



PAKISTAN
MERCANTILE
EXCHANGE

Circular No.: PMEX/MKT, BD&CSS/2016/51

December 01, 2016

Listing of PMEX Super Basmati Paddy Rice Weekly Futures Contracts

PMEX is pleased to inform that following PMEX Super Basmati Paddy Rice Weekly Futures Contracts have been listed at the Exchange.

S. No	Name of Contract	Contract Symbol
1	PMEX Super Basmati Paddy Rice (Grade A-1) Weekly Futures Contract	PADDYSBR1-A1
2	PMEX Super Basmati Paddy Rice (Grade A-2) Weekly Futures Contract	PADDYSBR2-A2
3	PMEX Super Basmati Paddy Rice (Grade A-3) Weekly Futures Contract	PADDYSBR3-A3
4	PMEX Super Basmati Paddy Rice (Grade A-4) Weekly Futures Contract	PADDYSBR4-A4

All the above mentioned contracts will be made available for trading from December 02, 2016.

The contract specifications have been provided in Annexure A, which will be binding on all the brokers of the Exchange and constituents trading through them. Moreover, trading timing and other trading parameters such as margins, delivery center, tare allowance, etc. are specified in the Annexure B.

For further information and assistance, please feel free to contact our Customer Support Services by phone on 021-111-623-623, 0300-8213-324 and 0321-8756-623 or by email at support@pmex.com.pk.

Best regards,

-Sd-
Ejaz Ali Shah
Managing Director

PMEX Super Basmati Paddy Rice (Grade A-1) Weekly Futures Contract Specifications																																									
1	Trading Hours / Days	<p>Hours and trading days of the PMEX Super Basmati Paddy Rice (Grade A-1) Weekly Futures Contract shall be (excluding Exchange specified holidays) as given below or as Specified by the Exchange from time to time:</p> <p>Trading Days: Monday to Saturday Trading Hours: 10:00 am to 5:00 pm PST</p> <p>On last trading day contract will be closed at 05:00 pm.</p> <p>The contract will be made available for trading only in the trading season upon market demand.</p>																																							
2	Unit of Trading	1 Kg (trade can be done in multiple of kg above 1 MT, however minimum trading quantity will remain 1 MT)																																							
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4	Trading System	PMEX ETS																																							
5	Tick Size	Rupee 1 per 40 Kg or as specified by the Exchange from time to time.																																							
6	Delivery Unit	Minimum 1 MT or as specified by the Exchange.																																							
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8	Quantity Variation	+/- 2 % or as specified by the Exchange through a circular																																							
9	Quality Specifications	<p>Following are the quality specifications of Paddy Rice to be delivered under this contract or as communicated by the Exchange from time to time through a circular:</p> <table border="0"> <tr><td>1</td><td>Variety</td><td>Super Basmati</td></tr> <tr><td>2</td><td>Type</td><td>Extra Long</td></tr> <tr><td>3</td><td>Colour</td><td>Pale Yellow</td></tr> <tr><td>4</td><td>Moisture</td><td>17% Max</td></tr> <tr><td>5</td><td>Contrasting Varieties</td><td>4% Max</td></tr> <tr><td>6</td><td>Green Grains</td><td>5% Max</td></tr> <tr><td>7</td><td>Red Rice</td><td>1% Max</td></tr> <tr><td>8</td><td>Heat Damage</td><td>0.5% Max</td></tr> <tr><td>9</td><td>Field Damage</td><td>1% Max</td></tr> <tr><td>10</td><td>Broken Grain</td><td>1.5% Max</td></tr> <tr><td>11</td><td>Shriveled Grain</td><td>5% Max</td></tr> <tr><td>12</td><td>Cracks</td><td>5% Max</td></tr> <tr><td>13</td><td>Dirt/Trash/Inert</td><td>4% Max</td></tr> </table>	1	Variety	Super Basmati	2	Type	Extra Long	3	Colour	Pale Yellow	4	Moisture	17% Max	5	Contrasting Varieties	4% Max	6	Green Grains	5% Max	7	Red Rice	1% Max	8	Heat Damage	0.5% Max	9	Field Damage	1% Max	10	Broken Grain	1.5% Max	11	Shriveled Grain	5% Max	12	Cracks	5% Max	13	Dirt/Trash/Inert	4% Max
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11	Delivery Centers	<p>The seller's own location/warehouse in Muridke / adjoining area districts or as communicated by the Exchange through a circular.</p> <p>Alternate locations may be used with the mutual consent of buyer and seller with prior intimation to the Exchange.</p> <p>The Exchange approved quality certification agency / assayer will certify the quality and grade of commodity. The same shall be delivered / loaded on the vehicle(s) arranged by the buyer or seller for delivery.</p>
12	No. of active Contracts	A maximum of 7 contracts may be made available for trading.
13	Opening Date	Each contract will open in the ETS of the Exchange up to 7 days before expiry.
14	Last Trading Day (Contract Expiry Day)	Each contract will expire on a day as specified by the Exchange in the ETS, as per contract's opening date.
15	Holiday Convention	<p>In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity.</p> <p>In case the last trading day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.</p>
16	Daily Settlement Price	<p>All open positions will be marked to market using daily settlement price. Exchange can determine the daily settlement price using one of the methods described hereunder or in such other manner as may be prescribed by the Exchange through a circular from time to time:</p> <ul style="list-style-type: none"> - Average of best bid and offer at the closing time - Last Traded Price - Value Weighted Average Price - Theoretical Futures Price based on the spot price obtained from the market sources (average of collected prices from the market will formulate the spot price)
17	Final Settlement Price	The final settlement price will be the daily settlement price of the last trading day of the contract or as specified by the Exchange through a circular.
18	Daily Price Fluctuation	+/- 10%, or as specified by the Exchange through a circular.
19	Settlement Mode	<p>All open positions after the close of contract shall be settled by either of the following modes:</p> <p>Delivery of Paddy Rice as per clause 11.</p> <p>The contract can be settled before expiry through "Exchange for Physical (EFP)" as notified by the Exchange through a circular.</p> <p>Failure to fulfill delivery obligations by seller or buyer may result in a penalty as per fine policy of the Exchange.</p>
20	Pre-Trade Check	<p>The Exchange will enforce a pre-trade check in which Sellers will be asked to deposit Paddy Rice before making it available on the ETS for sale as per prescribed deposit procedure of the Exchange.</p> <p>The buyer must deposit cash margin before executing the trade. The amount of margin will be notified by the Exchange through a circular from time to time.</p>

21	Delivery Mode & Delivery Period	<p>For delivery, sellers have to complete the Exchange specified procedure (communicated through a circular) including quality and quantity certification as per contract specifications. The Exchange approved certification agency / assayer will certify the quality and grade of commodity delivered.</p> <p>The seller will now be eligible to place a sell order on the Exchange. After execution of the trade, buyer will be eligible to take delivery from the seller's location.</p> <p>With the consent of seller and buyer, the Exchange may allow the buyer to take possession of commodity at seller's own risk, before the execution of trade at PMEX. In such cases, the traders will be required to trade in the PMEX system promptly failing which PMEX will not be responsible for commodity already in the possession of the buyer.</p> <p>If the buyer opts to take the delivery from the seller's location, it should be done through his own transport. Paddy Rice shall be delivered/loaded in the vehicle(s) arranged by the Buyer at the time of final delivery.</p> <p>Once the commodity is loaded / delivered in the vehicle(s) arranged by the buyer, it will become the sole responsibility of the buyer and the Exchange will not be responsible for any loss whatsoever including change in quality or quantity.</p> <p>Any failure to deliver by the seller or taking of delivery by the matched buyers may result in a penalty as per fine policy of the Exchange or the trade may be cancelled by the Exchange without any claim of buyer.</p>
22	Pay-in and Pay-out of Funds for Final Settlement	<p>The final payment will include final settlement amount plus all applicable taxes if any, at the time of delivery.</p> <p>The buyer shall pay funds in full to the Exchange in advance, and after that the buyer will be eligible to receive the documents to get the delivery from the seller's location. The seller will be eligible to receive funds, once the commodity has been shipped / loaded from the seller's location after completing all delivery related requirements.</p>
23	Quality Certification	<p>The seller has to provide a quality certification from the Exchange approved assayer that the Paddy Rice delivered meets the quality specifications as per contract specifications.</p> <p>The Exchange will not be responsible for quality or quantity of the Paddy Rice after taking of delivery by the buyer.</p>
24	Cost of certification, weighing, storage and delivery etc.	<p>All charges associated with quality certification, weighing, storage, or any other charges related to delivery will be borne by the buyer and / or seller in the manner communicated by the Exchange from time to time through a circular.</p>
25	Position Limit	<p>Broker: Greater of 10% of open interest or 2,000 contracts per broker, gross across all clients and across all maturities.</p> <p>Client: Greater of 5% of open interest or 500 contracts per client, gross across all maturities.</p>
26	Margin Requirement	<p>The buyer must pay 100% Margin or as specified by the Exchange from time to time. Seller must deposit commodity before order entry as per specified procedure of the Exchange.</p>
27	Additional Margin	<p>The Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.</p>
28	Further Regulation	<p>This contract shall be subject to the PMEX General Regulations and all applicable Federal / Provincial laws.</p>

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24	Cost of certification, weighing, storage and delivery etc.	<p>All charges associated with quality certification, weighing, storage, or any other charges related to delivery will be borne by the buyer and / or seller in the manner communicated by the Exchange from time to time through a circular.</p>
25	Position Limit	<p>Broker: Greater of 10% of open interest or 2,000 contracts per broker, gross across all clients and across all maturities.</p> <p>Client: Greater of 5% of open interest or 500 contracts per client, gross across all maturities.</p>
26	Margin Requirement	<p>The buyer must pay 100% Margin or as specified by the Exchange from time to time. Seller must deposit commodity before order entry as per specified procedure of the Exchange.</p>
27	Additional Margin	<p>Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.</p>
28	Further Regulation	<p>This contract shall be subject to the PMEX General Regulations and all applicable Federal / Provincial laws.</p>

PMEX Super Basmati Paddy Rice (Grade A-4) Weekly Futures Contract Specifications																																									
1	Trading Hours / Days	<p>Hours and trading days of the PMEX Super Basmati Paddy Rice (Grade A-4) Weekly Futures Contract shall be (excluding Exchange specified holidays) as given below or as Specified by the Exchange from time to time:</p> <p>Trading Days: Monday to Saturday Trading Hours: 10:00 am to 5:00 pm PST</p> <p>On last trading day contract will be closed at 05:00 pm.</p> <p>The contract will be made available for trading only in the trading season upon market demand.</p>																																							
2	Unit of Trading	1 Kg (trade can be done in multiple of kg above 1 MT, however minimum trading quantity will remain 1 MT)																																							
3	Price Quotation	The price quoted shall be in rupees per 40 Kg ex-Muridke or as communicated by the Exchange through a circular from time to time. Price quotation will be exclusive of all taxes.																																							
4	Trading System	PMEX ETS																																							
5	Tick Size	Rupee 1 per 40 Kg or as specified by the Exchange from time to time.																																							
6	Delivery Unit	Minimum 1 MT or as specified by the Exchange.																																							
7	Delivery Logic	Compulsory																																							
8	Quantity Variation	+/- 2 % or as specified by the Exchange through a circular																																							
9	Quality Specifications	<p>Following are the quality specifications of Paddy Rice to be delivered under this contract or as communicated by the Exchange from time to time through a circular:</p> <table border="0"> <tr> <td>1</td> <td>Variety</td> <td>Super Basmati</td> </tr> <tr> <td>2</td> <td>Type</td> <td>Extra Long</td> </tr> <tr> <td>3</td> <td>Colour</td> <td>Pale Yellow</td> </tr> <tr> <td>4</td> <td>Moisture</td> <td>23% Max</td> </tr> <tr> <td>5</td> <td>Contrasting Varieties</td> <td>5% Max</td> </tr> <tr> <td>6</td> <td>Green Grains</td> <td>7% Max</td> </tr> <tr> <td>7</td> <td>Red Rice</td> <td>1% Max</td> </tr> <tr> <td>8</td> <td>Heat Damage</td> <td>0.5% Max</td> </tr> <tr> <td>9</td> <td>Field Damage</td> <td>1% Max</td> </tr> <tr> <td>10</td> <td>Broken Grain</td> <td>1.5% Max</td> </tr> <tr> <td>11</td> <td>Shriveled Grain</td> <td>5% Max</td> </tr> <tr> <td>12</td> <td>Cracks</td> <td>5% Max</td> </tr> <tr> <td>13</td> <td>Dirt/Trash/Inert</td> <td>4%Max</td> </tr> </table>	1	Variety	Super Basmati	2	Type	Extra Long	3	Colour	Pale Yellow	4	Moisture	23% Max	5	Contrasting Varieties	5% Max	6	Green Grains	7% Max	7	Red Rice	1% Max	8	Heat Damage	0.5% Max	9	Field Damage	1% Max	10	Broken Grain	1.5% Max	11	Shriveled Grain	5% Max	12	Cracks	5% Max	13	Dirt/Trash/Inert	4%Max
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10	Packaging	<p>1. As per current industry practice Paddy shall be delivered in bulk and/or in serviceable used/new Jute bags of 65 Kgs. Tare allowance of 1.5 Kg per bag will be deducted to calculate the net weight.</p> <p>2. Bulk delivery in tractor trolleys or as specified by the Exchange</p> <p>If any change occurs in the industry practice, it will be communicated by the Exchange through a circular.</p>																																							
11	Delivery Centers	<p>The seller's own location/warehouse in Muridke / adjoining area districts or as communicated by the Exchange through a circular.</p> <p>Alternate locations may be used with the mutual consent of buyer and seller with prior intimation to the Exchange.</p> <p>The Exchange approved quality certification agency / assayer will certify the quality and grade of commodity. The same shall be delivered / loaded on the vehicle(s) arranged by the buyer or seller for delivery.</p>																																							

12	No. of active Contracts	A maximum of 7 contracts may be made available for trading.
13	Opening Date	Each contract will open in the ETS of the Exchange up to 7 days before expiry.
14	Last Trading Day (Contract Expiry Day)	Each contract will expire on a day as specified by the Exchange in the ETS, as per contract's opening date.
15	Holiday Convention	In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity. In case the last trading day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.
16	Daily Settlement Price	All open positions will be marked to market using daily settlement price. Exchange can determine the daily settlement price using one of the methods described hereunder or in such other manner as may be prescribed by the Exchange through a circular from time to time: <ul style="list-style-type: none"> - Average of best bid and offer at the closing time - Last Traded Price - Value Weighted Average Price - Theoretical Futures Price based on the spot price obtained from the market sources (average of collected prices from the market will formulate the spot price)
17	Final Settlement Price	The final settlement price will be the daily settlement price of the last trading day of the contract or as specified by the Exchange through a circular.
18	Daily Price Fluctuation	+/- 10%, or as specified by the Exchange through a circular.
19	Settlement Mode	All open positions after the close of contract shall be settled by either of the following modes: Delivery of Paddy Rice as per clause 11. The contract can be settled before expiry through "Exchange for Physical (EFP)" as notified by the Exchange through a circular. Failure to fulfill delivery obligations by seller or buyer may result in a penalty as per fine policy of the Exchange.
20	Pre-Trade Check	The Exchange will enforce a pre-trade check in which Sellers will be asked to deposit Paddy Rice before making it available on the ETS for sale as per prescribed deposit procedure of the Exchange. The buyer must deposit cash margin before executing the trade. The amount of margin will be notified by the Exchange through a circular from time to time.
21	Delivery Mode & Delivery Period	For delivery, sellers have to complete the Exchange specified procedure (communicated through a circular) including quality and quantity certification as per contract specifications. The Exchange approved certification agency / assayer will certify the quality and grade of commodity delivered. The seller will now be eligible to place a sell order on the Exchange. After execution of the trade, buyer will be eligible to take delivery from the seller's location. With the consent of seller and buyer, the Exchange may allow the buyer to take possession of commodity at seller's own risk, before execution of trade at PMEX. In such cases, the traders will be required to trade in the PMEX system promptly failing which PMEX will not be responsible for commodity already in the possession of the buyer. If the buyer opts to take the delivery from the seller's location, it should be done through his own transport. Paddy Rice shall be delivered/loaded in the vehicle(s) arranged by the Buyer at the time of final delivery. Once the commodity is loaded / delivered in the vehicle(s) arranged by the buyer, it will

		<p>become the sole responsibility of the buyer and the Exchange will not be responsible for any loss whatsoever including change in quality or quantity.</p> <p>Any failure to deliver by the seller or taking of delivery by the matched buyers may result in a penalty as per fine policy of the Exchange or the trade may be cancelled by the Exchange without any claim of buyer.</p>
22	Pay-in and Pay-out of Funds for Final Settlement	<p>The final payment will include final settlement amount plus all applicable taxes if any, at the time of delivery.</p> <p>The buyer shall pay funds in full to the Exchange in advance, and after that the buyer will be eligible to receive the documents to get the delivery from the seller's location. The seller will be eligible to receive funds, once the commodity has been shipped / loaded from the seller's location after completing all delivery related requirements.</p>
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24	Cost of certification, weighing, storage and delivery etc.	<p>All charges associated with quality certification, weighing, storage, or any other charges related to delivery will be borne by the buyer and / or seller in the manner communicated by the Exchange from time to time through a circular.</p>
25	Position Limit	<p>Broker: Greater of 10% of open interest or 2,000 contracts per broker, gross across all clients and across all maturities.</p> <p>Client: Greater of 5% of open interest or 500 contracts per client, gross across all maturities.</p>
26	Margin Requirement	<p>The buyer must pay 100% Margin or as specified by the Exchange from time to time. Seller must deposit commodity before order entry as per specified procedure of the Exchange.</p>
27	Additional Margin	<p>The Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.</p>
28	Further Regulation	<p>This contract shall be subject to the PMEX General Regulations and all applicable Federal / Provincial laws.</p>

Annexure B

1. Trading Timing

Daily: 10:00 am to 5:00 pm
Trading Days: Monday to Saturday

2. Market Access

To access PMEX Rice Paddy trading platform, market participants can log onto <https://agri.pmem.com.pk>

3. Withholding Tax Exemption

To avail withholding tax (if applicable) exemption, Brokers(s) are required to provide copies of the filled account opening form along with relevant documents.

4. Margins

Buyer: 105% in advance to cover the trade value or as specified in the ETS.

Seller: Availability of Rice Paddy inventory in the PMEX system. (No short selling allowed)

5. Packaging and Tare Allowance

Bags: Seller shall deliver paddy rice in the following manner:

- In the serviceable used/new jute bags of 65 Kgs approx.
- Bulk in tractor trolleys

No payment will be made to the seller for the jute bags in which Rice Paddy is delivered.

Tare Allowance: 1.5 Kg will be deducted for the jute bags to calculate the net weight of Paddy Rice delivered.

6. Quality Certification

SGS Pakistan (Pvt.) Limited is the approved quality certification company of the Exchange.

7. Warehousing and Logistics Agency

The current year for the trading of Paddy Rice will be treated as a pilot project and deliveries will only be made and received by seller and buyer in the manner explained in point no.8, which does not require the role of a Warehousing and Logistics Agency.

8. Delivery Mechanism

- The sellers who intend to sell Paddy Rice are advised to approach Pakistan Agricultural Coalition (PAC) in Muridke for quality certification, and other necessary arrangements.
- PAC will schedule tests.
- PAC along with SGS team will visit delivery location for sample collection.
- SGS will take sample for testing using its methodology for each batch.
- SGS will perform visual and moisture testing at the site.
- SGS will divide the sample into four portions:
 - o Sealed Sample No. 01 will be handed over to PAC for handing over to buyer's representative.
 - o Sample No. 02 will be analyzed at the laboratory.
 - o Sealed Sample No. 03 will be handed over to the Seller.
 - o Sealed Sample No. 04 will be retained by SGS for 15 days.

- The testing decision by SGS will be considered final whereas SGS can re-test at the seller's or buyer's cost on request.
- If the quality is acceptable, the seller will be notified of the grade of the product (A-1, A-2, A-3 or A-4) and will be given a sampling and analysis report.
- With the mutual consent of the buyer and seller, buyer will take delivery from the seller before the inventory upload in the PMEX system in a manner mutually agreed between buyer and seller. PMEX will not be responsible for any dispute as the seller is delivering the Paddy Rice at his own risk to the buyer before inventory upload in the PMEX system.
- PAC will inform PMEX that the delivery has been received by the buyer and will send PMEX following information via e-mail for PMEX system update:
 1. Product Grade as ascertained by SGS
 2. Seller ID
 3. Product Quantity (in Kgs)
 4. Product Batch (SGS Job number) if any
 5. Buyer ID
- PMEX broker both for buyer and seller will place the agreed bid and offer price in the system and the trade will be executed immediately in the system.
- After execution of the trade, seller will be eligible to receive funds.
- Calculation of the net weight of the product will be as follows:
Net weight of the Rice Paddy = Vehicle Loaded weight – Vehicle empty weight – Jute bags weight (1.5Kg per bag, if delivered in jute bags)

9. Exchange and other Charges

There is no PMEX fee as well as quality certification charge etc. payable by buyer or seller. Any change in the above stated condition will be communicated through a circular.

10. Taxation

Each participant would be responsible for the payment of taxes. PMEX would only collect taxes applicable on trading at PMEX and would not be responsible for the collection of taxes (such as withholding or sales tax) pertaining to other Parties, whether provincial or federal, on behalf of buyer or seller of the contract.