MCX commences futures trading in cotton

The contract was launched by Mr. Ramesh Abhishek, Chairman, FMC

Mumbai, October 3, 2011: Multi Commodity Exchange of India Ltd (MCX) today commenced futures trading in cotton after the cotton futures contract was launched by Mr. Ramesh Abhishek, Chairman, Forward Markets Commission (FMC). Currently, cotton October 2011, December 2011 and January 2012 contracts have been offered for trading.

The trading unit of the cotton futures contract is 25 bales and price quote for the contract is Ex-Warehouse Rajkot (within 100 km radius) excluding all taxes, duties, levies, and charges, as applicable. The cotton futures contract is a compulsory delivery contract. The physical delivery would be available in multiples of 100 bales. The basis delivery center is Rajkot. The additional delivery centers include Jalgaon (Maharashtra), Aurangabad (Maharashtra), Kadi (Gujarat), Abohar (Punjab), Bhatinda (Punjab), Sirsa (Haryana), Burhanpur (MP), Adilabad and Guntur (Andhra Pradesh).

Tick size of the contract is Rs 10/- per bale and the maximum order size is 1200 bales. The initial margin required to trade will be 5 per cent or based on SPAN, whichever is higher. The open position limit for a member collectively for all clients has been fixed at 150,000 bales or 15 per cent of the market wide open position, whichever is higher, and for individual clients it is 50,000 bales.

Mr. Ramesh Abhishek, Chairman, FMC said: "India is a major producer and exporter of cotton. The cotton futures contract will meet the needs of the whole cotton value chain including farmers, ginners, traders, spinners and textile manufacturers. It will bring about a large gamut of benefits to all stakeholders of the cotton industry."

Mr. Venkat Chary, **Chairman, MCX** said: "The cotton futures can effectively provide a benchmark price for cotton in India, and also help the diverse cotton trade and industry functionaries in managing price risks on their spot and forward transactions in the domestic as well as export markets. Futures trading in cotton will also go a long way in stabilising cotton prices by reducing the short-term and seasonal variations in them, to the benefit of millions of cotton growers in the country."

About MCX:

Located in Mumbai, MCX (www.mcxindia.com) is a demutualised nationwide electronic futures exchange with permanent recognition from Government of India. MCX offers the benefit 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 entered into strategic alliances with various Indian and International commodity exchanges and business associations

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Disclaimer:
Multi Commodity Exchange of India Limited is proposing, subject to market conditions and other considerations, a public offer of equity shares by way of an offer for sale and has filed a Draft Red Herring Prospectus ("DRHP") with the SEBI. The DRHP is available on the websites of SEBI at www.sebi.gov.in and the book running lead managers at www.edelcap.com, http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm and www.morganstanley.com/indiaofferdocuments. Investors should note that investment in equity shares involves a high degree of risk and for details in relation to risk factors, please see the section titled "Risk Factors" in the DRHP.

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