

## NCEL RBD PALM OLEIN Futures Contract Specifications

**Trading Days** Monday to Friday (excluding Exchange specified holidays)

**Trading Hours**

Pre-Open Session:	09:00 am to 09:13 am
Open Call Session:	09:13 am to 09:15 am
Normal Trading Session:	09:15 am to 05:45 pm
Pre-Close Session:	05:45 pm to 06:00 pm

There will be no Pre-Close session on the last trading day of a contract and Normal trading session will end at 12:00 pm.

**Unit Of Trading** Unit of trading in **RBD PALM OLEIN** contracts for Future Delivery will be 25 Metric Tonne (MT)

**Price Quotation** Price quoted shall be in Rs. per Maund, inclusive of all taxes, levies and charges. (Where 1 Maund =37.324 Kg)

**Delivery Unit** 25 MT

**Trading System** NCEL Electronic Trading System (ETS)

**Tick Size** Re. 1 per Maund

**Deliverable Grade &  
Quality Class  
RBD Palmolein**

1. Moisture & Insoluble impurities % by weight,	0.15 (Max)
2. Color in a 5 ¼ inch cell on lovibond Scale	R 5 (MAX)
3. Iodine Value (Wijs).	56 to 64
4. Free Fatty Acid ( as palmitic acid) % by weight	0.25 (MAX)
5. Slip melting point	24 °C (MAX)

**Other Deliverable Grade** Under the RBD Palm Olein Contract, the seller also has the option to deliver RBD Palm Oil meeting the following specifications. There will be no premium or discount in case of RBD Palm Oil delivery but will be subject to the Exchange delivery procedures including acceptance by the Buyer.

**RBD Palm Oil**

1. Moisture & Insoluble impurities % by weight,	0.10 (Max)
2. Color in a 5 ¼ inch cell on lovibond Scale	R 3 (MAX)
3. Iodine Value (Wijs).	50 to 55
4. Free Fatty Acid ( as palmitic acid) % by weight	0.25 (MAX)
5. Slip melting point	37-39 °C

<b>Contract Months</b>	Trading in RBD PALM OLEIN contracts for future delivery will be in the current month and at least two subsequent months. At any date minimum of 3 concurrent months contracts will be active.
<b>Delivery Centres</b>	Karachi Port and Port Qasim, at Exchange approved and designated Terminal/ Port Storage Tank.
<b>Opening Date</b>	Trading in any contract month will open, at the latest, on 1 <sup>st</sup> day of the month, 3 months prior to the contract month i.e. June 2008 contract opens on 1 <sup>st</sup> April 2008 at the latest. If 1 <sup>st</sup> is an Exchange holiday, trading will commence on the next working day.
<b>Last Trading Day</b>	Contracts will expire on the 15 <sup>th</sup> of the respective month. If 15 <sup>th</sup> is an Exchange holiday the next business day will be the last trading day.
<b>Notice Period</b>	<p>Palm Olein futures contract is deliverable; However, Sellers with open short positions who intend to deliver will be required to inform the Exchange two trading days prior to the last trading day (E-2, where E refers to the expiration day) of their intention to deliver along with the quantity being tendered for delivery and Port Storage Tank /Shore tank details including location. The notification must be accompanied by a statement from the Port Storage Tank giving evidence of ownership by the Seller of the quantity being tendered for delivery. Sellers will also have to inform the Exchange if they intend to deliver RBD Palm Oil instead of RBD Palm Olein.</p> <p>The corresponding RBD Palm Olein Buyers with open long positions matched randomly by the Exchange on the date of the expiration [E] of the contract will be bound to settle by taking physical delivery in three working days [excluding Saturdays, Sundays and Public Holidays] from the date of expiration of the contract [E].</p> <p>However, if the Seller has expressed intention to deliver RBD Palm Oil instead of RBD Palm Olein, the matched Buyer will have the right to refuse delivery and opt for cash settlement without any penalty, discount or premium.</p> <p>In the absence of any notification received by the Exchange from Sellers with open short positions, all open positions at the expiration of the contract will be cash settled at the final settlement price as determined by the Exchange.</p> <p>Once final delivery commitments have been confirmed by the Exchange, any failure to deliver by the Seller or to take delivery by the matched Buyers will result in a penalty prescribed by the Exchange.</p>

<b>Delivery Period</b>	<p>Upon expiration of the RBD PALM OLEIN contract for future delivery, intending Sellers will have 3 business days (excluding Saturday, Sunday and Public Holidays) to submit Delivery Order in the name of the matched Buyers to the Exchange.</p> <p>Buyers must submit pay orders/bank drafts, in the name of the matched Seller, to the Exchange by 12.00 pm on the 3<sup>rd</sup> Business day after the Expiry [E+3] of the Contract.</p> <p>Buyers will lift the delivery from the terminal/ shore tank through their own arrangement of road tankers. The seller/terminal will not be responsible for quality and quantity once the road tanker leaves the terminal premises. However, Buyers have the right to check the quality before shifting RBD Palm Olein into the road tanker, as long as it is done before the end of E+5.</p>
<b>Cost of Weighing Storage &amp; Delivery</b>	<p>All charges associated with weighing, storage, delivery and Exchange required documentation till the day of delivery be borne by the Seller.</p> <p>The Buyer shall pay all charges applicable after delivery date (including Port Storage Tank charges), from the first business day following the delivery date.</p>
<b>Daily Settlement Price</b>	<p>The Daily settlement price shall be the consensus price determined during the pre-close session. Exchange can also determine the daily settlement price in the manner described here under or in such other manner as may be prescribed by the Exchange:</p> <ul style="list-style-type: none"> <li>- Value Weighted Average Price</li> <li>- Last Traded Price</li> <li>- Theoretical Futures Price</li> </ul>
<b>Final Settlement Price</b>	<p>Final Settlement Price will be determined by the exchange at the maturity of the contract. The Final Settlement Price will be based on the average of last three days ex Karachi spot prices obtained daily from market sources.</p>
<b>Price Fluctuation</b>	<p>Maximum price fluctuation is +/- 10% of the last trading day's settlement price.</p>
<b>Position Limit</b>	<p>Greater of 10% of Open Interest and 2000 Contracts per Broker, gross across all clients and across all maturities. Greater of 5% of Open Interest and 250 Contracts per Client, gross across all maturities.</p>

<b>Margin Requirement</b>	<p>The amount of margin payable by members in respect of their outstanding contracts in RBD PALM OLEIN shall be determined using VaR methodology by the Exchange. The Exchange will adjust margin requirements as and when volatility in the underlying changes. However, the margin requirements in any case shall not be less than that determined using VaR methodology.</p> <p>Margins shall be calculated on a gross basis on all open positions held across different maturities in the same underlying up to the Client Level without any netting.</p>
<b>Initial Margin</b>	<p>The minimum Initial Margin will be calculated using Value-at-Risk (VaR) methodology intended to cover the largest loss over a <b>1-day Look Ahead period</b> that can be encountered on 99% of the days (99% Value at Risk) or as determined by the Exchange.</p>
<b>Delivery Margin</b>	<p>Delivery Margin will be imposed in increments of 2% per day on all open positions starting at five days prior to expiration (E - 5), such that delivery margin payable on last trading will be 10%. Delivery margin shall be in addition to the initial margin.</p>
<b>Special Margin</b>	<p>Exchange reserves the right to impose special margins for short duration of time 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>Spread Discounts</b>	<p>Positions in two offsetting NCEL Palm Olien Futures contract with different expirations will be eligible for a spread discount.</p>
<b>Spread Contracts</b>	<p>NCEL will list spread contract on the 1st of every month through final expiration of the near month contract.</p>