PAKISTAN MERCANTILE EXCHANGE

PMEX Gold 100 gms Futures Contracts Specifications	
Trading hours	Monday to Friday (excluding Exchange specified holidays):
Unit of Trading	100 grams
Delivery Unit	**In lots of** 1Kg or Multiples thereof.
Trading System	PMEX ETS
Tick size	Re. 1
Deliverable Grade & Quality	In fulfillment of each contract, Sellers must deliver refined Gold assaying not less than 995.0 fineness cast in 1 Kg bars bearing serial numbers and identifying stamp of the Exchange approved Refiner. Gold bars delivered to the Exchange approved Logistics Agency should be accompanied by the Refiner's certificate. Only deliveries from LBMA approved Refiner's meeting the 'Good Delivery' criteria and approved by the Exchange will be accepted. Gold bars will only be acceptable in fineness of 999.9 , 999.0 and 995.0
Price Quotation	Price quoted shall be in Rs. per 10 grams of Gold with 999.0 fineness ex Karachi excluding freight, customs duty, taxes and other levis payable at the time of import and General Sales Tax, if applicable.

No. of active contracts	At any date, a minimum of 3 concurrent month contracts will be active.
Delivery centers	Karachi, at designated Exchange facilities
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 e.g, September 2007 contract opens on 1st June 2007. If 1st is an Exchange holiday, trading will commence on the next working day.
Last Trading Day	Contracts will expire on the 3rd Wednesday of the respective month. If the 3rd Wednesday is an Exchange holiday the following business day will be the last trading day.
Delivery Procedures	Gold futures contract is deliverable; however, the contract may be settled either through physical delivery or delivery can be accomplished through cash settlement. Where the Buyers and Sellers intend to settle by way of physical delivery they must inform the Exchange of their intention. At end of trading on second last trading day, intending physical Buyers must notify the exchange of their intention to buy up to their maximum open deliverable lots positions. The Exchange will do initial matching based on commitments received from Buyers and will inform Sellers about their Provisional Delivery Commitments. Sellers must inform the Exchange if they intend to deliver up to their provisional delivery commitments as at the end of trading on the second last trading day of the contract. In the absence of any notification received from Sellers, their open position at expiry will be cash settled.
Final Settlement	No Fine on Odd Lots. All Odd Lots to be cash-settled according to the Final Settlement Price.
Delivery Allocation	Once intentions for delivery have been received from sellers, the Exchange will do a final matching between

	sellers and buyers and inform both parties about their Final Delivery Commitments shortly after end of trading, one trading day before expiry. Intention to Deliver does not guarantee delivery unless matched by the Exchange. Final Delivery Commitments communicated by the Exchange will be irrevocable and binding on all participants. Once Final Physical Delivery Commitments have been communicated by the Exchange, any non-compliance with delivery requirements will result in a 5% penalty of which 90% will be passed onto the counterparty with 10% retained by the Exchange.
Notice of Delivery	Sellers/Buyers intending to deliver/receive physical gold against an open position must notify the Exchange one trading day before the last trading day. The Exchange will notify Buyers and Sellers the same day if their intention has been matched with opposite party.
Delivery Period	The first delivery date shall be the first business day after the last trading day of the contract month and the last delivery day will be by 3 pm on the third business day after last trading day or expiration of the contract.
Daily Settlement Price	The Daily settlement price shall be the consensus price determined during the closing session. Exchange can also determine the daily settlement price in the manner and the conditions described herein or in such other manner as may be determined by the Exchange from time to time: - 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 and will be based on the international spot price of Gold as at the time of expiry of the contract obtained in the manner notified at the time of opening of Contract and converted to Rs/10gms at the USD/PKR exchange rate on the day obtained in the manner notified at the time of opening of contract, or as determine and notified by the Exchange at the time of opening of contract.
Price Fluctuation	Maximum price fluctuation is **+/- 5%** of the last trading day's settlement price or as determined and notified by

	the Exchange.
Position Limit	During first month after launch, **1,000** contracts per Broker (including proprietary and all its clients) and **250** open positions per Client and Broker's proprietary. At any point in time a Broker shall not have outstanding position of more than the number of contracts as specified by the Exchange, collectively on his own and on account of his Clients. If such a position is acquired in different maturity contracts of the same commodity, his outstanding position in different maturity contracts shall be added together, **and not netted off**, for the purpose of such outstanding position limit. All violations of position limits will also attract fines as defined by the Exchange. Exchange reserves the right, after giving due notice, as a risk containment measure or if there are any prudential concerns, to ask its Brokers to close-out or reduce their open positions and/or its Clients within the time specified by the Exchange. If such positions have not been closed or reduced within the specified time, Exchange will impose fines and initiate disciplinary action. Exchange also reserves the right to close out or reduce forthwith or any time thereafter at the discretion of the Exchange, the outstanding positions of such Brokers and or its clients by placing counter orders and respect of the outstanding positions of brokers with out any notice to the Broker and / or its clients. The Exchange. The Exchange may also initiate such other risk containment measures as it deems fit with respect to the open positions of the Brokers and / or its clients.
Margin Requirement	The amount of margin payable by Brokers in respect of their outstanding contracts in Gold shall be determined by the Exchange. Exchange will amend margin requirement whenever necessary or required due to changes in market conditions and risk management principles.

	Margins on all open positions in Gold futures contracts with different maturities shall be on the basis of gross positions.
Initial Margin	Initial Margin will be based on VaR methodology at 99% Confidence Interval over a 1-day Time Horizon, rounded up to the nearest 0.25%.
Add-on Spot Month Margin	Exchange reserves the right to impose additional margins during the last month of the contract. Additional margins will be calculated by increasing the look-ahead period deemed appropriate by the Exchange.
Delivery Margin	Delivery margin will be imposed in increments of 2% per day during the last 5 trading days of the contract, prior to the expiration of The Gold Futures contract, such that delivery margin payable on last trading day will be 10%. Delivery margins shall be in addition to initial margin and all other margins applicable at the time, and will impose on all trading accounts.
Special Margin	Exchange reserves the right to impose special margins for short duration of time during periods of increased or excessive volatility. Special margins will be computed by increasing the look-ahead period, reducing sample size, or by changing any other parameters used in the VaR methodology.
Further Regulations	This contract shall be subject, where applicable, to the Regulations of the National Commodity Exchange Limited.