MCX launches Iron Ore Futures Contract from Saturday, January 29, 2011

Mumbai, January 28, 2011: MCX, India's metal and energy exchange, will commence trading in iron ore futures contract from Saturday, January 29, 2011. MCX's iron ore contract is designed to be the true benchmark of Indian iron ore fines export market.

Multi Commodity Exchange of India (MCX) today received permission from the commodity markets regulator - Forward Markets Commission (FMC), to launch iron ore futures contract.

Iron ore is one of the most important commodities in the world today with increased demand being witnessed from steel mills. The MCX iron ore futures contract will give all market participants an opportunity to hedge their price risks against the volatility of the physical market. India is one of the leading suppliers of iron ore with an estimated annual production of around 226 million tonnes in 2009-10 (source: Ministry of Mines, Govt. of India) and exports of over 130 million tones of which a large portion account for exports of ore fines.

Mr. Lamon Rutten, MD & CEO, MCX said: "India is the world's third-largest iron ore supplier and plays a significant role in the global iron ore industry. MCX's iron ore futures contract will go a long way in creating a market driven benchmark for the entire industry and also for those nations importing Iron ore from India, mainly China, which is the world's largest importer."

With a quality of 62% Fe content fines, the MCX iron ore futures contract has a trading unit of 100 DMT and tick size of Rupee one per DMT. The initial margin required to trade is minimum 8% or based on SPAN, whichever is higher. The monthly expiry contracts, available for all 12 calendar months of a year, is quoted FOB Chennai. The last calendar day of the contract month will be the last trading day of the contract. However, if the last calendar day is a holiday or Saturday, then the preceding working day will be considered as the last trading day of the contract.

The contract comes with delivery logic of 'both option'. Delivery unit of the contract is 20,000 DMT with a tolerance limit of + / - 10%. The maximum allowable open position is 1 million DMT for clients. For member collectively for all clients, the maximum allowable open position would be 15% of the market wide open positions or 3 million DMT, whichever is higher. Due date rate of the contract will be calculated on the last trading day of the contract and be equal to the average iron ore spot prices in the contract month (Ex-Chennai, FOB) in Indian Rupees as available from domestic sources.

About MCX:

Headquartered in the financial capital of India, Mumbai, MCX (www.mcxindia.com) is a demutualised nationwide electronic futures exchange with permanent recognition from Government of India. MCX offers the benefits of fair price discovery and price risk management to the commodity market ecosystem. Various commodities across segments are traded on MCX. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various Indian and International commodity exchanges, trade associations, education institutions and CSR partners.

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