



PAKISTAN  
MERCANTILE  
EXCHANGE

Circular No.: PMEX/Operations/19-2011

31 May, 2011

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**Listing of PMEX Crude Oil (10 barrels) Futures Contract**

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We are pleased to inform that the Securities & Exchange Commission of Pakistan in exercise of its powers conferred under Commodity Exchange and Futures Contract Rules 2005 has allowed Pakistan Mercantile Exchange (PMEX), to list **PMEX Crude Oil (10 barrel) Futures Contract** at Electronic Trading System (“ETS”) of the Exchange.

In this respect, the Exchange has decided to list the following **PMEX Crude Oil (10 barrels) Futures Contract (CRUDE10)** with effect from **Thursday, June 02, 2011**. Details are as follows:

<b>Contract Name</b>	<b>Last Trading Day</b>
CRUDE10 - JY11	21 June 2011
CRUDE10 - AU11	19 July 2011
CRUDE10 - SE11	19 August 2011

The contract specification, trading parameters and settlement procedures in relation to the said product have been specified vide Annexure "A", which will be binding on all the brokers of the Exchange and constituents trading through them.

Please note that daily and final day's mark-to market (MTM) profit and loss amount in US Dollar shall be converted into Rupees by using Daily PKRUSD exchange rate as to be published by State Bank Pakistan (SBP) in its official website. If at the time of MTM SBP PKRUSD exchange rate is not available, Exchange shall use previous business day exchange rate of SBP official quoted rate.

PMEX trading and settlement fee on the said commodity futures contracts will be **Rs.10 per contract per side**.

Brokers are requested to take note of the above.

**Shehzad Hussain Makhani**  
Head of Operations

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## **Annexure A**

### **PMEX Crude Oil (10 barrels) Futures Contract Specifications**

<b>Trading Hours</b>	Hours of Trading in the PMEX Crude Oil (10 Barrel) Futures Contract shall be Monday to Friday (excluding Exchange specified holidays) as given below or as specified by the Exchange from time to time:  Normal Trading Session: 05 am to 02am PST  On the last trading day of a contract normal trading will end at 5:00 pm
<b>Unit of Trading</b>	10 barrels
<b>Trading System</b>	PMEX ETS
<b>Price Quotation</b>	US dollars per barrel, up to two decimal places.
<b>Tick size</b>	\$ 0.01 (1 cent) per barrel
<b>Tick Value</b>	\$0.10
<b>Price Limit</b>	\$10 per barrel. If any contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes, the limit is expanded by \$10.00 per barrel in either direction. If another halt were triggered, the market would continue to be expanded by \$10 per barrel in either direction after each successive five-minute trading halt. There will be no maximum price fluctuation limits during any one trading session.
<b>Contract Months</b>	First three calendar months. Additional contract months would be made available at the discretion of the Exchange depending on the needs of the market.

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<b>Last Trading Day (Contract Day)</b>	<b>Expiry</b>	Contracts will expire on the close of 4th business day prior to the 25th calendar day of the month preceding the delivery month or on a day specified by the Exchange as last trading day.
<b>Holiday Convention</b>		In case the Last Trading Day falls on an Exchange holiday, previous day will be designated as last trading day.
<b>Settlement Mode</b>		Cash Settlement in Pakistani Rupees.
<b>Daily Settlement Price</b>		Calculated on PMEX specified methodologies which include Session Consensus Price, Volume Weighted Average Price during last 20 minutes of trading, theoretical futures price or any other methodology notified in advance by the Exchange.
<b>Final Settlement Price</b>		Last traded price of the corresponding month of the physically settled Light, Sweet Crude Oil Futures Contract on NYMEX at the time of end of trading on Last Trading Day of the PMEX Crude Oil (10 barrel) Futures Contract. If, for any reason, the last traded price at PMEX expiry time is not available, the last available traded price of the corresponding contract on NYMEX will be used as the basis of Final Settlement Price.
<b>Daily Settlement Amount</b>		Daily Settlement of PMEX Crude Oil (10 Barrel) Futures Contract will result in a cash settlement amount in Rupees. The daily cash settlement amount shall be the day's mark-to-market profit or loss amount in Rupees based on the Daily Settlement Price of the PMEX Crude Oil (10 barrel) futures Contract converted at the USDPKR Exchange rate as determined and notified by the Exchange.

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<b>Final Settlement Amount</b>	Final Settlement of PMEX Crude Oil (10 barrel) Futures Contract will result in the delivery of a cash settlement amount in Rupees on the Final Settlement Date. The cash settlement amount on the Final Settlement Date shall be the Last Trading Day's mark-to-market profit or loss amount in Rupees based on the Final Settlement Price of the PMEX Crude Oil (10 barrel) Futures Contract converted at the USDPKR Exchange rate as determined and notified by the Exchange.
<b>Position Limits</b>	200,000 contracts per Broker (including proprietary and all its clients) 10,000 contracts per Client of Broker.
<b>Margin Requirement</b>	<p>The amount of margin payable by Brokers in respect of their outstanding contracts shall be determined by the Exchange. Exchange will amend margin requirement whenever necessary or required due to changes in market conditions and risk management principles.</p> <p>All Margins will be collected in Pakistani Rupees.</p>
<b>Initial Margin</b>	Minimum Initial Margin will be based on VaR methodology at 99% confidence interval over a 1-day Time Horizon, rounded up to the nearest 0.25% or as specified by the Exchange.
<b>Special Margin</b>	Exchange reserves the right to impose special margins during periods of increased or excessive volatility. Special margins will be computed by increasing the look-ahead period, reducing sample size, or by changing any other parameters used in the VaR methodology.
<b>Spread Discounts</b>	Positions in two offsetting Contracts with different expirations may be eligible for a spread discount.
<b>Spread Contracts</b>	PMEX may open spread contracts.

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**Further Regulations**

This contract shall be subject, where applicable, to the Regulations of the Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited).

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