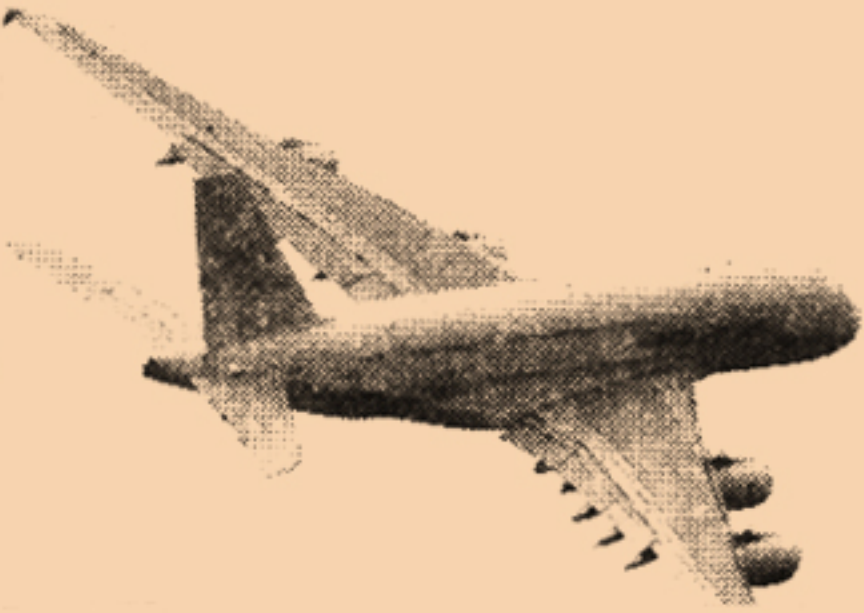
Financial Express, 2 September 2008

MCX to re-launch ATF futures; seeks FMC nod

New Delhi, Sep 1

Leading commodity bourse MCX is planning to relaunch futures in aviation turbine fuel (ATF) with a few modification in the contract specification. The exchange, which launched ATF futures in July, has approached the market regulator Forward Markets Commission (FMC) for its approval to the changes it sought in the contract, sources said.

It is a mandatory for the exchanges to seek FMC approval if they want any change in the running contract, they added.



ATF futures have been remodelled taking into account the requirements of the industry and the MCX has submitted the proposed changes to the regulator, the sources said. It is likely that the FMC would approve the changes in September and the exchange could relaunch the ATF contract in October, sources added. The current contract is modelled on the lines of the ATF contract at the Tokyo Commodity Exchange.

Aviation Turbine Fuel (ATF) or jet fuel is a specialised type of petroleum-based fuel used to power aircraft. It is generally of a higher quality than fuel used in less critical applications such as heating or road transport. The country is seeing a major spurt in air traffic, both domestic and international. As a result, there has been a steady rise in fuel demand and refiners need an assured supply to cater to the growing demand. Airlines are also looking at hedging on long-term contracts with refineries. *PTI*