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ICEX selects TSI's iron ore index

Mumbai-based Indian Commodity Exchange (ICEX) this week launched India's first iron ore futures contract using The Steel Index (TSI)'s iron ore reference price for settlement. It becomes the fifth major exchange/clearing house in the world to use TSI's iron ore index.

"We are delighted ICEX has selected TSI's iron ore index," says Steven Randall, Managing Director of TSI. "India is the world's third largest producer of iron ore and exported over 115 million tonnes in 2010, largely to China. It is excellent to see ICEX lead the way in the Indian financial markets, offering industry participants the hedging tools they need to manage today's market price uncertainty," he comments.

Rory MacDonald, Head of TSI's Iron Ore Operations, adds: "Momentum is building strongly in the iron ore derivatives market at the moment, so ICEX's timing is excellent. Over US\$3 billion of iron ore forward contracts were cleared in 2010 and January 2011 saw the highest volume of iron ore swaps cleared in a single month to date, with over 2.62 million tonnes (US\$470 million) passing through the Singapore Exchange (SGX) and London-based LCH.Clearnet alone, all settled using TSI."

ICEX's contract lot size is 100 metric tonnes and quoted in Indian Rupees. Contracts are cash-settled using TSI's daily 62% Fe, 3.5% alumina iron ore reference prices. The monthly expiry contracts will start from 31 March 2011.

Ashwani Sondhi, Director at ICEX, comments: "ICEX's iron ore contract will set the benchmark for iron ore futures trading across global markets."

In selecting TSI for its iron ore contract, ICEX follows in the footsteps of the SGX, which launched the world's first iron ore swap clearing service on 27 April 2009, London-based LCH.Clearnet, Chicago-based CME Group and Oslo-based NOS Clearing which began trading on 1 June 2009, 11 July 2010 and 1 November 2010 respectively.

TSI's daily iron ore reference prices have won widespread industry support for their accuracy and the rigorous, verifiable methodology used. Its prices are based on transaction data submitted by industry participants throughout the supply chain directly to TSI, via secure on-line systems. Full details of all TSI's product specifications and methodology are available on the website: www.thesteelindex.com

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Note to Editors:

The Steel Index (TSI) is the premier specialist source of independent iron ore, steel and scrap price information based on actual transactions. TSI is also currently developing coking coal reference prices.

Iron ore prices are published daily at 12:00 GMT. Steel and scrap prices are published weekly every Monday and Friday respectively, with each price representing the average transaction price for the previous calendar week.

Transaction price data is submitted confidentially to TSI on-line by companies buying and selling a range of relevant iron ore, scrap and steel products. TSI's index reference prices are then calculated using transparent and verifiable procedures.

TSI's indices are widely used by steel mills, miners, traders, distributors and manufacturing companies worldwide as the basis for their physical pricing arrangements. TSI's indices are also used as the industry standard in the settlement of ferrous financial contracts.

Singapore Exchange (SGX), LCH.Clearnet (London), CME Group (Chicago), NOS Clearing (Oslo) and Indian Commodity Exchange (ICEX) all use TSI's iron ore index for settling their monthly cleared iron ore financial contracts. LCH.Clearnet also uses TSI's prices for the settlement of two European hot rolled coil steel swap contracts and its Turkish imports scrap contract. In all cases, settlement prices are the average of TSI's reference prices published in the expiring month.

Further information on TSI, including a free trial of the service, is available at www.thesteelindex.com.

Indian Commodity Exchange Limited (ICEX) is a screen based on-line derivatives exchange for commodities and has established a reliable, time tested, and a transparent trading platform. It is also in the process of putting in place robust assaying and warehousing facilities in order to facilitate deliveries. It has Reliance Exchangenext Ltd. as anchor investor and has MMTC Ltd., Indiabulls Financial Services Ltd., Indian Potash Ltd., KRIBHCO and IDFC among others, as its partners.

ICEX is ideally positioned to tap the huge scope for increasing the depth and size of commodities' market and fill in the structural gaps existing in the Indian market. Its head office is located in North India (Gurgaon), one of the key regions in India's Agri belt, with a vision to encourage participation of farmers, traders and actual users to hedge their positions against the wild price fluctuations.

Further information is available at www.icexindia.com.