



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

SECP approves futures contract in sugar for the commodities market

ISLAMABAD – MAY 4: The Securities and Exchange Commission of Pakistan (SECP), as part of its mandate to develop and strengthen the commodities market in Pakistan, has granted approval to the Pakistan Mercantile Exchange Limited (PMEX) for introduction of the futures contract in sugar.

The new futures contract adds to the existing agriculture futures contracts portfolio of the PMEX which consists of rice and palm oil involving physical delivery. The approval to the sugar futures contract was granted subsequent to stakeholder consultation carried out by PMEX wherein the exchange had sought feedback and concurrence from various segments of the sugar industry.

The new delivery-based futures contract will meet the hedging needs of all the market participants including the millers, retailers, wholesalers, corporate buyers and even consumers among others. It will benefit the sugar industry, the agricultural sector in particular and the capital market in general from various perspectives. The trading of futures contract in sugar will allow more efficient price discovery by providing a regular platform for the stakeholders' participation in the price discovery process. The said contract is also expected to assist the policymakers by giving the demand, supply and price signals which will be helpful in formulating policy decisions for the sugar industry.

At least three contracts will be available for trading concurrently, i.e., one contract in the current month and two in the subsequent months. The contract is delivery based with minimum contract size of 10 metric tons. In order to facilitate settlement of the contract delivery can be made at either at designated warehouses; tendering ex-sugar mill delivery order by the sellers or the respective buyer and seller can mutually settle their trade outside the exchange. Further, the quality of physical delivery shall be certified by the approved analyzers.

With another commodity-based contract available for trading, the local commodity market is expected to contribute more positively towards broadening the investor base and the overall economic growth of the country. The enrichment of commodities portfolio at the exchange will also assist in bringing PMEX in comparison with other commodities exchanges internationally.

Shakil Ahmad Chaudhary
Head, Internal and External Communication
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Islamabad
Tel: 921-4005 or 921-4009 ext. 378
Fax: 920-6459
Cell: 0302-855-2254
| [email: shakil.chaudhary@secp.gov.pk](mailto:shakil.chaudhary@secp.gov.pk)