (-268.90% m-o-m) USD 508.44 million
Base Rate	As on December 20, 2011	10.00% - 10.75%
Deposit rate	As on December 20, 2011	8.50% - 9.25%

(*Excluding Gold, SDRs and Reserve Tranche Position in the IMF)

Sources: RBI, Ministry of Commerce and Industry, Ministry of Statistics and Programme Implementation, GOI, Bloomberg

EVENTWATCH

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Events in November-December 2011



CII: 3rd Capital Markets Summit, Mumbai



CII: 3rd National Conference on Leadership, Kolkata



PHD-MCX-SX: Seminar on Risk Management through Currency Derivatives, New Delhi

(From left) Ms. Chitra Ramkrishna, Joint Managing Director, NSE; Mr. Joseph Massey, MD & CEO, MCX-SX; Mr. Madhu Kannan, Managing Director & CEO, BSE; Mr. U K Sinha, Chairman, SEBI; and Mr. Uday Kotak, Chairman, CII National Committee on Capital Market and Executive Vice-Chairman & MD of Kotak Mahindra Bank at the Summit on November 29, 2011

(From left) Ms. Shikha Sharma, Managing Director & CEO, Axis Bank; Mr. Rajive Kaul, Past President of CII & Chairman, Nicco Corporation Ltd; and Mr. Joseph Massey, MD & CEO, MCX-SX, at the Summit held during December 9-10, 2011

(From left) Mr. Shyam Poddar, Managing Director, Forex Capital Services; Mr. S K Gupta, Director, PHD Chamber; Mr. M K Doogar, Director, Doogar Associates & Co-Chairman, Capital Market Committee, PHD Chamber; Mr. Mahesh K S, Assistant Vice-President, MCX-SX; and Mr. Jagannadham Thunuguntla, Head of Research, SMC at the Seminar on December 2, 2011

Forthcoming events in December 2011-January 2012

IIMB & IIMC: India Finance Conference

December 21-23

Bangalore

13th FIMMDA – PDAI Annual Conference

January 26-28

Kuala Lumpur

For further information log on to: www.mcx-sx.com/SitePages/Events.aspx

An initiative by MCX Stock Exchange Research & Product Development and Communications Teams

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