



PAKISTAN  
MERCANTILE  
EXCHANGE

Circular No.: PMEX/Operations/36-2011

November 23, 2011

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### Trading System Update – GTC Order Introduction

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All brokers are hereby informed that the Exchange will make the following changes in PMEX trading system with effect from November 28, 2011 only after successful mock trading results that will be held on **Saturday November 26, 2011**.

#### Introduction of Good Till Cancel (GTC) Orders

The following order types can be marked with GTC:

1. Buy / Sell Limit
2. Buy / Sell Stop loss limit
3. Buy / Sell Stop loss Market

All above orders marked with GTC shall be subject to **all pre-trade risk checks** at the time of loading in trading system. All GTC orders shall be loaded at the start of trading system (5 am/3 am at this time). Traders/ Users shall be allowed **only to cancel** their GTC orders in first 3 minutes after OPEN.

New orders shall be accepted only after expiry of GTC orders cancellation process time. Market Maker shall start placing two-way quotes only after completion of the said process.

GTC orders are for internationally traded contracts only, not effective for local commodities such as Sugar, Rice, Kibor, Palmoline and others at this time.

#### Mock Trading

Mock trading will be conducted according to the following schedule

Session	Start Time	End Time	Session Objectives
1	12:00:00 PM	02:00:00 PM	Normal Orders/GTC Orders placement and ensure integrity of trading system
2	02:00:00 PM	03:00:00 PM	Mark to Market of Session 1 Trades
3	03:00:00 PM	04:00:00 PM	To restart trading system and reload GTC order of previous Mock trading session 1
4	04:00:00 PM	06:00:00 PM	Start of new trading session 2 and ensure all previous session GTC orders have been uploaded and correctly reported on terminal.

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**Members are advised to participate actively in the mock trading session to check the connectivity and system performance along with system functional testing in order to avoid any problems on the next trading day in the live environment.**

On successful completion of the mock trading on November 26, 2011, upgraded systems shall be implemented with effect from **Monday, November 28, 2011.**

Brokers may please note that the trades resulting from mock trading on 26 November 2011 will not attract any obligation for pay-in and pay-out and do not create any rights and liability on brokers and their clients.

System configuration and settings are specified in **Annexure A.**

Mock trading procedures and system testing guidelines are specified in **Annexure B.**

In case the exchange finds any issues in the new system, the system will be reverted back to the previous version of the system. Following procedure will be followed in that case:

- Market will be stopped for about 120 minutes and then started again.
- All working orders will be cancelled by the Exchange.
- All trades will remain in the system until the time of reversion.

Exchange reserves the right to cancel trades executed due to any system errors and/or issues.

Brokers are requested to inform the exchange if any malfunctioning or other issues arise during live trading. Please take snapshot of the said error and send at [support@pmex.com.pk](mailto:support@pmex.com.pk) for its resolution.

For and on behalf of  
**Pakistan Mercantile Exchange Limited - PMEX**

**Shehzad Hussain Makhani**  
Head of Operations

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## System Configuration and Settings

## Annexure “A”

Please ensure the following configuration and setting before logging into PMEX web based trading terminal:

**1. In Internet Explorer add PMEX trading website in trusted website zone. Setting Menu path is as follows:**

- Open Internet options in Internet Explorer Tool Menu;
- Click on Security Tab and select Trusted Sites and then click on Sites button;
- Add PMEX Trading Websites addresses in trusted site list
- Enable data sources across domains option in security settings of trusted sites. Security zone setting Path>Custom level>Setting>Miscellaneous> Access data sources across domain

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## **Mock Trading Procedures**

## **Annexure “B”**

During mock trading brokers are requested to perform at least the following tests. If you make any changes like position limits, margins, fund allocation, new trader creation or anything else, will not affect your trading on Monday. This is just a test session.

### **Before You Start Trading – Please check:**

#### *Futures trading accounts*

- Match trader’s positions as appearing on Trading terminal with CSR position summary report;
- Match trader’s Net Liquidity at the start of trading as appearing in General ledger or daily Statement CSR and Trading terminal;
- Check trader margin requirements as per PMEX / Broker margin exceptions on trading terminal;

#### *MINIGOLD trading Account*

- Match trader’s TOLA/MINIGOLD positions and Net Liquidity at the start of trading as appearing in CSR and Trading terminal;
- Check MINIGOLD trader margin requirements as per PMEX / Broker margin exceptions for buyer’s only. No Seller Margin requirements should be calculated on trading terminal.
- Reverse TOLAGOLD delivery and ensure that vault position has been updated in trading system after reversal.

### **During Trading Session**

1. Create and add new trader during trading session and check that new trader relationship with user established in trading system.
2. Assign and de-assign traders to user and check relationship update status in trading system;
3. Assign Commodity to New trader after creation of user/trader relationship;
4. Allocation funds to new and existing trader and check net liquidity in open position and risk watch report.
5. Place buy /sell market orders in illiquid contract – Orders should be rejected.
6. Place market order in absence of market maker in liquid order. ( Order should be rejected)

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7. Place Stop loss orders and check its effects as per defined Methodology
  - Place Stop Loss Buy Limit Order
  - Stop Loss Sell Limit Order
  - Stop Loss Buy Market Order
  - Stop Loss Sell Limit Order

### **Risk Management – Testing**

#### *Margin Requirement Calculation – Pre-trade Futures Market*

1. Place working orders in same commodity contract (Buy and Sell).
2. Change clients' contract margin exceptions.

#### *Other Trader Risk Management Test*

1. Change positions limits of trader in CSR and modify price and order size of existing working order to check position limit update in trading system.
2. Change the max order size of above trader and modify the above working order,
3. Set trader commodity limits lower than existing positions and check impact in trading system.
4. Suspend Trader and check that trading system should only allowed trader to place off-setting orders;
5. Activate Trader trading rights after suspension;
6. Test Client portal enable and disable function;

#### *Auto Liquidation Threshold*

1. Edit and delete trader Auto Liquidation threshold entry in TAMS and check update in trading system and Risk Watch Report.
2. All working orders should be cancelled before triggering auto liquidation process.

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### ***GTC orders Testing***

1. Placement of GTC orders and check its existence in system at the start of next trading session;
2. ALL GTC orders should be loaded according to market status. (Risk/ Matching engine rejects GTC orders permanently, if a contract is closed at the time of loading.).
3. Ensure orders are retrieved on request by pressing refresh button on working orders window.
4. Check GTC orders modification and cancellation; (Cancelled GTC orders should not load in next trading session.)
5. Cancel GTC orders through “Cancel All” option in working order window;
6. All GTC orders below and upper price limit should be rejected at start of next trading session.
7. All GTC orders breached commodity limits should be rejected by the risk engine at the start of trading session. ( enter GTC order and reduce commodity limits to zero)
8. All GTC orders should be rejected if trader relationship with user breaks due to de-assignment of trader from user group;
9. All GTC orders should be rejected if trader does not have sufficient liquidity in his account.
10. All GTC orders should remain in system after 12:00 am (Day change effect)
11. All GTC orders entered after 12:00am should be loaded at the start of next trading session.
12. All GTC orders should be cancelled when trader auto-liquidation triggers.
13. GTC orders should appear in MBP of respective contract.
14. Offsetting GTC orders should not be rejected at the start of next trading session except in case of changing trader/user relationship and max order size.
15. Margin are correctly calculating and updating in trading system against GTC orders. (Change Contract margins exception and exchange margins to see impact)
16. GTC orders modification and deletion in pre-open session.
17. GTC orders matching in open call session.
18. GTC Stop loss orders should not appear in MBP after loading only appear in working order window.

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### **Exchange Level Activities**

During mock trading session Exchange will perform the following activities and the same will be notified on trading terminal before change:

1. Change Exchange level Margins of notified commodity futures contract;
2. Update contract market timings;
3. Update contract price limits;
4. Suspension of Broker trading rights;

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