



PAKISTAN  
MERCANTILE  
EXCHANGE

Circular No.: PMEX/MKT, BD&CSS/2016/52

December 15, 2016

**Listing of PMEX Brent Crude Oil Futures Contract**

We are pleased to inform you that the Exchange has listed Brent Crude Oil Futures Contracts of 10 and 100 barrel which will be made available for trading from December 19, 2016.

The contract specification, trading parameters and settlement procedures in relation to the above mentioned contracts have been provided in Annexure "A", which will be binding on all the brokers of the Exchange.

PMEX trading and settlement fee on the Brent Crude Oil Futures Contracts is given below:

Commodity	Trading Fee	Investor Protection Fund (IPF)	SECP Fee	Total
Brent Crude Oil 10	10	0.1	1	11.1
Brent Crude Oil 100	50	0.5	5	55.5

Please note that daily settlement process will be as per PMEX Circular No.: PMEX/MKT, BD&CSS/2016/48 dated November 11, 2016. Furthermore, 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) on 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.

Please also note that the Exchange will determine the last trading in the following manner:

"Last Trading day will be the second last business day of the second month preceding the relevant contract month (e.g. the March contract month will expire on the 2nd last Business Day of January) or as specified in the ETS a day as Last Trading day at the time of opening of the contract."

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](mailto:support@pmex.com.pk).

Best regards,

-Sd-  
Ejaz Ali Shah  
Managing Director



**Annexure A**

<b>Contract</b>	<b>PMEX Brent Crude Oil (10 Barrel) Futures Contract Specifications</b>
<b>Trading Hours</b>	Hours of Trading in the PMEX Brent 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 through circular:  Normal Trading Session: 05:00 am to 02:00 am PST  On the last trading day of a contract, normal trading will end at 4:00 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 / Minimum Fluctuation</b>	\$ 0.01 per barrel
<b>Tick Value</b>	\$ 0.1
<b>Contract Months</b>	Contracts would be made available for the first three calendar months. However, Exchange may skip any month and can list other months contracts depending on the needs of the market. The Exchange will notify the contract month in advance.
<b>Last Trading Day (Contract Expiry Day)</b>	Last Day of Trading shall be:  1. Two business days immediately preceding the 15th day before the first day of the contract month, if such 15th day is a business day in London.  2. If such 15th day is a not a business day, trading will end on two business days immediately preceding the first business day that precedes the 15th day.  3. Or on a day specified by the Exchange as a Last Trading Day at the opening of the contract.
<b>Holiday Convention</b>	In case the last trading 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>	Exchange will determine daily settlement price by taking average of best bid and offer prices at the time of closing. In case reliable prices are not available, the exchange can use alternative methods which may include last traded price, volume weighted average price, last available daily settlement price announced by ICE, or any other method deemed appropriate by the exchange and notified at the time of opening of contract or through a circular.
<b>Final Settlement Price</b>	Last traded price of the corresponding month of the Brent Crude Oil Futures Contract on ICE at the time of end of trading on Last Trading Day of the PMEX Brent 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 ICE will be used as Final Settlement Price.  Exchange may also use the last available daily settlement price of the corresponding month of the ICE contract as Final Settlement price.
<b>Daily Settlement</b>	Daily Settlement of PMEX Brent Crude Oil (10 Barrel) Futures Contract will



	<p>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 Brent Crude Oil (10 barrel) futures Contract converted at the USDPKR Exchange rate as determined by the Exchange in the manner notified at the time of opening of contract by the Exchange.</p>
<b>Final Settlement</b>	<p>Final Settlement of PMEX Brent 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 Brent Crude Oil (10 barrel) Futures Contract converted at the USDPKR Exchange rate as determined and notified by the Exchange in the manner notified at the time of opening of the Contract by the Exchange.</p>
<b>Position Limits</b>	<p>200,000 contracts per Broker (including proprietary and all its clients) 10,000 contracts per Client of Broker.</p>
<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>
<b>Initial Margin</b>	<p>All Margins will be collected in Pakistani Rupee Minimum Initial Margin will be based on VaR methodology at 99% confidence interval over a 1-day Time Horizon or as specified by the Exchange through circular.</p>
<b>Special Margin</b>	<p>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.</p>
<b>Further Regulations</b>	<p>This contract shall be subject to the regulations of the Pakistan Mercantile Exchange Limited.</p>



Contract	PMEX Brent Crude Oil (100 Barrel) Futures Contract Specifications
<b>Trading Hours</b>	<p>Hours of Trading in the PMEX Brent Crude Oil (100 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 through circular:</p> <p>Normal Trading Session: 05:00 am to 02:00 am PST</p> <p>On the last trading day of a contract normal trading will end at 4:00 pm</p>
<b>Unit of Trading</b>	100 barrels
<b>Trading System</b>	PMEX ETS
<b>Price Quotation</b>	US dollars per barrel, up to two decimal places.
<b>Tick size/ Minimum Fluctuation</b>	\$ 0.01 per barrel
<b>Tick Value</b>	\$ 1
<b>Contract Months</b>	<p>Contracts would be made available for the first three calendar months. However, Exchange may skip any month and can list other months contracts depending on the needs of the market. The Exchange will notify the contract month in advance.</p>
<b>Last Trading Day (Contract Expiry Day)</b>	<p>Last Day of Trading shall be:</p> <ol style="list-style-type: none"> <li>1. Two business days immediately preceding the 15th day before the first day of the contract month, if such 15th day is a business day in London.</li> <li>2. If such 15th day is a not a business day, trading will end on two business days immediately preceding the first business day that precedes the 15th day.</li> <li>3. Or on a day specified by the Exchange as a Last Trading Day at the opening of the contract.</li> </ol>
<b>Holiday Convention</b>	In case the last trading 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>	<p>Exchange will determine daily settlement price by taking average of best bid and offer prices at the time of closing. In case reliable prices are not available, the exchange can use alternative methods which may include last traded price, volume weighted average price, last available daily settlement price announced by ICE, or any other method deemed appropriate by the exchange and notified at the time of opening of contract or through a circular.</p>
<b>Final Settlement Price</b>	<p>Last traded price of the corresponding month of the Brent Crude Oil Futures Contract on ICE at the time of end of trading on Last Trading Day of the PMEX Brent Crude Oil (100 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 ICE will be used as Final Settlement Price.</p> <p>Exchange may also use the last available daily settlement price of the corresponding month of the ICE contract as Final Settlement Price.</p>



<b>Daily Settlement</b>	Daily Settlement of PMEX Brent Crude Oil (100 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 Brent Crude Oil (100 barrel) futures Contract converted at the USDPKR Exchange rate as determined by the Exchange in the manner notified at the time of opening of contract by the Exchange.
<b>Final Settlement</b>	Final Settlement of PMEX Brent Crude Oil (100 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 Brent Crude Oil (100 barrel) Futures Contract converted at the USDPKR Exchange rate as determined and notified by the Exchange in the manner notified at the time of opening of the Contract by the Exchange..
<b>Position Limits</b>	20,000 contracts per Broker (including proprietary and all its clients) 1,000 contracts per Client of Broker.
<b>Margin Requirement</b>	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.  All Margins will be collected in Pakistani Rupees.
<b>Initial Margin</b>	Minimum Initial Margin will be based on VaR methodology at 99% confidence interval over a 1-day Time Horizon or as specified by the Exchange through circular.
<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>Further Regulations</b>	This contract shall be subject to the regulations of the Pakistan Mercantile Exchange Limited.