



PAKISTAN
MERCANTILE
EXCHANGE

P M E X

Circular No.: PMEX/MKT, BD&CSS/2018/34

October 08, 2018

Red Chilli Futures Contracts

In continuation of PMEX circular No: PMEX/MKT, BD&CSS/2017/14 dated October 02, 2017, please note that the trading parameters have been revised and are attached herewith as annexure "A" for compliance.

Furthermore, the quality specifications for all contracts of Dandicut/Longi Red Chilli and Hybrid Red Chilli have also been amended and the revised quality specifications are attached as annexure "B" for compliance.

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

Best regards,

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Annexure A

1. Trading Timing

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

2. Market Access

To access PMEX Red Chilli trading platform, market participants can log onto <https://agri.pmx.com.pk>

3. Account Opening

At the time of account opening, Brokers are advised to obtain account opening form along with relevant documents to seek withholding Tax (WHT) exemption for the farmer.

4. Margins

Buyer: 110% in advance to cover the trade value, trading fee and other charges. This value will be calculated on the basis of the previous day's closing price.

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

5. Packaging and Tare Allowance

Bags: Seller shall deliver Red Chilli in new or good conditioned used jute bags of following gross weight:

- Dandicut / Longi: 25- 28 Kgs approx.
- Hybrid: 15-20 Kgs approx.

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

Tare Allowance: In case of Dandicut/Longi 1.0 Kg and in case of Hybrid 1.25 Kgs will be deducted for the jute bags to calculate the net weight of Red Chilli delivered.

6. Approved Quality/Quantity/Weight Certification Company

SGS Pakistan (Pvt.) Limited (SGS) is the approved quality/weight/quantity certification company of the Exchange. SGS will also supervise the loading / shipment i.e the role of Exchange approved warehousing and logistics agency.



7. Delivery Mechanism

- Sellers using their own warehouse/location for delivery are requested to approach Pakistan Agriculture Coalition (PAC) team in Kunri for necessary arrangements and scheduling of sampling.
- Sellers are advised to tender their inventory in stacks of maximum 600 bags.
- PAC along with SGS team will visit seller's location for sample collection.
- Sellers are advised to arrange their inventory in stacks accessible from all sides (including from the top of the stack) for sampling. Samples from each stack will be drawn by SGS.
- SGS will divide the sample into four portions:
 - Sealed Sample No. 01 will be handed over to buyer's representative/driver at the time of final shipment of delivery by SGS
 - Sample No. 02 will be analyzed at the laboratory
 - Sealed Sample No. 03 will be handed over to the Seller
 - Sealed Sample No. 04 will be retained by SGS, for 15 days
- After sampling, the lot/stack will be sealed by SGS in a way that commodity cannot be changed or tampered with.
- The testing decision by SGS will be considered final. SGS can re-test at the seller's or buyer's cost on request.
- If the quality is as per PMEX contract specifications, the seller will be notified of the grade of the product (i.e. A+, A or B in case of Dandicut/Longi and 1-A, 1-B, 1-C, 2-A, 2-B, 2-C, 3-A, 3-B or 3-C in case of Hybrid) and will be given a sampling and analysis report with following information:
 1. Product Grade as ascertained by SGS
 2. Seller ID & location
 3. Estimated Weight (kgs) and Quantity (bags) *
 4. Product Batch (SGS Job number)

(*At the time of inspection, SGS will incorporate declared quantity by seller in analysis reports & final weight will be ascertained through weighbridge weighing before shipment).
- Seller's inventory ledger with PMEX will be updated according to the final weight ascertained at weighbridge. Seller/broker will then be eligible to sell Red Chilli at PMEX trading terminal in the respective Red Chilli Weekly Futures Contract.
- Since the possession of the commodity will remain with the seller till delivery, the seller will remain responsible for safekeeping or losses (if any).
- Once trade is executed, the sold quantity of Red Chilli will be transferred to the buyer's name electronically in PMEX system after completion of settlement process.
- After completion of delivery requirements in ETS by buyer's broker, PMEX will prepare a Delivery Order (DO) consisting of seller's / buyer's ID, PMEX delivery number, quantity in kgs to be shipped and product grade. This DO will be sent to SGS/PAC/Buyer's Broker after which the Buyer will be eligible to take the delivery of the commodity from the seller's location.
- Before loading goods, SGS will carry out verification that the lot/stacks seals after testing have not been broken, tampered, no apparent damage and no other discrepancy exists which may lead to quality degradation.
- In case seals are found broken or SGS determines for any reason whatsoever that the commodity has been tampered with or is not in deliverable condition, SGS will inform PMEX and PAC immediately.

- In case seals are found broken or SGS determines for any reason whatsoever that the commodity has been tampered with or is not in deliverable condition, SGS will inform PMEX and PAC immediately.
- Buyer shall arrange his own transportation for taking the delivery and seller has to arrange loading of commodity at his own cost. The loading will be carried out under the supervision of SGS.
- If all is in order, SGS will ascertain the weight of the commodity at a weighbridge at the cost of the seller.
- SGS will prepare a Goods Dispatch Note mentioning final net weight of Red Chilli shipped which signed by the truck driver and seller for verification of quantity shipped.
- After the commodity leaves sellers premises, the buyer will be responsible for safekeeping or losses (if any).
- The final pay in/out will be made on the basis of quantity shipped/final weight at weighbridge.
- PMEX will not be responsible for any quantity or quality discrepancy once the commodity is loaded and leaves the seller's premises.

8. Exchange and other Charges

PMEX fee, quality, weight and quantity certification charges etc., will be applicable to buyer and seller as per following detail:

	Dandicut/Longi	Hybrid
	PKR - Per Contract Per Side (inclusive of tax)	PKR - Per Contract Per Side (inclusive of tax)
PMEX fee for trading & settlement	Rs. 0.05	Rs. 0.05
SGS fee for quality certification/grading, weight & quantity certification and loading supervision	Rs. 1.18 per Kg	Rs 1.75 per Kg
PAC fee for coordination services	Rs. 0.35 Per Kg	Rs. 0.35 Per Kg
PMEX broker charges	Rs. 0.05 per Kg	Rs. 0.05 per Kg
Total Transaction Charge	Rs. 1.63 Per Kg	Rs 2.2 Per Kg

9. Taxation

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



Annexure B

Quality Specifications of Dandicut (Longi)

S.No	Quality Specifications	Red Chilli A+	Red Chilli A	Red Chilli B
1	Variety	Maxi/longi commonly known as Dandicut	Maxi/longi commonly known as Dandicut	Maxi/longi commonly known as Dandicut
2	Shape	Round, Tipped	Round, Tipped	Round, Tipped
3	Appearance/Color/ Size	Bright shiny Red to orange (orangish Red), visually partially equal in size	Red to Orange (orangish Red), visually partially equal in size	Red to orange but orange content should be slight, uneven in size
4	Moisture	10% max	10% max	10% max
5	Aflatoxin	10 ppb (B1, 4ppb) MAX (parts per billion)	20 ppb (parts per billion) Max	30 ppb (parts per billion) Max
6	Extraneous Matter	1% Max	2% Max	2% Max
7	Damage/Discolor	3% Max	3% Max	5% Max
8	Visual Mold	5%Max	5%Max	8%Max

Note:

The product should be free from

1. Added artificial coloring matter, that can be observed visibly or physically
2. Foreign oil
3. Any material that is from animal origin
4. Dusty appearance of consignment: If the product looks dull/cloudy (non-shiny) then further evaluation of the sample will take place. In that case, the dust found at the bottom of the bag should not exceed 2%, other than seeds, of the sample size which is 10% of the consignment size
5. Mud stuck pods: If due to rain or any other reason, there is dust/mud stuck to the chilli pods, causing high ash content, then such products should not exceed 1% of the sample size which is 10% of the consignment size



Quality Specifications of Hybrid

Hybrid Chilli 1 (Average Length 0.75 inch to 1.5 inch)

S. No.	Quality Specifications	Hybrid Red Chilli 1A	Hybrid Red Chilli 1B	Hybrid Red Chilli 1C
1	Variety	Hybrid (0.75 inch to 1.5 inch)	Hybrid (0.75 inch to 1.5 inch)	Hybrid (0.75 inch to 1.5 inch)
2	Shape/Size	Cylindrical Tipped Pod with average length of 0.75 inch to 1.5 inch	Cylindrical Tipped Pod	Cylindrical Tipped Pod with average length of 0.75 inch to 1.5 inch
3	Appearance/Color/	Bright shiny red to orange (orangish red)	Bright shiny red to orange (orangish red)	Bright shiny red to orange (orangish red)
4	Pungency (SHU)	50,000 to 65,000	50,000 to 65,000	50,000 to 65,000
5	Moisture	5-8% max	10% max	5-12% max
6	Aflatoxins	10 ppb (B1, 5ppb) (parts per billion) Max	30 ppb Max	30 ppb (B1, 5ppb) (parts per billion) Max
7	Extraneous Matter	1% Max	2% Max	2.5% Max
8	Damage/Discolor	2% Max	3% Max	5% Max
9	Visual Mold	3% Max	5% Max	8% Max
10	Pods with stem (Dandi)	2% Max	2% Max	4% Max

Note: The product should be free from

1. Added artificial coloring matter, that can be observed visibly or physically
2. Foreign oil
3. Any material that is from animal origin
4. Dusty appearance of consignment: If the product looks dull/ cloudy (non-shiny) then further evaluation of the sample will take place. In that case, the dust found at the bottom of the bag should not exceed 2%, other than seeds, of the sample size which is 10% of the consignment size
5. Mud stuck pods: If due to rain or any other reason, there is dust/mud stuck to the chilli pods, causing high ash content, then such products should not exceed 1% of the sample size which is 10% of the consignment size



Hybrid Chilli 2 (Average Length 1.51 inch to 2.00 inch)

S. No.	Quality Specifications	Hybrid Red Chilli 2A	Hybrid Red Chilli 2B	Hybrid Red Chilli 2C
1	Variety	Hybrid (1.51 inch to 2.00 inch)	Hybrid (1.51 inch to 2.00 inch)	Hybrid (1.51 inch to 2.00 inch)
2	Shape/Size	Cylindrical Tipped Pod with average length of 1.51 inch to 2.00 inch	Cylindrical Tipped Pod	Cylindrical Tipped Pod with average length of 1.51 inch to 2.00 inch
3	Appearance/Color/	Bright shiny red to orange (orangish red)	Bright shiny red to orange (orangish red)	Red to orange but orange content should be slight
4	Pungency (SHU)	50,000 to 65,000	50,000 to 65,000	50,000 to 65,000
5	Moisture	5-8% max	10% max	5-12% max
6	Aflatoxins	10 (B1, 5ppb) (parts per billion) Max	30 ppb Max	30 (B1, 5ppb) (parts per billion) Max
7	Extraneous Matter	1% Max	2% Max	2.5% Max
8	Damage/Discolor	2% Max	3% Max	5% Max
9	Visual Mold	3% Max	5% Max	8% Max
10	Pods with stem (Dandi)	2% Max	2% Max	4% Max

Note: The product should be free from

1. Added artificial coloring matter, that can be observed visibly or physically
2. Foreign oil
3. Any material that is from animal origin
4. Dusty appearance of consignment: If the product looks dull/ cloudy (non-shiny) then further evaluation of the sample will take place. In that case, the dust found at the bottom of the bag should not exceed 2%, other than seeds, of the sample size which is 10% of the consignment size
5. Mud stuck pods: If due to rain or any other reason, there is dust/mud stuck to the chilli pods, causing high ash content, then such products should not exceed 1% of the sample size which is 10% of the consignment size



Hybrid Chilli 3 (Average Length 2.1 inch to 3.00 inch)

S. No.	Quality Specifications	Hybrid Red Chilli 3A	Hybrid Red Chilli 3B	Hybrid Red Chilli 3C
1	Variety	Hybrid (2.1 inch to 3.00 inch)	Hybrid (2.1 inch to 3.00 inch)	Hybrid (2.1 inch to 3.00 inch)
2	Shape/Size	Cylindrical Tipped Pod with average length of 2.1 inch to 3.00 inch	Cylindrical Tipped Pod	Cylindrical Tipped Pod with average length of 2.1 inch to 3.00 inch
3	Appearance/Color/	Bright shiny red to orange (orangish red)	Bright Shiny red to orange (orangish red)	Red to orange (orangish red)
4	Pungency (SHU)	50,000 to 65,000	50,000 to 65,000	50,000 to 65,000
5	Moisture	5-8% max	10% max	5-12% max
6	Aflatoxins	10 (B1, 5ppb) (parts per billion) Max	30 ppb Max	30 (B1, 5ppb) (parts per billion) Max
7	Extraneous Matter	1% Max	2% Max	2.5% Max
8	Damage/Discolor	2% Max	3% Max	5% Max
9	Visual Mold	3% Max	5% Max	8% Max
10	Pods with stem (Dandi)	2% Max	2% Max	4% Max

Note: The product should be free from

1. Added artificial coloring matter, that can be observed visibly or physically
2. Foreign oil
3. Any material that is from animal origin
4. Dusty appearance of consignment: If the product looks dull/ cloudy (non-shiny) then further evaluation of the sample will take place. In that case, the dust found at the bottom of the bag should not exceed 2%, other than seeds, of the sample size which is 10% of the consignment size
5. Mud stuck pods: If due to rain or any other reason, there is dust/mud stuck to the chilli pods, causing high ash content, then such products should not exceed 1% of the sample size which is 10% of the consignment size

