



PAKISTAN
MERCANTILE
EXCHANGE

Circular No.: PMEX/MKT, BD&CSS/2017/14

October 02, 2017

**Revision of Trading Fee and Operational Mechanism of
Red Chilli Weekly Futures Contracts**

In continuation of PMEX circular No: PMEX/MKT, BD & CSS/2016/38 dated September 07, 2016 please note that the annexure B of the said circular has been amended and the revised annexure is appended for compliance.

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

Annexure B

1. Trading Timing

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

2. Market Access

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

3. UIN Approval

To proceed with the UIN approval at the time of account opening, Brokers(s) are required to provide copies of the filled account opening form along with relevant documents to seek withholding tax exemption as a 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 capacity:

- 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. In addition to assayer services, SGS will also supervise loading and shipment services as Exchange approved warehousing and logistics agency.

7. Delivery Mechanism

- Sellers using their own warehouse/location for delivery will approach Pakistan Agriculture Coalition (PAC) team in Kunri for sampling schedule and necessary arrangement related thereto.
- Sellers are advised to tender their inventory in stacks of maximum 600 bags.
- 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.

- PAC along with SGS team will visit seller's location for sample collection as per schedule agreed with the Seller.
- SGS will divide the sample into four portions:
 - o Sealed Sample No. 01 will be handed over to buyer's representative/driver at the time of final shipment of delivery by SGS.
 - o Sample No. 02 will be analyzed at the laboratory.
 - o Sealed Sample No. 03 will be handed over to the Seller.
 - o 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 the following details:
 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 weighing at weighbridge 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) incidental thereto.
- 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 verify that the lot/stacks seals after testing have not been broken, tampered, no apparent damage and have no other discrepancy 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.
- 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 is 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:

	PKR - Per Contract Per Side
PMEX fee for trading & settlement	Rs 0.05
SGS fee for quality certification/grading, weight & quantity certification	Rs 1.18 per Kg
PAC fee for coordination services	Rs 0.35 Per Kg
PMEX broker charges	Rs 0.05 per Kg
Total Transaction Charge	Rs 1.63 Per Kg

9. Taxation

Each participant would be responsible for his/her 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.

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