



PAKISTAN
MERCANTILE
EXCHANGE

Circular No.: PMEX/Operations/21-2013

June 17, 2013

Exchange Maintenance Margin Requirement

In pursuance of General Regulations 2007, the brokers and their clients are notified as under:

Maintenance Margin Requirement

All commodity futures contract will be subject to 75 % Maintenance Margin requirement (current value 100%) except TOLAGOLD and MINIGOLD futures contracts. These changes will be effective from Tuesday 18 June 2013.

Explanatory Note:

Maintenance Margin (MM) is the required amount of liquidity broker / client must hold in his margin trading account against long or short open positions. If client's margin account liquidity balance falls below the set maintenance margin, the broker / client would then need to contribute additional funds to the account or liquidate open positions in the account to bring the account back to the initial margin requirement. This request is known as a margin call.

In short, the MM is the minimum amount of liquidity that must be maintained in a margin account. The broker / client will be given a margin call if the margin account balance falls below the maintenance margin requirement.

All brokers are requested to take note of the above.

For Pakistan Mercantile Exchange (PMEX)

Shehzad Hussain Makhani

Head of Operations

Pakistan Mercantile Exchange Ltd.,

formerly National Commodity Exchange Limited

9th Floor, PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi. UAN: 92.21 111 623 623, 99210650 Fax: 92.21 35611263

www.pmex.com.pk



Example: Maintenance Margin Requirement and Margin Call

Annexure A

Let's assume that a client bought 2 contracts of GO1oz-SE13 @ 1390

Liquidity balance in client margin trading account = Rs. 10,000

PMEX Initial Margin requirement for G1oz-SE13= 5,000 per contract

Assume that there is no transaction cost like trading fee, commission etc.

Description	Day-1	Day-2	Day-3
DSP GO1oz-SE13	1380	1370	1360
SBP Rate	98.5	98.3	98
Trading Account Opening Balance	-	9,015	8,032
Funds Deposit	10,000	-	
Mark to Market P/L	(985)	(983)	(980)
Net Liquidity (A)	9,015	8,032	7,052
Initial Margin Requirement (B)	10,000	10,000	10,000
Maintenance Margin (75%) (C)	7,500	7,500	7,500
Excess / (Short) (A-C)	1,515	532	(448)
Margin Call	Nil	Nil	2,948

* DSP = Daily Settlement Price for mark to market.

Broker / Client will pay their margin calls on the same day within business banking hours or liquidate open positions in the account to bring the account back to the initial margin requirement.

Pakistan Mercantile Exchange Ltd.,

formerly National Commodity Exchange Limited

9th Floor, PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi. UAN: 92.21 111 623 623, 99210650 Fax: 92.21 35611263

www.pmem.com.pk