

Circular No. 10 of 2019

15 April 2019

Changes to the Trading of APEX RBD Palm Olein Futures Contract

Following the close of the consultation on the proposed revisions to the APEX RBD Palm Olein Futures Contract (“PF”) in December 2018, Asia Pacific Exchange Pte. Ltd. and Asia Pacific Clear Pte. Ltd. would like to inform Members and participants that we have finalised the revisions and have completed the regulatory processes to effect the revised PF contract specifications.

A copy of the revised PF contract specifications is available at <https://www.asiapacificex.com/Products/Agricultural/Palm-Olein/77.html>

In order to facilitate a smooth transition to the revised contract specifications, with effect from 16 April 2019 (night session), APEX will restrict trading in the following far month contracts that do not have any open interest:

- PF1909
- PF1910
- PF1911
- PF1912
- PF2001
- PF2002
- PF2003
- PF2004

Trading in the following contracts will continue as per normal on the existing contract specifications until their expiry:

- PF1905
- PF1906
- PF1907
- PF1908

We will make another announcement shortly on the listing and availability for trading of the revised PF contract series.

SUMMARY OF CHANGES IN THE REVISED PF CONTRACT SPECIFICATIONS

Members and participants in the PF contract should familiarise themselves with the revised contract specifications. We have provided a summary of the main changes and the reference clauses in the revised contract specifications, as follows:

(1) TRADING HOURS (CLAUSE 2.3)

The trading hours for PF will be revised as follow:

Session	Current Trading Hours	Revised Trading Hours
Morning session (2 nd session)	9:00am – 12:30pm	No change
Afternoon session (3 rd session)	1:30pm – 6.00pm	No change
Pre-opening session of next Trading Day	10:25pm – 10:30pm	8:55pm – 9:00pm
Night session (1 st session)	10:30pm – 11:30pm	9:00pm – 11:00pm

(2) FINAL SETTLEMENT PRICE (“FSP”) (CLAUSE 3.5)

The FSP will be calculated based on the volume weighted average Daily Settlement Price during the last three (3) Trading Days, instead of the last ten (10) Trading Days.

(3) LAST TRADING DAY (“LTD”) (CLAUSE 2.3)

The LTD will be revised to the 15th Calendar Day of the Front Contract Month if it is a Business Day, otherwise the preceding Business Day.

The impact of this change will bring the LTD earlier by one calendar month. For example, the LTD for the revised PF1911 will be 15 October 2019, instead of 15 November 2019.

(4) CHANGES TO DELIVERY-RELATED MATTERS

	Current specifications	Revised specifications
Minimum Deliverable Size	400 lots i.e. 4,000MT	50 lots i.e. 500MT
Deliverable Quantity	Minimum Deliverable Size (400 lots) or multiples thereof	(i) APEX Appointed PTI: Minimum delivery of 500MT (ii) APEX Approved Delivery Point: Minimum delivery of 2,000MT
Approved Delivery Ports	(i) Pasir Gudang (Malaysia) (ii) Port Klang (Malaysia) (iii) Belawan (Indonesia) (iv) Dumai (Indonesia)	(i) Pasir Gudang (Malaysia) (ii) Port Klang (Malaysia) (iii) Belawan (Indonesia) (iv) Dumai (Indonesia) (v) Lahad Datu (Malaysia)
Margin Requirements	(i) Total Delivery Margin = 1 st Delivery Margin + 2 nd Delivery Margin + Delivery Margin Adjustments (ii) Total Delivery Margin = 20% of the Contract Value of the open position(s) held by any and each of the account with the Final Settlement Price as the Base Price (iii) 1 st Delivery Margin shall be equal to 10% of the Contract Value with the Daily Settlement Price of the preceding Business Day as the Base Price (iv) 2 nd Delivery Margin shall be equal to 10% of the Contract Value with the Final Settlement Price as the Base Price (v) Delivery Margin Adjustments shall be the additional amount adjusted for 1 st Delivery Margin so	(i) Total Delivery Margin = Initial Margin + 1 st Delivery Margin + 2 nd Delivery Margin (ii) Total Delivery Margin = 15% of the Contract Value of the open position(s) held by any and each of the account with the Final Settlement Price as the Base Price (iii) 1 st Delivery Margin shall be equal to 3% of the Contract Value with the Daily Settlement Price of the preceding Business Day as the Base Price (iv) 2 nd Delivery Margin shall be the remaining amount such that the Total Delivery Margin is 15% of the Contract Value with the Final Settlement Price as the Base Price

	that the 1 st Delivery Margin equals to 10% of the Contract Value with the Final Settlement Price as the Base Price	
Odd Lots Treatment	<p>(i) Liquidation of positions held by any individual account</p> <p>(ii) Liquidation of positions for the Parties with Odd Lots</p> <p>(iii) Liquidation of positions via last in first out (LIFO) for the Parties who have Deliverable Quantity but are prohibited to proceed with physical delivery due to liquidation of Odd Lots.</p>	<p>(i) Liquidation of positions held by any individual account</p> <p>(ii) Liquidation of positions via first in first out (FIFO) for Parties with Odd Lots</p> <p>(iii) Liquidation of positions via last in first out (LIFO) for the Parties who have Deliverable Quantity but are prohibited to proceed with physical delivery due to liquidation of Odd Lots.</p>
Odd Lots Penalty	10% of the Contract Value with the Final Settlement Price as the Base Price shall be imposed on the Parties holding Odd Lots and paid to the Parties who have Deliverable Quantity but are prohibited to proceed with physical delivery due to liquidation of Odd Lots	1% of the Contract Value with the Final Settlement Price as the Base Price shall be imposed on the Parties holding Odd Lots and paid to the Parties who have Deliverable Quantity but are prohibited to proceed with physical delivery due to liquidation of Odd Lots
Payment Arrangement	By 18:00pm on the 1st Calendar Day (if the 1st Calendar Day is not a Business Day, then the immediately preceding Business Day) of the Delivery Month, the Buyer shall remit 80% of Contract Value with the Final Settlement Price as the Base Price by cash to the Clearing House through its Clearing Member.	By 18:00pm on the 1st Calendar Day of the Delivery Month (if the 1st Calendar Day is not a Business Day, then the immediately preceding Business Day), or the 3rd Business Day prior to Buyer's Vessel's ETA at the loading port, whichever comes later, the Buyer shall remit 105% of Contract Value with the Final Contract Price as the Base Price ("Buyer Contract Payment") less the Total Delivery Margin ("Buyer Balance Payable") by cash to the Clearing House through its Clearing Member.

Please ensure the appropriate members of staff within your organisation are advised of the contents of the circular.

FOR MORE INFORMATION, PLEASE CONTACT

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