Weekly 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):

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 01:00 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.
Delivery Center	Karachi or Port Qasim at Exchange approved and designated warehouses.
Weeks traded in	The Exchange will notify in advance the contract weeks available for IRRI-6 Rice futures.
Opening of the Contract	Trading in any contract will open at least one weak before the last trading day.
Last Trading Day	Contracts will expire on Thursday every week. If Thursday is an Exchange holiday then the next business day will be the last trading day.
Delivery Logic	Compulsory. All open positions after the close of the contract will only be settled through physical delivery.
Notice of Delivery	The Sellers with open short positions will be required to inform the exchange one trading day prior to the last trading day (E-1, where E refers to the expiration day) the names of three surveyors/analyzer from a panel of PMEX approved surveyors/analyzers. The Buyers with open long positions are also required to inform the exchange on E-1 about the details of the warehouse, where seller needs to deliver.
Delivery Allocation	On the date of the expiration of the contract (E), exchange will inform the details (including the warehouse) of randomly matched buyer to the corresponding seller and vice versa. Buyer also needs to inform the name of his chosen analyzer form the list of three analyzers provided by the seller. Any failure to deliver by the Seller or taking delivery by the

matched Buyer 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 7 business days (including Saturday, Sunday and excluding Public Holidays) to deliver at the Exchange approved and designated warehouse after completing all exchange specified procedures including quality certification.
PMEX Approved Analyzer	PMEX will notify a list of exchange approved analyzers who will certify the quality and quantity of the Rice IRRI-6 delivered under the PMEX futures contract.
Cost of Inspection, Weighing, Storage & Delivery	All charges associated with inspection, weighing, storage, delivery and Exchange required documentation up to the 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/Analyzers, 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.
Price Fluctuation	Maximum allowed daily price fluctuation will be +/-5% of the last trading day’s settlement price.
Pay-in and pay-out for Final Settlement	The cut off time for full cash payment for all matched positions by the buyer for physical settlement is 11 am on E+1. The payment of cash to the seller will be E+2 onwards subject to the completion of all delivery related requirements of the exchange.
Price Adjustment	The price adjustment of the applicable quality discounts if any would be applied as per prescribed procedures. All buyers will be refunded a discount based on the price adjustment. Accordingly all sellers will be paid the adjusted 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 **10-day Look Ahead period** that can be encountered on 99% of the days (99% Value at Risk) or otherwise as specified by the exchange. Provided that the adjustment of initial margins shall be allowed up to a maximum of 80% of such margins and remaining 20% to be maintained during the tenure of the contract.
Delivery Margin	Delivery margin will be calculated using Value-at-Risk (VAR) methodology intended to cover the largest loss over a 07**day look ahead period** that can be encountered on 99% of the days (99% value at Risk) at the maturity of the contract and will be collected from the seller. **Such margin** shall be refunded at the contracted delivery by the seller. Exemption to delivery margin will be in case seller has delivered the contracted commodity as prescribed by the contract specifications.
Further Regulations	This contract shall be subject, where applicable, to the Regulations of the Pakistan Mercantile Exchange.