

Circular No.: PMEX/MKT, BD&CSS/2017/21

November 06, 2017

PMEX Revised Trade Cancellation Policy

In continuation to Circular NCEL/06/2009 dated on March 02, 2009 on the captioned subject, all brokers are hereby informed that the Exchange has revised its Trade Cancellation Policy, which is provided in Annexure A.

Brokers are requested to take note of the above and inform their clients.

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,



Nauman Lakhani
Head of Marketing, Business Development
& Customer Support Services

PMEX Trade Cancellation Policy

1 Scope

PMEX will follow the following procedures for cancellation of trades. This trade cancellation policy applies to all market participants equally.

2 Definition

2.1 Non Cancellation Range (NCR)

The price range in which no transaction can be cancelled.

3 Introduction

Under Regulation 6.7 and 6.9 of the General Regulations of the PMEX, the Exchange in order to provide level playing field to all of its brokers and their clients and to ensure the integrity of the Market, hereby adopts the following procedure which empowers PMEX in ordinary or extraordinary situations, to cancel trades reported by Broker(s) within two hours of execution.

If an issue is reported after two hours of execution, the Exchange has the authority, but not an obligation to review the trade. This procedure may be applied whenever any of the following conditions occur:

1. Any mal-functioning in the ETS due to any reason whatsoever.
2. Any problems in the price feed of the Exchange which may include price quote delay, bad ticks, non-availability of pricing from the source or any other such issues.
3. Price errors due to network problems or internet facilities.
4. Any act or activity on part of any person which may have prevented the market participants to determine the fair market price in listed commodities futures contracts.
5. Any other act or omission which in the opinion of the Exchange is considered as un-business like conduct and any ancillary or other event(s) which may prevent the brokers to act fairly in the market.
6. Other conditions as specified by the Exchange.

4 Policies

- 4.1 An erroneous transaction is any transaction that deviates by more than the defined NCR of the commodity at the time of the transaction. The prevalent price would be determined based on the price in international markets in case of international contracts. This price can be determined from various independent price sources such as feed vendors as well as various international exchanges where same products are traded. In case of local commodities, the prevalent price would be determined in line with the settlement price methodology defined in the contract specifications.

- 4.2 PMEX has the authority, but not the obligation, to review trades reported more than two hours following execution if it determines that the trade price was egregiously out of line with fair value, beyond the NCR.
- 4.3 Trade prices which occur within the NCR, as determined by PMEX, will generally not be cancelled or adjusted. However, the Exchange has the right to cancel such trades in exceptional circumstances. PMEX may review a trade based on its analysis of market conditions or a request for review by a Broker.
- 4.4 In applying the NCR, the PMEX shall determine the fair value market price for that contract at the time the trade occurred. Please refer to policy clause 1 above for fair value determination.
- 4.5 In case settlement has been performed for questionable trades, only an adjustment of trades may be done after assessment of financial impact of cancellation.
- 4.6 For all cancellations, all accompanying charges such as fees and taxes would be reversed as well.
- 4.7 If a cancellation is effected, PMEX will not be liable for any trading decisions that are taken based on such cancelled trades. Furthermore, PMEX will not be responsible for any cascading effects of the cancellation such as a cancellation resulting in an open position or a change in position effected as a result of such cancelled trades.
- 4.8 The NCR for each of the PMEX contracts are as follows:

Asset Class	Commodity	NCR +/-	Basis
Metals	Gold ounces (All variants)	1%	International
	Silver	2%	International
	Copper	1%	International
	Platinum	1%	International
	Gold & GoldKilo	2%	International
	MiniGold/TolaGold	1%	International
Energy	Crude	1%	International
	Brent	1%	International
	Natural Gas Futures	2%	International
COTS	GOLDEURUSD	0.5%	International
	GOLDGBPUSD	0.5%	International
	GOLDUSDJPY	0.5%	International
	GOLDAUDUSD	0.5%	International
	GOLDUSDCAD	0.5%	International
	GOLDUSDCHF	0.5%	International
	GOLDEURGBP	0.5%	International
	GOLDEURJPY	0.5%	International
GOLDGBPJPY	0.5%	International	
Indices	SNP500	0.2%	International
	NSDQ100	0.2%	International
	DJIA	0.3%	International