

### Financial Technologies (India) Ltd.

Corporate Office  
Landmark 'B', Ground Floor,  
Suren Road, Chakala,  
Andheri (East), Mumbai - 400 093.  
Email: [info@ftindia.com](mailto:info@ftindia.com) URL: [www.ftindia.com](http://www.ftindia.com)

#### Regional Offices

**Delhi**  
12-H, Vandana Building, 11, Tolstoy Marg,  
Connaught Place, New Delhi - 110 001

**Kolkata**  
Centre Point, 21 Hemant Basu Sarani,  
326, 3rd Floor, Kolkata - 700 001.

**Chennai**  
3rd Floor, 16, Surya Flats,  
2nd Cross Street, Seethammal Colony Ext.,  
Teynampet, Chennai - 600 018.

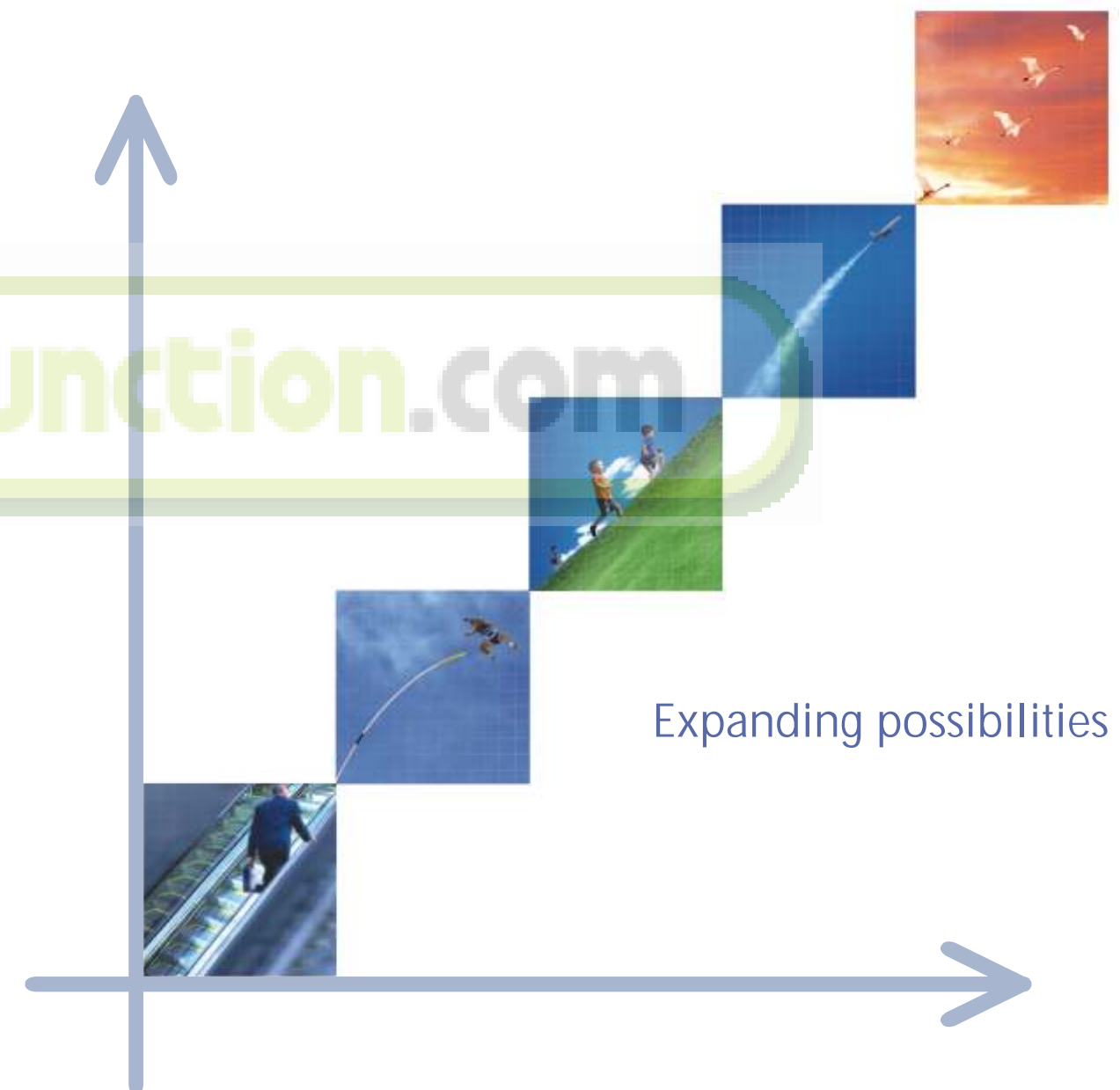
**Hyderabad**  
B22, Dilshad Plaza, 4-4-1  
Sultan Bazar, Hyderabad - 500 095.

**Ahmedabad**  
104, Janpath, Opposite Capital Commercial Centre,  
Ashram Road, Ahmedabad - 380 009.

**US Office**  
33, Wood Avenue South,  
Suite 600, Iselin, NJ - 08830.

Complaints if any should be addressed to:


The Company Secretary,  
Financial Technologies (India) Ltd.,  
1st Floor, Malkani Chambers, Off Nehru Road,  
Vile Parle (East), Mumbai - 400 099  
Tel: 91 22 26173746/47/48 Fax: 91 22 26118195  
Email: [info@ftindia.com](mailto:info@ftindia.com) URL: [www.ftindia.com](http://www.ftindia.com)



Expanding possibilities

# Prologue

Unlimited Growth. Two words that aptly sum up our performance in the last financial year - A year marked by comprehensive growth in terms of spawning opportunities, augmenting profits extending product lines, striking alliances, spreading wings geographically and most importantly exceeding the expectations of the shareholders.

Report  Junction.com

# Index

1. From the CMD's Desk	01
2. Overview	04
3. FTIL Performance 2004 - 2005	09
4. Business Ecosystems	13
5. Directors' Report	19
6. Management Discussions & Analysis	41
7. Financials	47
8. Statement Regarding Subsidiary Companies	88

Notice

Attendance Slip & Proxy form

Report  Junction.com

## From The CMD's Desk





Dear Shareholders,

India transforms almost at the speed of thought. Its technology base cemented in place, Internet has leapfrogged across the country, distances are dying, information flows are freeing up, and the Indian mind is valued at home as much as it has been abroad. The financial market reflects this health and, more importantly, is becoming a key driver of the nation's growth.

At Financial Technologies (India) Ltd. (FTIL), we drive the market that drives India. Much like the robust and scalable technology solutions at FT, the organization has buttressed its leadership position and grown exponentially, extending product lines, drawing from its deep domain knowledge of financial markets.

Exchange Licences have more than doubled, physical presence and service have grown impressively and strategic alliances have opened up the world for us. In this growth spiral, we have not forgotten our core strengths - being nimble to change, sensitive to clients and paying attention to detail.

Looking back over the past year, I cannot deny the sense of satisfaction that comes from giving enormous shareholder value and living up to the trust you repose in us. I dedicate this magical performance to the FTIL family.

#### Year 2004 - 2005: Key Achievements

Looking back, FTIL has consolidated its position as the market leader in all its technology components. The client roster includes the nation's largest brokers, banks, Financial Institutions, Asset Management Companies amongst others. FTIL's end-to-end solutions suites have enabled clients in automating their complete trade life cycle including order management, execution and settlement.

During the year FTIL has garnered over 250 brokerage houses as clients with 18000 trading terminals. A significant share of Indian stock market volumes relies on FTIL's solutions for smooth processing. The trading terminals offered by FTIL are multi-exchange and multi segment, which have capabilities to provide integrated trading in over six market segments through one window. The choice of trading front-end ranges from desktops to hand held devices & PDA's.

MCX (ISO9001:2000), the FTIL initiative, has recorded astonishing growth over the year with a ten-fold increase in turnover. As a premier exchange of the country, it has been playing a leadership role, developing commodities futures markets and is regarded as a pioneer in more ways than one. FTIL drives the trading engines at MCX and its robustness and scalability have been critical to scripting MCX's success story.

In November, FTIL along with MCX forged an alliance in gold with the Dubai Metals & Commodities Centre (DMCC), a strategic initiative of the Government

of Dubai, to set up Dubai Gold & Commodities Exchange (DGCX). Headquartered in Dubai, DGCX is the first international exchange to be set up by an Indian company and aims to draw the best of East and West. FTIL will be providing the technology base and applications to the exchange and to its members in the future.

The year saw your company's subsidiary, MCX, establish alliances with Tokyo Commodity Exchange (TOCOM) and Baltic Exchange, London.

The end of the financial year saw yet another initiative. National Spot Exchange Limited for Agricultural Produce (NSEAP), a three-way handshake between FTIL, MCX and National Agricultural Cooperative Marketing Federation of India Limited. (NAFED), aims at integrating price information across the country and disseminating it to commodities market participants including farmers and thus creating a common Indian market, a dream espoused by our honorable President, Dr. A.P.J. Abdul Kalam and our honorable Prime Minister Dr. Manmohan Singh. A move at the grassroots level, it is expected to remove, slowly but surely, the bottlenecks of price discovery in agricultural markets and metamorphose the Indian agricultural landscape at large.

Thus, the year 2004-2005 has been a very eventful year with your company showing excellent results not only in its technology operations but also in the operations of its subsidiaries, as well as on the alliance front.

#### Technology Highlights

The year saw the markets on a roll. ODIN™, the integrated multi-exchange, multi-segment front-office solution suite, has become a catalyst for the impressive growth we have witnessed at FT. The early test bed of MCX challenged as also helped us in riding the learning curve of a hitherto uncharted area of operations. With the launch of ODIN™ for commodity segment, we have seen the signs of an ensuing revolution in the commodity markets.

FT looks at this repository of potential as the commodities market expands and if the past year's performance is a weather vane, the future is our imagination.

The robustness and sustainability of ODIN™ consolidated market leadership and our R&D with active product development ensured it. Even competing exchanges benefit from ODIN™ and, you will agree, that there cannot be a better testimonial than from competitors.

STPGate™ snared a large market share in the FI segment, rising from scratch to over 40%. This continues to be on the growth phase of the market life cycle.

The success of MCX, in 04-05, fired by FT engines, encourages us to look at the global scene with DGCX, the next window of opportunity.

#### Financial Highlights

We have continued to consolidate our dominant market share in the traditional segments of brokers and exchanges.

The year 2004-2005 saw a 22% increase in the top-line of the company. The total income increased to Rs. 3351 lakhs as compared to 2765.49 in the previous year. Highlight of the year has been the consolidated revenue of FTIL and its subsidiaries which has increased to Rs.6274 lakhs as compared to Rs.2307 lakhs in the previous year, whereas the net profit has increased to Rs.2025 lakhs as compared to Rs.465 lakhs in the previous year.

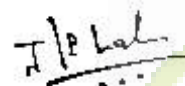
The Board of Directors is pleased to recommend a dividend of 20% on par value. But what has been the forerunner of FTIL's business model is the ability to spin

viable business models around a sound technology platform. The case in point - MCX - has not only been operationally successful but also pioneered developments and developed the commodities futures markets at large. As volumes continue to grow, FTIL's product line stands the test of scale and trade density. FTIL's niche positioning creates unique spaces and business opportunities by leveraging technology to create business models rather than being a plain supplier of solutions to existing business.

Along these lines, FTIL has been the incubating centre for other technology driven aspirations. The roll call of such ventures continues with DGCX, NSEAP and NBHC.

Three Foreign Institutional Investors (FIIs) have made investments in Financial Technologies (India) Ltd (FTIL) to the extent of 6.53% of the Capital through the preferential route. The preferential offer of Equity shares was for 28,73,951 Equity Shares at a price of Rs.262/- (Face value Rs.2/- and Rs.260/- being premium).

I firmly believe that the momentum has been set and in the near future we will reach the critical mass for being a global player. Our stability, here, can be metamorphosed into a threshold for bigger opportunities in larger arenas. As we start enjoying the economies of scale, I am sure that the Board together with the FTIL family is poised today for a fulfilling tomorrow.



Jignesh Shah  
Chairman & Managing Director  
Financial Technologies (India) Ltd.

# Overview

## OVERVIEW

### Synopsis

Financial Technologies (India) Ltd. (FTIL), listed on National Stock Exchange & The Stock Exchange, Mumbai, remains India's leading technology enterprise delivering mission critical Straight-Through-Processing (STP) solutions comprising of Domain Consulting, Technology Licensing and Development Outsourcing for global exchange markets. We retain our identity as a vertical specialist and domain expert with proven transaction application solutions for Equity, Forex, Commodity and Derivatives segments.

Our product mix covers all the stages of the trade life cycle yet delivers single point transaction fulfillment. We offer technology solutions to financial enterprises, exchanges and services supporting high transaction density. Our scalability, reliability and deployment flexibility of solutions along with domain consulting have now been regarded as industry benchmarks.

We specialise in evolving long-run solution strategies, synchronized to market trends and the business vision of our client. Over time, this has created longer life for our products and better equity in the market. Our efforts, through the past financial year, have been at enriching our product mix and customizing solutions to client requirements. Our line extensions have plugged all need-spaces that financial markets have and we are geared to approach new spaces and provide fulfilling answers.

The pace of growth has been breathless. With over 35000 client terminals, 500 client brokers, a 125-city client presence and new clients almost every week, we have created corresponding shareholder value.

In under two years since commencing operations MCX has garnered a significant market share in the commodities futures market. With FT engines driving its operations and deep domain knowledge it inherently enjoys, MCX has pioneered many firsts as a leading exchange in these markets. It has launched innovative contracts, developed markets pan-India and recorded exemplary growth without losing focus on the qualitative aspects. MCX is a ISO9001 certified exchange and its focus has been to ensure a healthy growth of the market in all the spheres with internationally referenciable commodities and contracts.

Setting up of DGCX with the Government of Dubai was both a pioneering effort and a privilege. With teams creating business and technology plans, we are sure of creating opportunities for our prospecting members.

The FTIL-MCX-NAFED combine has set-up "National Spot Exchange" for Agriculture Produce (NSEAP), which will streamline price information greatly aiding in a more efficient and optimal agricultural market.



FTIL has the largest market share for all of its technology components and the client list spans across the country's largest Exchanges, Brokers, Banks, Financial Institutions, Asset Management Companies amongst others. Significant portion of Indian stock market volumes are getting generated and settled through FTIL's solutions. The trading terminals offered by FTIL are multi exchange and multi segment, which have capabilities to provide integrated trading in over six market segments through one window.

With robust technology platforms, continuous product development and the ability to spin business models around such technology, where MCX is a strong case study, FTIL is looking at vaulting spires of growth.

## Vision and Strategy

The shared vision at FTIL includes enriching our product mix, creating and fulfilling higher client expectations and, finally, enhancing value for shareholders at large. Our vision is to:

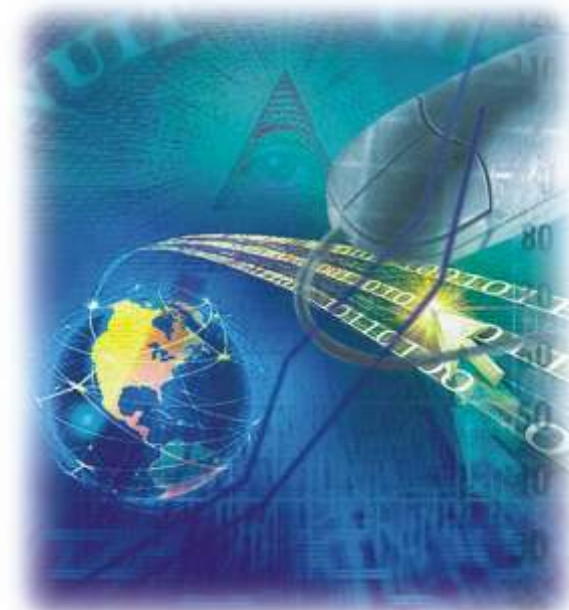
- Build a technology company focussed on IPR creation in the financial securities industry by harvesting intellectual capital
- Build a brand centric model to leverage quality products/brands to generate sustainable & assured annuity revenues
- Leverage strong technological platform to promote transaction intensive businesses

We are focussed on tangible growth and quantifiable returns. We believe that a healthy organization keeps all its stakeholders happy.

The kernel of our ethos is:

- Client Focus - to understand and create perceptible value
- Product Innovation - to anticipate change, find answers & evolve products
- Technology & Process Excellence - To perfect models & sharpen service edges
- Domain Enhancement - to enrich and expand domain knowledge
- Leadership - to pioneer growth & establish leadership
- Partnerships - to complement & synergise
- Globalisation - to benchmark & launch new endeavours

Report  Junction.com





Surpassing targets



Report

junction.com

## FTIL PERFORMANCE

### Economic Growth and Industry Review

Picture the scene.

- International Monetary Fund Report ranks India as the fourth largest economy on Purchasing Power Parity with GDP estimates at USD 3300 billion. India ranks second in its annual growth rates globally
- Fifty percent of the population is below thirty years and a significant percentage of it, skilled
- The capital market is looking north - FIIs have raised their stakes in the economy
- Europe is becoming a promising destination for Indian software exports. Companies are bullish on growth prospects here, discounting the London terror strike
- By 2025 the Indian economy is projected to be about 60 percent the size of the US economy
- The transformation into a tri-polar economy (US, China, India) will be complete by 2035, with the Indian economy, only a shade lesser than the US economy but larger than that of Western Europe
- China's economy could be cooled (they intend to) and Yuan revalued (they may have to)

The world, needless to say, is bullish on India.

The year witnessed several developments in the capital market. GDP growth of 6.7% was helped by industry clocking an impressive 8% rise. A buoyant merchandise export growth overshadowed minor hiccups. Exports clocked a 24% rise. Forex reserves touched US\$135 billion. Rupee was resilient, though bordering on high volatility at times.

BSE Sensex, peaking at 5925 in April 2004, gradually declined. The market mood however turned around and, barring aberrations, Sensex climbed steadily to gain 13% year on year. NSE and BSE had a turnover of Rs.42.22 trillion during 2004-05 with the Derivative segment constituting an impressive 61%. Pension funds, non-government provident funds and gratuity funds were allowed to invest in equities and equity linked mutual funds or debt instruments of private companies.

To encourage greater retail participation in IPOs, SEBI raised the limit for retail investors in book-built issues to 35% from the earlier 25%. The investment limit of FIIs in dated government securities and treasury bills was raised from US\$1 billion to US\$1.75 billion.

More importantly for us, Straight Through Processing was made mandatory for all institutional trades with effect from July 1, 2004. This will eliminate paper and clear bottlenecks that stem from manual intervention.

The Commodities Futures market witnessed phenomenal growth with national multi commodity exchanges. Certain commodities like pulses, crude and bullion have seen astonishing spurt in volumes with corresponding depth in the markets. The Government discussion in Parliament to allow options in Commodities for Banks to trade and Mutual Funds to invest in Commodities based funds will give a fillip.



These movements have been in the positive domain, setting standards of transparency at places and raising the efficiency bar at others. As Indian capital markets mature and ideas like RTGS, STP & Electronic Banking get entrenched, we have begun to notice the positive ripples across the financial markets.

#### Key Products & Services

##### ODIN™

ODIN™ is an integrated multi-exchange, multi-segment, front office solution suite targeted at brokers/dealers of equities, derivatives & commodities markets. The key features include -

- Order routing
- Order & trade management system
- Institutional order book
- Multi-tier risk management engine
- VWAP calculator
- Alert & arbitrage engine
- Multi-layer broadcast engine: market data feed
- Multiple market access gateways
- Charts & graph tools
- Decision making tools
- ODIN™ Connect: API Bridge, FIX compatible
- ODIN™ Diet: Integrated Internet based trading application for retail traders, designed to work on low bandwidth requirements.

The growth of ODIN has been manifold in tandem with the exponential growth of the commodity markets.

##### STP-Gate™ - Secure Transaction Processing Gateway Services

STP-Gate™ is a robust, secure & scalable transaction processing platform that enables seamless convergence and online interface between Investment Managers, Custodians & Brokers. With its unique features and key functionalities, STP-Gate™ has revolutionized the transaction processing business in the Indian securities market. STP-Gate™ is a neutral platform where FTIL is a neutral infrastructure service provider with extensive transaction technology expertise.

Data security, integrity & confidentiality are ensured by the use of 128-Bit SSL 3.0 encryption, Digital Certificates & Server Gateway Cryptography (SGC). The availability of the service & data as well as critical resources are ensured through the use of high-end, fully Fault-Tolerant servers and a fully redundant data-centre setup. Further the deployment of the entire setup has been done in conformity with international best practices and procedures, including OS and application hardening, giving information security the utmost importance.

STP-Gate™ facilitates its users to send & receive online, digitally signed & encrypted trades details, allocations, contract notes, confirmations, settlement instructions & match / un-match notifications. In addition to providing a robust platform for transaction processing and creating an interface between the various parties to trade, FTIL by virtue of being a market leader in mission-critical front-office and back-office solutions, creates an advantage for the participants to achieve end-to-end STP. Market intermediaries have deployed FTIL's complete end-to-end STP enabled solution suite that integrates and automates processes associated with the complete trade life cycle starting from order routing, execution, trade reporting to the back office, contract note generation, brokerage computation, settlement, posting of accounting entries: Pre-Trade, Trade, Post-Trade.

##### FXDirect™

Financial Technologies empowers India's Foreign Exchange Market with FXDirect™, and end-to-end STP platform for Inter-bank FX trading & matching.

FXDirect™ is India's first indigenously developed Foreign Exchange marketplace platform for the inter-bank FX market. This platform enables real-time Straight Through Processing (STP) environment to deliver liquidity, efficiency and deep functionality in foreign exchange dealing and matching services.

Real time matching: This system enables real-time matching of currency pairs for immediate execution in both spot as well as forward instruments. It provides a real-time two-way (both the participant as well as his counter party) risk management to mitigate participant counter party risk.

##### Key Features

- Concurrent Multi-pocket matching facility
- Support for all types of instruments Multi currency, multi-lot size, multi-value date instrument creation
- Flexible counter party definition
- Value date based Limit Monitoring
- Multiple order types which include Drip Feed Orders, Timed Orders and Two-way Orders
- Facility to hold and release the orders
- Multi currency settlement instructions definable
- Real-time market depth display of best 5 orders in the market with VWAP calculation
- System supports the market need of anonymity in trading as is the practice in the phone market
- Configurable pages and Hot key enabled
- System log and audit trail of orders and trades
- Efficient system recovery mechanisms providing for both instant recovery as well as full market replay

In Negotiated Dealing System, the participant is free to choose and negotiate any currency with his counter-party thereby offering him flexibility to select the underlying currency as well as the terms of trade.

##### Key Features

- System supports concurrent chat sessions
- One-way communication flow at any given instant to ensure sanctity of a deal along with a facility for any party in the conversation to interrupt and take control of the deal conversation
- Supports Timed Orders
- Supports multi-currency, multi-instrument deals
- Single key headline broadcast and multi headline distribution to multi parties
- Single click interface to initiate conversations with multiple parties along with Hot key support



## Customized Solutions

FTIL offers a spectrum of solutions to Exchanges, Exchange Members (Trading Members, Professional, Trading & Clearing Members), Broker-Dealers, Investment Managers and Custodians. The exhaustive list follows.

### Brokerage Houses

MARKETS ADDRESSED EQUITIES & DERIVATIVES	Products	Components	Solutions/ Services
	iNeT.net™	Browser based multi exchange & multi segment Internet Trading front end Supporting Push & Pull Technology	Solution
	ODIN™	Front Office Dealing Room Solution for Equities, Derivatives & Commodities markets: Order Routing Order & Trade Management System Institutional Order Book Multi Tier Risk Management Engine VWAP Calculator Alert & Arbitrage Engine Multi Layer Broadcast Engine: Market Data Feed Multiple Market Access Gateways Charts & Graph Tools Decision Making Tools ODIN™ Connect: API Bridge, FIX Compatible ODIN™ Diet: Internet Trading Exe	Solution
	MATCH™	Multi exchange & multi segment back office Clearing, Settlement and Accounting system	Solution
	STP-Switch™	Internal STP: Bridge between ODIN™ & Back Office	Solution
	STP-Connect™	External STP: Adaptor between MATCH™ & Omgeo Oasys Global Application	Solution
	STP-Gate™	Straight Through Processing Platform. ISO 15022 Messaging	Service
	e-Hastashar™	Digital Signature Signing & Emailing Utility	Solution
	eIPO™	Is an online Web-Based New Securities Issuance Platform through Book Building (Auction), for Initial Public Offerings.	Solution
	Protector	Real-time Initial Margin Calculator for all Brokers dealing in Derivatives segment.	Solution
	iwin™	Wireless Internet Based Mobile Trading Platform	Solution

### Exchanges / ECN s

EQUITIES, FOREX, COMMODITIES	Products	Components	Solutions/ Services
	Central Trading System	Exchange Matching Engine Order & Trade Management	Solution/ Service
	eCommex™ System	Exchange Clearing & Settlement	Solution/ Service
	FXDirect™	Foreign Exchange Matching Engine Negotiated Dealing System (Instant Messaging Platform) Order & Trade Management Risk Management	Solution/ Service

FTIL's STP Solution Stack enables end-to-end Straight Through Processing capability for real-time transaction and business processing. This covers all the stages of a trade life cycle - Pre-Trade, Trade and Post-Trade activities to deliver single point transaction fulfillment. Today, FTIL offers a multitude of options where targeted systems are developed and deployed to suit the individual needs of the customer.

Exploring opportunities





## EVOLVING BUSINESS MODELS

### Multi Commodity Exchange of India Ltd. (MCX)

A nation-wide online multi commodity futures exchange, MCX is an independent and demutualised exchange that provides a centralised and regulated marketplace for commodity futures trading. MCX has a permanent recognition from Government of India. It functions under Regulations of Forward Markets Commission, under Ministry of Consumer Affairs Food & Public Distribution, Government of India. The Exchange is governed by statutory acts. Thus integrity of its trading and financial practices is assured. The Exchange through its membership criteria and trading rules safeguards the financial integrity of the marketplace.

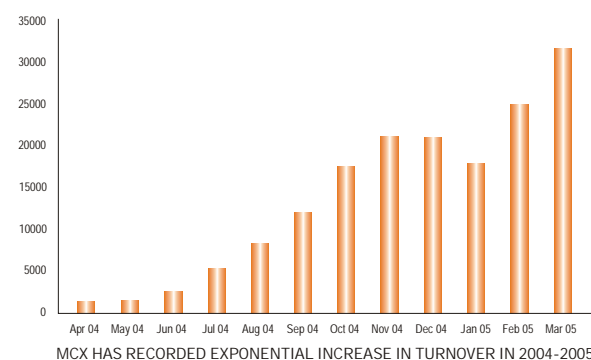
Besides FTIL, MCX is promoted by a slew of leading Public & Private Sector Banks. State Bank of India (India's largest commercial bank) & its subsidiaries, National Stock Exchange of India Ltd. (NSE), National Bank for Agriculture and Rural Development (NABARD), HDFC Bank, and a host of other respected entities make up its promoter roster. MCX takes pride in being the Industry pioneer and in two years of operation has grown to being one of the world's largest futures exchanges in Bullion, being the 3<sup>rd</sup> largest in Gold and 2<sup>nd</sup> largest in Silver. It is also the first exchange in the world to start futures trading in Steel and Mentha oil. It is the first exchange in India and only the fourth in the world to start trading in Crude Oil. Strategic MOUs with world's leading commodity exchanges - Tokyo Commodity Exchange (TOCOM) and The Baltic Exchange, London have created global platforms for tomorrow. MCX also enjoys exclusive alliances with the country's leading commodity trade bodies like Bombay Bullion Association, Bombay Metals Exchange, Pulses Importers' Association of India, Solvent Extractor's Association, UPASI, and IPSTA.

MCX along with FTIL has signed up with Dubai Metals and Commodities Centre (DMCC), a strategic initiative of Government of Dubai, to set up Dubai Gold & Commodities Exchange, an International Gold and Commodity Exchange in Dubai. FTIL along with MCX and NAFED have joined hands to set-up the "National Spot Exchange" for Agriculture Produce (NSEAP). MCX has also launched India's first composite Commodity Futures Index 'MCX-COMDEX'. MCX is also an ISO 9001:2000 certified Exchange. This unfolds the real potential of the exchange. The Exchange's computerised trading network links the buyers and sellers and provides them with an efficient price discovery system and a platform to hedge risk. The system ensures the best bid and offer for all market participants.

Presently, MCX has over 900 members from over 500 cities operating through 5000 plus Trader Work Stations from all across India representing important segments of trade.

The trading volume at MCX has increased from an average daily turnover of Rs.179.33 crores (double side) for the June'04 quarter to .an average daily turnover of Rs.2025.90 crores (double side) for the quarter ending March'05. This has been realized through product innovation and adoption of best practices by MCX. The solid foundation of MCX has been built on quality, transparency, and product innovation, leading to its focus predominantly on internationally referenced contracts to ensure that there is no price manipulation in the markets.

This indeed is a commendable performance where within the very first year of operations it has not only declared profits but also has announced a maiden dividend of 10% to its shareholders.



MCX HAS RECORDED EXPONENTIAL INCREASE IN TURNOVER IN 2004-2005



## Dubai Gold & Commodities Exchange (DGCX)

The Dubai Gold and Commodities Exchange (DGCX) is a joint venture between Financial Technologies (India) Ltd. (FTIL), Multi Commodity Exchange of India Ltd. (MCX) and Dubai Metals and Commodities Centre (DMCC), a strategic initiative of the Government of Dubai. DGCX will be a truly international commodities derivatives exchange, and the first such exchange in the time zone between Europe and the Far East. It will offer products of international significance with electronic trading access from across the world. It is scheduled to go live in the last quarter of 2005.

DGCX will draw on Dubai's strengths - its strategic location, world-class infrastructure and rapidly developing markets. These strengths are supported by the management expertise of DGCX, deep domain knowledge of commodities spot and derivatives markets, state of the art technology and risk management capabilities.

DGCX is a technology driven, non-mutual organization with an independent Board of Directors and professional management. It is committed to providing a world-class trading platform for a wide array of commodities, to implementing best global practices with complete transparency and integrity.

Headquartered in Dubai, DGCX will be situated at the summit of DMCC's landmark Au (Gold) Tower located in the world class DMCC Free Zone.



In the last decade, Dubai has emerged as a leading international commercial and financial centre. It has become the third largest re-export centre in the world. The strategic location of Dubai, the open and liberalized policies of the Dubai Government, state of art infrastructure and access to large and rapidly growing regional markets are just a few of the factors which have ignited Dubai's growth.

Dubai has developed the concept of on-shore special economic zones with the creation of Free Zones for financial services, media, technology and commodities,

amongst others. These special zones provide industry-specific world-class infrastructure with 100% business ownership, no barrier on capital and profits repatriation, and no foreign exchange control together with an extended tax holiday.

A pro-business environment with outstanding record of political stability coupled with one of the fastest growing economies (at an impressive rate of more than 5 percent per annum), investor incentives and protection have made Dubai an extremely attractive proposition for global businesses. Access to a vast population of 1.8 billion people with an economy of USD 1.5 trillion in terms of GDP for the Middle East Asia, Indian sub-continent and Africa, with close proximity to the developed European markets, Dubai has become a regional base for most of the Fortune 500 companies (with all top 10 having a sizeable presence).

With a mature spot trading market in place for gold and other commodities, commodities derivatives are a logical next step in the development of Dubai market infrastructure.