

Circular No.: PMEX/MKT, BD&CSS/2015/39

October 06, 2015

Listing of PMEX Red Chilli Weekly Futures Contracts

In continuation of PMEX Circular No. PMEX/MKT, BD&CSS/2015/29 dated August 20, 2015, PMEX is pleased to inform that following Red Chilli Weekly Futures Contracts will be available for trading at the Exchange from October 07, 2015:

S. No.	Name of Contract	Contract Symbol
1.	PMEX Red Chilli (Grade A+) Weekly Futures Contract	RedChilli1
2.	PMEX Red Chilli (Grade A) Weekly Futures Contract	RedChilli2
3.	PMEX Red Chilli (Grade B) Weekly Futures Contract	RedChilli3

The contract specifications, trade timing and other trading parameters of the above mentioned contracts have been specified in Annexure A & B, which will be binding on all the brokers of the Exchange and the constituents trading through them.

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

1. Trading Timing:

Daily: 9:30 am to 6:00 pm

Trading days: Monday to Sunday excluding Friday and other Exchange specified holidays.

2. Market Access:

Market participants can use the below mentioned URL: <https://agri.pmx.com.pk> to access the Red Chilli trading platform

3. Account Opening:

At the time of UIN approval, broker(s) are required to provide copies of account opening forms of farmers along with the relevant documents as required for tax exemption.

4. Margins:

Buyer: 110% in advance to cover the trade value and trading fee and other charges. This value will be calculated on the basis of the previous day's closing price.

Seller: Availability of inventory in the PMEX system. No short selling is allowed.

5. Withdrawals:

All funds and commodity withdrawal requests can be placed during the market timing but will be validated after end of the trading session.

6. Packaging and Tare Allowance:

Bags: Red Chilli shall be delivered in new or good conditioned old Jute bags of 25-28 Kgs owned by the seller. No payment will be made to the seller for the jute bags in which seller's Red Chilli is traded.

Tare allowance: 1.0 Kg per bag weight will be deducted for the jute bag to calculate the net weight of Red Chilli delivered.

7. Delivery Center/ Warehouse:

The warehouse in Kunri operated by Agility Pakistan Limited is an approved and designated warehouse for the delivery of Red Chilli. The address of the warehouse is given below:

Bustaan Road next to FFC warehouse opposite Shell petrol pump, Kunri, District Umerkot, Pakistan.

8. Exchange Approved Assayer/ Quality Certification

SGS Pakistan (Pvt.) Limited is the Exchange approved quality certification company for the PMEX Red Chilli Weekly Futures Contracts.

9. Warehousing/Quality Certification Arrangement

- Each new batch of Red Chilli brought by a seller will be weighed at the weighbridge located close to the warehouse at the cost of the seller.
- Each batch will first be weighed with the vehicle to estimate the gross weight, then the vehicle will be unloaded, then the empty vehicle will be weighed to estimate the gross weight of the Red Chilli. The weight of bags (1Kg per bag) will be deducted to calculate the net weight of the Red Chilli.
- Only batches rounding to a whole multiple of 1 ton (within a tolerance of 30kg for the entire batch) will be allowed to be traded.
- Each incoming batch will be sampled and tested by SGS using its specific methodology.
- The testing decision by SGS will be considered final. If requested, SGS can conduct another test at the seller's or buyer's cost.
- If the quality does not meet the desired specifications, the batch will be returned to the seller without any transaction charge.
- If the quality is acceptable, the seller will be notified of the grade of the product (A+, A or B) and will be given a quality certificate.
- After the quality certification and grading by SGS the inventory will be deposited in the warehouse as per quality grade on behalf of Seller and the Seller's inventory ledger with PMEX will be updated accordingly on the advice of Agility. Seller will accordingly be eligible to sell Red Chilli at PMEX trading terminal in the relevant Red Chilli Weekly Futures Contract (A+, A or B).
- SGS will divide the sample into three portions: one for use in the test, one for storage for 15 days as a Retained Sample at the SGS lab and one sealed and passed on to Agility to be sent to the buyer who purchases that batch.
- Seller can keep their inventory in the Agility Warehouse for a maximum of 24 hours after testing by SGS. After 24 hours, a fee will be charged by Agility.
- Once the end of day session is run, the sold quantity of Red Chilli will be transferred in the name of the buyer electronically in the PMEX and Agility system. Buyer's ledger with PMEX will be updated accordingly. Now the buyer will be eligible to pick up the Red Chilli from the Warehouse.
- Buyer has to arrange its own transport for taking the delivery and move it from the warehouse. The buyer can also request Agility to arrange the transport provided that any such arrangement shall be a matter solely between the buyer and Agility and PMEX shall not bear any responsibility for the same. In the event that the buyer does not take delivery within 24 hours of trade confirmation, Agility shall be entitled to charge fees for storage and, after 2 days, the same may be sold to any party solely at the buyer's risk and cost.
- PMEX shall not be responsible for any quantity or quality variation.
- All sales shall be full and final.
- All Red Chilli in the warehouse will be insured as goods in stock by Agility. Agility will only be liable to the extent of compensation available from its insurer for goods in stock. Consequently, PMEX liability to its brokers and their clients is only limited to compensation received from the insurer of Agility as mentioned above in case of any damage or loss to stored commodity.

10. Exchange and other Charges:

PMEX fee, warehousing fee and quality certification charges etc, will be applicable as per following detail to both buyer and seller:

	PKR – Per Contract Per Side
PMEX fee for trading & settlement	Rs. 1,045 (Rs. 1.045 per Kg). In addition, PMEX will also collect SECP Fee @ 10% of PMEX fee and IPF charges of Rs. 1.25 (Per Ton)
Agility fee for Warehousing Note: The specified charges are for only 24 hours, if seller or buyer keeps its inventory beyond 24 Agility will charge additional fee as prescribed by Agility	Rs. 1,775 (Rs. 1.775 per Kg)
SGS fee for Quality certification	Rs. 2,310 (Rs. 2.31 per Kg)
PAC* fee for coordination services	Rs. 455 (Rs. 0.455 Per Kg)
Miscellaneous charges	Rs. 210 (Rs. 0.21 per Kg)

*Pakistan Agricultural Coalition (PAC) is playing the role of coordinator amongst all stakeholders and also guiding farmers and buyers for selling and buying of Red Chilli at PMEX.

11. Taxation:

Every participant would be responsible for his own tax responsibilities. PMEX would collect any taxes applicable on trading in PMEX but would not be responsible for any withholding of tax, whether provincial or federal, on behalf of buyer or seller of the contract.

PMEX Red Chilli Weekly (Grade A+) Futures Contract Specifications	
	Specifications
✓ Trading Hours	<p>Hours of Trading in the PMEX Red Chilli Weekly (Grade A+) Futures Contract shall be Monday to Sunday excluding Friday and other Exchange specified holidays as given below or as Specified by the Exchange through a circular from time to time :</p> <p>Normal Trading Session: 9:30 am to 6:00 pm PST</p> <p>On last trading day contract will be closed at 6:00 pm or as communicated by the Exchange through a circular from time to time.</p>
✓ Unit of Trading	1 Metric Ton
✓ Price Quotation	Price quoted shall be in rupees per Maund (Where 1 Maund =40 Kg), Ex Kunri excluding all taxes.
Trading System	PMEX ETS
Tick Size	Rs. 10 per Maund or as specified by the Exchange from time to time through a circular
✓ Delivery Unit	1 MT
Delivery Logic	Compulsory
Quantity Variation	+/- 2% or as specified by the Exchange through a circular
✓ Quality Specifications	<p>Following are the quality specifications of Red Chilli (A+) to be delivered under this contract or as communicated by the Exchange from time to time through a circular:</p> <ol style="list-style-type: none"> 1. Variety: Maxi – Commonly known as Dandi Cut 2. Shape Round, Tipped 3. Color Bright Red 4. Moisture 5-8 % Max 5. Aflatoxin 10 (B1, 5 ppb) MAX (parts per billion) 6. Extraneous Matter 1% Max 7. Damage /Discolor 2% Max 8. Visual Mold 3% Max <p>Specs 6-8 may differ individually but the sum should not exceed 6%.</p>
Packaging	<p>As per current industry practice Red Chilli shall be delivered in good conditioned Jute bags of 25-28 Kgs. If any change occurs in the industry practice, it will be communicated by the Exchange through a circular.</p> <p>Tare allowance will be applicable as per industry practice as communicated by the Exchange from time to time through a circular.</p>

Delivery Centers	At Exchange approved and designated warehouse in Kunri or as communicated by the Exchange through circular.
No. of active Contracts	A maximum of 5 contracts may be made available for trading.
Opening Date	Trading in any contract will open at least one week before the last trading day subject to holiday convention.
Last Trading Day (Contract Expiry Day)	Contracts will expire on fifth day subsequent to its opening day. If the fifth day falls on Exchange holiday then the next business day will be the last trading day.
Holiday Convention	<p>In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity.</p> <p>In case the final settlement day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.</p>
Daily Settlement Price	<p>All open positions will be marked to market using daily settlement price. Exchange can determine the daily settlement price using one of the methods described here under or in such other manner as may be prescribed by the Exchange through a circular from time to time:</p> <ul style="list-style-type: none"> - Average of best bid and offer at the closing time - Last Traded Price - Value Weighted Average Price - Theoretical Futures Price based on the spot price obtained from the market sources <p>(average of collected prices from the market will formulate the spot price)</p>
Final Settlement Price	Final settlement price will be the daily settlement price of the last trading day of the contract or as specified by the Exchange through a circular.
Daily Price Fluctuation	+/- 5%, or as specified by the Exchange through a circular.
Settlement Mode	<p>All open positions after the close of contract shall be settled by either of the following modes:</p> <p>Delivery of Red Chilli at the Exchange approved warehouse/delivery center as per Contract Specifications.</p> <p>The contract can be settled before expiry through "Exchange for Physical (EFP)".</p> <p>Mutual settlement of the matched buyer and the seller off the Exchange platform.</p> <p>Failure to fulfill delivery obligations will be liable to closing at the final settlement price fixed together with a fine as specified by the Exchange through a circular.</p>

Notice Period	<p>Sellers with open short positions and intending to deliver will be required to inform the exchange before closing of the contract of their intention to deliver along with the quantity which will be delivered.</p> <p>The corresponding Buyers and Sellers with open long positions matched randomly by the Exchange after the expiration of the contract will be bound to settle by taking physical delivery.</p> <p>Any failure to deliver by the Seller or taking delivery by the matched Buyers will result in a penalty determined by the Exchange.</p> <p>Exchange may enforce a pre-trade check in which Sellers will be asked to deliver chilli before making it available on the ETS for sale.</p>
Delivery Mode & Delivery Period	<p>If the Seller has already not delivered chilli at the Exchange designated warehouse, then upon Expiration of the contract the seller with open position will have to deliver the Red Chilli at the Exchange approved and designated warehouse/delivery center after completing all Exchange specified procedures (communicated through a circular) for delivery including the quality and quantity certification. Upon successful completion of delivery by the seller, the Red Chilli delivered will come in the ownership of the buyer and the warehouse operator will be holding it on behalf of the buyer. The buyer has to lift the delivery from the Exchange designated warehouse through its own arrangements.</p>
Settlement of Delivery Outside the Exchange	<p>The matched buyer and seller can mutually agree on the off Exchange settlement of the delivery. In such a case they need to inform the Exchange upon expiry of the contract. The Exchange will then settle their accounts as per final settlement price.</p>
Pay-in and Pay-out of Funds for Final Settlement	<p>Final payments will include Final Settlement price plus all applicable taxes as per spot market practices applicable at the time of delivery.</p> <p>The buyer shall pay funds in full to the Exchange in advance or at the expiry of the contract, and after that the buyer will be eligible to receive the documents to get the delivery from the Exchange approved warehouse. The seller will be eligible to receive funds on E+1, once he has delivered the Red Chilli at the Exchange approved warehouse after completing all delivery related requirements.</p>
Quality Certification	<p>The seller has to provide a quality certification from the Exchange approved assayer at the warehouse that the Red Chilli delivered meet the quality specifications as per contract specifications.</p> <p>The certified Red Chilli would only be eligible to be delivered at the Exchange approved warehouse. The Exchange will not be responsible for quality or quantity after lifting of delivery by the buyer from the Exchange designated warehouse.</p>



Cost of certification, weighing, storage and delivery etc.	All charges associated with quality certification, weighing, storage, etc., or other charges related to delivery at the Exchange approved warehouse / delivery center will be borne by the buyer and / or seller in the manner as communicated by the Exchange from time to time through circular.
Position Limit	Greater of 10% of Open Interest and 1,000 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.
Margin Requirement	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.
Margins	Margin will be calculated, using Value-at-Risk (VaR) methodology at a 99% confidence interval over a 1-day time horizon or as specified by the Exchange from time to time through a circular.
Additional Margin	Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.
Further Regulation	This contract shall be subject to the PMEX General Regulations and all applicable Federal/Provincial laws.



PMEX Red Chilli Weekly (Grade A) Futures Contract Specifications

	Specifications
Trading Hours	<p>Hours of Trading in the PMEX Red Chilli Weekly (Grade A) Futures Contract shall be Monday to Sunday excluding Friday and other Exchange specified holidays as given below or as Specified by the Exchange through a circular from time to time :</p> <p>Normal Trading Session: 9:30 am to 6:00 pm PST</p> <p>On last trading day contract will be closed at 6:00 pm or as communicated by the Exchange through a circular from time to time.</p>
Unit of Trading	1 Metric Ton
Price Quotation	Price quoted shall be in rupees per Maund (Where 1 Maund =40 Kg), Ex Kunri excluding all taxes.
Trading System	PMEX ETS
Tick Size	Rs. 10 per Maund or as specified by the exchange from time to time through a circular.
Delivery Unit	1 MT
Delivery Logic	Compulsory
Quantity Variation	+/- 2% or as specified by the exchange
Quality Specifications	<p>Following are the quality specifications of Red Chilli (A) to be delivered under this contract or as communicated by the Exchange from time to time through a circular:</p> <ol style="list-style-type: none"> 1. Variety: Maxi – Commonly known as Dandi Cut 2. Shape Round, tipped 3. Colour Bright Red 4. Moisture 5-10 % Max 5. Aflatoxin 30 ppb (parts per billion)Max 6. Extraneous Matter 2% Max 7. Damage /Discolor 3% Max 8. Visual Mold 5% Max <p>Specs 6-8 may differ individually but the sum should not exceed 10%.</p>
Packaging	<p>As per current industry practice Red Chilli shall be delivered in good conditioned Jute bags of 25-28 Kgs. If any change occurs in the industry practice, it will be communicated by the Exchange through a circular.</p> <p>Tare allowance will be applicable as per industry practice as communicated by the Exchange from time to time through a circular.</p>
Delivery Centers	At Exchange approved and designated warehouse in Kunri or as communicated by the Exchange through circular.



No. of active Contracts	A maximum of 5 contracts may be made available for trading.
Opening Date	Trading in any contract will open at least one week before the last trading day subject to holiday convention.
Last Trading Day (Contract Expiry Day)	Contracts will expire on fifth day subsequent to its opening day. If the fifth day falls on Exchange holiday then the next business day will be the last trading day.
Holiday Convention	<p>In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity.</p> <p>In case the final settlement day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.</p>
Daily Settlement Price	<p>All open positions will be marked to market using daily settlement price. Exchange can determine the daily settlement price using one of the methods described here under or in such other manner as may be prescribed by the Exchange through a circular from time to time:</p> <ul style="list-style-type: none"> - Average of best bid and offer at the closing time - Last Traded Price - Value Weighted Average Price - Theoretical Futures Price based on the spot price obtained from the market sources <p>(average of collected prices from the market will formulate the spot price)</p>
Final Settlement Price	Final settlement price will be the daily settlement price of the last trading day of the contract or as specified by the Exchange through a circular.
Daily Price Fluctuation	+/- 5%, or as specified by the Exchange through a circular.
Settlement Mode	<p>All open positions after the close of contract shall be settled by either of the following modes:</p> <p>Delivery of Red Chilli at the Exchange approved warehouse/delivery center as per Contract Specifications.</p> <p>The contract can be settled before expiry through "Exchange for Physical (EFP)".</p> <p>Mutual settlement of the matched buyer and the seller off the Exchange platform.</p> <p>Failure to fulfill delivery obligations will be liable to closing at the final settlement price fixed together with a fine as specified by the Exchange through a circular.</p>

(Signature)

Notice Period	<p>Sellers with open short positions and intending to deliver will be required to inform the exchange before closing of the contract of their intention to deliver along with the quantity which will be delivered.</p> <p>The corresponding Buyers and Sellers with open long positions matched randomly by the Exchange after the expiration of the contract will be bound to settle by taking physical delivery.</p> <p>Any failure to deliver by the Seller or taking delivery by the matched Buyers will result in a penalty determined by the Exchange.</p> <p>Exchange may enforce a pre-trade check in which Sellers will be asked to deliver chilli before making it available on the ETS for sale.</p>
Delivery Mode & Delivery Period	<p>If the Seller has already not delivered chilli at the Exchange designated warehouse, then upon Expiration of the contract the seller with open position will have to deliver the Red Chilli at the Exchange approved and designated warehouse/delivery center after completing all Exchange specified procedures (communicated through a circular) for delivery including the quality and quantity certification. Upon successful completion of delivery by the seller, the Red Chilli delivered will come in the ownership of the buyer and the warehouse operator will be holding it on behalf of the buyer. The buyer has to lift the delivery from the Exchange designated warehouse through its own arrangements.</p>
Settlement of Delivery Outside the Exchange	<p>The matched buyer and seller can mutually agree on the off Exchange settlement of the delivery. In such a case they need to inform the Exchange upon expiry of the contract. The Exchange will then settle their accounts as per final settlement price.</p>
Pay-in and Pay-out of Funds for Final Settlement	<p>Final payments will include Final Settlement price plus all applicable taxes as per spot market practices applicable at the time of delivery.</p> <p>The buyer shall pay funds in full to the Exchange in advance or at the expiry of the contract, and after that the buyer will be eligible to receive the documents to get the delivery from the Exchange approved warehouse. The seller will be eligible to receive funds on E+1, once he has delivered the Red Chilli at the Exchange approved warehouse after completing all delivery related requirements.</p>
Quality Certification	<p>The seller has to provide a quality certification from the Exchange approved assayer at the warehouse that the Red Chilli delivered meet the quality specifications as per contract specifications.</p> <p>The certified Red Chilli would only be eligible to be delivered at the Exchange approved warehouse. The Exchange will not be responsible for quality or quantity after lifting of delivery by the buyer from the Exchange designated warehouse.</p>

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Cost of certification, weighing, storage and delivery etc.	All charges associated with quality certification, weighing, storage, etc., or other charges related to delivery at the Exchange approved warehouse / delivery center will be borne by the buyer and / or seller in the manner as communicated by the Exchange from time to time through circular.
Position Limit	Greater of 10% of Open Interest and 1,000 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.
Margin Requirement	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.
Margins	Margin will be calculated, using Value-at-Risk (VaR) methodology at a 99% confidence interval over a 1-day time horizon or as specified by the Exchange from time to time through a circular.
Additional Margin	Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.
Further Regulation	This contract shall be subject to the PMEX General Regulations and all applicable Federal/Provincial laws.

PMEX Red Chilli Weekly (Grade B) Futures Contract Specifications	
	Specifications
Trading Hours	<p>Hours of Trading in the PMEX Red Chilli Weekly (Grade B) Futures Contract shall be Monday to Sunday excluding Friday and other Exchange specified holidays as given below or as Specified by the Exchange through a circular from time to time :</p> <p>Normal Trading Session: 9:30 am to 6:00 pm PST</p> <p>On last trading day contract will be closed at 6:00 pm or as communicated by the Exchange through a circular from time to time.</p>
Unit of Trading	1 Metric Ton
Price Quotation	Price quoted shall be in rupees per Maund (Where 1 Maund =40 Kg), Ex Kunri excluding all taxes.
Trading System	PMEX Trading System
Tick Size	Rs. 10 per Maund or as specified by the exchange from time to time through a circular.
Delivery Unit	1 MT
Delivery Logic	Compulsory
Quantity Variation	+/- 2% or as specified by the exchange through a circular.
Quality Specifications	<p>Following are the quality specifications of Red Chilli (B) to be delivered under this contract or as communicated by the Exchange from time to time through a circular:</p> <ol style="list-style-type: none"> 1. Variety: Maxi – Commonly known as Dandi Cut 2. Shape Round, tipped 3. Colour Bright Red 4. Moisture 5-12 % Max 5. Aflatoxin 30 ppb (parts per billion)Max 6. Extraneous Matter 2.5% Max 7. Damage /Discolor 5% Max 8. Visual Mold 8% Max <p>Specs 6-8 may differ individually but the sum should not exceed 15.5%.</p>
Packaging	<p>As per current industry practice Red Chilli shall be delivered in good conditioned Jute bags of 25-28 Kgs. If any change occurs in the industry practice, it will be communicated by the Exchange through a circular.</p> <p>Tare allowance will be applicable as per industry practice as communicated by the Exchange from time to time through a circular.</p>
Delivery Centers	At Exchange approved and designated warehouse in Kunri or as communicated by the Exchange through circular.

Cost of certification, weighing, storage and delivery etc.	All charges associated with quality certification, weighing, storage, etc., or other charges related to delivery at the Exchange approved warehouse / delivery center will be borne by the buyer and / or seller in the manner as communicated by the Exchange from time to time through circular.
Position Limit	Greater of 10% of Open Interest and 1,000 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.
Margin Requirement	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.
Margins	Margin will be calculated, using Value-at-Risk (VaR) methodology at a 99% confidence interval over a 1-day time horizon or as specified by the Exchange from time to time through a circular.
Additional Margin	Exchange reserves the right to impose additional margin due to increased or excessive volatility or due to any other reason Exchange deems appropriate.
Further Regulation	This contract shall be subject to the PMEX General Regulations and all applicable Federal/Provincial laws.

No. of active Contracts	A maximum of 5 contracts may be made available for trading.
Opening Date	Trading in any contract will open at least one week before the last trading day subject to holiday convention.
Last Trading Day (Contract Expiry Day)	Contracts will expire on fifth day subsequent to its opening day. If the fifth day falls on Exchange holiday then the next business day will be the last trading day.
Holiday Convention	<p>In case the first trading day of a contract falls on an Exchange holiday, the contract will start trading from the following Exchange trading day with a shorter maturity.</p> <p>In case the final settlement day of a contract falls on a holiday, the contract will be settled on the following Exchange trading day.</p>
Daily Settlement Price	<p>All open positions will be marked to market using daily settlement price. Exchange can determine the daily settlement price using one of the methods described here under or in such other manner as may be prescribed by the Exchange through a circular from time to time:</p> <ul style="list-style-type: none"> - Average of best bid and offer at the closing time - Last Traded Price - Value Weighted Average Price - Theoretical Futures Price based on the spot price obtained from the market sources <p>(average of collected prices from the market will formulate the spot price)</p>
Final Settlement Price	Final settlement price will be the daily settlement price of the last trading day of the contract or as specified by the Exchange through a circular.
Daily Price Fluctuation	+/- 5%, or as specified by the Exchange through a circular.
Settlement Mode	<p>All open positions after the close of contract shall be settled by either of the following modes:</p> <p>Delivery of Red Chilli at the Exchange approved warehouse/delivery center as per Contract Specifications.</p> <p>The contract can be settled before expiry through "Exchange for Physical (EFP)".</p> <p>Mutual settlement of the matched buyer and the seller off the Exchange platform.</p> <p>Failure to fulfill delivery obligations will be liable to closing at the final settlement price fixed together with a fine as specified by the Exchange through a circular.</p>

Notice Period	<p>Sellers with open short positions and intending to deliver will be required to inform the exchange before closing of the contract of their intention to deliver along with the quantity which will be delivered.</p> <p>The corresponding Buyers and Sellers with open long positions matched randomly by the Exchange after the expiration of the contract will be bound to settle by taking physical delivery.</p> <p>Any failure to deliver by the Seller or taking delivery by the matched Buyers will result in a penalty determined by the Exchange.</p> <p>Exchange may enforce a pre-trade check in which Sellers will be asked to deliver chilli before making it available on the ETS for sale.</p>
Delivery Mode & Delivery Period	<p>If the Seller has already not delivered chilli at the Exchange designated warehouse, then upon Expiration of the contract the seller with open position will have to deliver the Red Chilli at the Exchange approved and designated warehouse/delivery center after completing all Exchange specified procedures (communicated through a circular) for delivery including the quality and quantity certification. Upon successful completion of delivery by the seller, the Red Chilli delivered will come in the ownership of the buyer and the warehouse operator will be holding it on behalf of the buyer. The buyer has to lift the delivery from the Exchange designated warehouse through its own arrangements.</p>
Settlement of Delivery Outside the Exchange	<p>The matched buyer and seller can mutually agree on the off Exchange settlement of the delivery. In such a case they need to inform the Exchange upon expiry of the contract. The Exchange will then settle their accounts as per final settlement price.</p>
Pay-in and Pay-out of Funds for Final Settlement	<p>Final payments will include Final Settlement price plus all applicable taxes as per spot market practices applicable at the time of delivery.</p> <p>The buyer shall pay funds in full to the Exchange in advance or at the expiry of the contract, and after that the buyer will be eligible to receive the documents to get the delivery from the Exchange approved warehouse. The seller will be eligible to receive funds on E+1, once he has delivered the Red Chilli at the Exchange approved warehouse after completing all delivery related requirements.</p>
Quality Certification	<p>The seller has to provide a quality certification from the Exchange approved assayer at the warehouse that the Red Chilli delivered meet the quality specifications as per contract specifications.</p> <p>The certified Red Chilli would only be eligible to be delivered at the Exchange approved warehouse. The Exchange will not be responsible for quality or quantity after lifting of delivery by the buyer from the Exchange designated warehouse.</p>