IRRI-6 Rice Futures Contract Specifications

Trading Hours	Hours of trading in IRRI-6 Rice contract for future delivery will be on Monday to Friday (excluding Exchange specified holidays): During the first month of launch: Pre-Open Session: 9:45 am to 9:58 am Open Call Session: 9:58 am to 10:00 am Normal Trading Session: 10:00 am to 3:45 pm Pre-Close Session: 3:45 pm to 4:00 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 IRRI-6 Rice contract for future delivery will be 25 Metric Tons
Price Quotation	Price quoted shall be in Rs. per 100 kilograms of Rice, Ex Karachi.
Delivery Unit	25 Metric Tons ± 3 Tons
Trading System	PMEX Electronic Trading System
Tick size	Re. 1
Deliverable Grade & Quality Class	Long Grain (average grain length should be minimum 6.0 mm)
Milling Process	Milled White Rice
Varieties included	IRRI-6 and similar varieties meeting the below specifications
	1. Moisture 14 % (Max) 2. Damaged Shriveled & Yellow Grains 5% (MAX) 3. Chalky Grains 10 % (MAX) 4. Foreign Grains 2 % (MAX) 5. Foreign Matter 1.2 % (MAX) 6. Paddy Grains 0.8 % (MAX) 7. Under milled & Red Stripped 4 % (MAX) 8. Broken Grains up to 20% (Max) Rice only from the current crop will be accepted for delivery and it should be free from live weevils and obnoxious smell.
Applicable Discounts	**Broken Grains:** • Broken grains are acceptable up to 20% at contract price • Above 20% up to 30% with 1.0 Paisa/Kg discount on each percent. • Above 30% up to 35% with 2.0 Paisa/Kg discount on each percent. • Above 35% will be rejected. **Moisture:** • Moisture up to 14% is acceptable at contract price. • Above 14% and up to15% acceptable with a 0% discount. • Above 15% and up to 16% acceptable with a 1% discount • Above 16% is not acceptable and will be rejected.
Packaging	Rice shall be delivered in new or old, good condition 100 Kg Polypropylene woven sacs. The bags should not be torn from any side and should be machine stitched. No tare allowance will be applicable.
Months traded in	The Exchange will notify in advance the contract months available for IRRI-6 Rice futures.
Delivery Center	Karachi (including Port Qasim) at Exchange approved and designated warehouses.
Opening Date	Trading in any contract month will open, at the latest, on 1st day of the month, 3 months prior to the contract month i.e. June 2007 contract opens on 1st April 2007. If 1st is an Exchange holiday, trading will commence on the next working day.

Last Trading Day	Contracts will expire on the 15th of the respective month. If 15th is an Exchange holiday then the next business day will be the last trading day.
Notice Period	IRRI-6 Rice Futures Contract is deliverable; However, Sellers with open short positions and intending 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 which will be delivered and the expected date of delivery at the Exchange approved and designated warehouse. The corresponding Buyers with open long positions matched randomly by the Exchange on the date of the expiration of the contract (E) with the intending to deliver Sellers will be bound to settle by taking physical delivery. 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. Any failure to deliver by the Seller or taking delivery by the matched Buyers will result in a penalty prescribed by the Exchange.
Delivery Period	Upon expiration of the IRR-6 Rice contract for future delivery, intending Sellers will have 5 business days (excluding Saturday, Sunday and Public Holidays) to deliver at the Exchange approved and designated warehouse after completing all exchange specified procedures including quality certification.
Cost of Inspection, Weighing, Storage & Delivery	All charges associated with inspection, weighing, storage, delivery and Exchange required documentation up to the end of day of delivery will borne by the Seller. Buyers shall pay all charges including storage charges after the business day following the day of the delivery. Inspection and Certification will only be carried out by Exchange approved and designated Inspection and Certification agencies, according to the procedures defined by the Exchange in relevant Circulars.
Daily Settlement Price	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 hereunder or in such other manner as may be prescribed by the Exchange: - Value Weighted Average Price - Theoretical Futures Price
Final Settlement Price	Final settlement price will be determined by the exchange at the maturity of the contract. This will be calculated by taking simple average of spot prices of last three days.
Price Fluctuation	Maximum allowed daily price fluctuation will be +/-5% of the last trading day’s settlement price.
Position Limit	2000 Contracts per Broker, gross across all clients and across all maturities. 500 Contracts per Client, gross across all maturities.
Margin Requirement	The amount of margin payable by members in respect of their outstanding IRRI-6 Rice futures contracts shall be determined by the Exchange. The Exchange will adjust margin requirements as and when volatility in the underlying changes. Margin shall be calculated on a gross basis on all open positions held in different maturity contracts in the same commodity up to the Client Level.
Initial Margin	Initial Margin will be calculated using Value-at-Risk (VaR) methodology intended to cover the largest loss over a 1-day Look Ahead period that can be encountered on 99% of the days (99% Value at Risk). However, the Exchange will have the right to increase margin requirements as and when volatility in the underlying market rises.
Delivery Margin	Delivery Margin will come into effect on all open positions 5 trading days before expiry (E-5) and will be calculated using VaR methodology by increasing the Look-Ahead period. The Look-Ahead period will be increased

	incrementally during the last 5 trading days at the rate of 2 per day, such that Delivery Margin at expiry will be based on 10-day 99% VaR. Delivery margin will be payable daily, starting from E-5, and will replace the Initial Margin. Delivery Margin will be repayable only upon satisfactory completion of the delivery obligations at expiration of the contract for future delivery.
Further Regulations	This contract shall be subject, where applicable, to the Regulations of the Pakistan Mercantile Exchange.