

PetEx Associate Member (PAM)

What is a PAM ?

- PAM is an individual / company which is admitted by PetEx as a member, conferring upon them a right to trade (either as a Buyer or as a Seller) in one single segment of product defined by PetEx and clear all trades executed on their own account only, through PetEx.
- PAM's are entitled to trade in One single segment out of the nine market segments available for trading at PetEx. However, PAM's can trade in all the products covered under the market segment they choose to trade subject to PAM having the required licenses for the products they wish to buy / sell.
- If the PAM wants to expand their trading to additional segments, then he can do so by paying the additional fees for the segment as prescribed by PetEx.
- However, a PAM can expand the membership up to a maximum of two market segments and thereafter further expansion is disabled by PetEx.
- If the PAM further desires to expand their business at PetEx from more than two market segments, then they can upgrade their membership by applying for the next category i.e. becoming a PetEx Business Partner by paying the differential fees as prescribed by PetEx for PBP.
- PAM's can trade on their own account only which means a PAM will either Buy or Sell petroleum products for trading on the account of the business they are physically conducting. Trades of any other individuals / businesses are not allowed for trading through PAM's. Hence PAM's cannot enroll clients under them for trading at PetEx.

Who can be a PAM ?

Small, Medium, Large scale Industries, traders using petroleum products for their own consumption / manufacturing and possessing applicable licenses to hold/store/use the specified petroleum product are ideally identified as PetEx Associate Members.

Such industries may be involved in manufacturing, buying or selling of petroleum products. The eligibility to trade at PetEx depends upon having valid applicable licenses from the statutory authorities like PESO, etc. in their own name.

How can a PAM buy through PetEx ?

- 1.** Individuals / Companies desirous of trading through PetEx platform must register themselves as a Member with PetEx by making application in the prescribed format laid down in PetEx Circular No. PetEx/MEM/2019/002 and 001 dated 12.06.2019. The circulars can be accessed at PetEx website – www.petexindia.com.
- 2.** The membership application form can be downloaded from the website www.petexindia.com from the link “Membership” and duly filled in along with relevant documents and valid licenses mentioned in the eligibility criteria. The application form needs to be forwarded to The Membership department at PetEx for processing of membership and creation of Member ID.
- 3.** Once the member ID is created, PetEx will also email the Member ID and password to the member and create a Virtual Bank Account Code with the empaneled banks (currently HDFC Bank is empaneled with Petex to provide their service to all members) and forward it to the registered PAM.
- 4.** After receipt of Virtual Bank Account Code from PetEx, member will add the Virtual Bank account code as a beneficiary under the current bank account they have been maintaining with their bankers to transfer money towards EMD, Commodity Funds Pay In etc. to begin trading at PetEx trading platform.
- 5.** The Earnest Money Deposit payable is applicable product wise and will be mentioned in each product circulars which PetEx will issue to all its members through email and parallelly can also be accessed at PetEx website – www.petexindia.com.
- 6.** PAM will have to transfer money to the PAM’s Virtual Bank Account assigned to them by PetEx after calculating the money payable towards EMD of a product before taking purchase position. Once the EMD payment is complete PAM can place price and quantity quotes on the trading system.
- 7.** Once the buy price quoted by the PAM is matched with the sell price quoted by the seller in the trading system a trade is said to have been executed. Such trades can neither be modified nor cancelled.
- 8.** The seller details will be available to the PAM and the details of the PAM available to the seller in the post trade interface after the trade is matched.

- 9.** PAM will now have to arrange for the funds required to fulfill Funds Pay In obligation for their purchase position through the Post Trade Interface of PetEx. To access the post trade interface, PAM needs to access PetEx website, Go to MY LOGIN and from the drop down click the link Post Trade Login.
- 10.** Full commodity value plus GST plus PetEx Transaction Fee and Service Charges shall be clearly shown to the PAM in their post trade interface maintained with PetEx. PAM will have to ensure full value pay in as reflected in the system towards their purchase obligation and transfer the amount in their Virtual Bank Account Code assigned to them for completing Funds Pay In within the settlement period prescribed by PetEx.
- 11.** Once funds pay in is completed by the PAM, the PAM will initiate generation of Delivery Order through the online system after filling in necessary fields such as Quantity Intended to Lift, Vehicle Number, Name of Transporter, Valid ID proof etc. Once DO generation is initiated by the PAM, seller will be able to view the DO in their post trade interface.
- 12.** PAM will take print out of the DO and sent their authorized transporter with the same to lift delivery.
- 13.** Once the sellers complete the loading of product into the buyer's vehicle, seller generates the following documents at delivery point – Weighment Slip, Tax Invoice, Waybill and Quality Test Report and uploads it in the post trade interface.
- 14.** After uploading of documents by the seller, buyer must confirm the delivery details uploaded by the seller from the post trade interface by logging in to their account.
- 15.** After confirmation is received from the buyer, delivery pay out of funds is affected to the seller deducting the PetEx transaction fees and service charges applicable for trading.

How can a PAM sell through PetEx??

- 1.** Individuals / Companies desirous of trading through PetEx platform must register themselves as a Member with PetEx by making application in the prescribed format laid down in PetEx Circular No. PetEx/MEM/2019/002 and 001 dated 12.06.2019. The circulars can be accessed at PetEx website – www.petexindia.com.
- 2.** The membership application form can be downloaded from the website www.petexindia.com from the link “Membership” and duly filled in along with relevant documents and valid licenses mentioned in the eligibility criteria. The application form needs to be forwarded to The Membership department at PetEx for processing of membership and creation of Member ID.
- 3.** Once the member ID is created, PetEx will also email the Member ID and password to the member and create a Virtual Bank Account Code with the empaneled banks (currently HDFC Bank is empaneled with Petex to provide their service to all members) and forward it to the registered PAM.
- 4.** After receipt of Virtual Bank Account Code from PetEx, member will add the Virtual Bank account code as a beneficiary under the current bank account they have been maintaining with their bankers to transfer money towards EMD, receive Commodity Funds Pay Out etc. to begin trading at PetEx trading platform.
- 5.** PAM desirous of selling petroleum product through PetEx will make an offer letter for sale to PetEx as prescribed in PetEx Circular No. PetEx/TRD/2019/004 dated 01.07.2019.
- 6.** The offer letter for sale to include the following –
 - ✓ Quantity intending to sale.
 - ✓ Quality Specifications of the product along with test report.
 - ✓ Address of the storage tank where product is being stored.
 - ✓ Contact Name of Person along with Contact Number and Email ID for PetEx to coordinate and confirm quality and quantity.
 - ✓ Validity of the offer in number of days for the quantity intending to sell through PetEx.
- 7.** After the offer letter for sale is received, PetEx verifies the quality and quantity, accredits the storage tank of the seller as its designated warehouse and thereafter lists the product in the trading system for visibility to all its members for trading.

- 8.** Once the contract specifications are listed in the PetEx Trader Workstation, seller will quote sale price of the product in the trading system online which will be visible to all other members of PetEx.
- 9.** The seller can change, modify their sale price anytime during the trading session.
- 10.** Any member of PetEx intending to buy the quality specification listed on the trader workstation will put their buy price online in the system.
- 11.** Once the buy price and sale price are matched, a trade is executed and the same cannot be modified or changed by either buyer or seller.
- 12.** The seller would then get details of the buyer in their post trade interface created by PetEx.
- 13.** After the buyer initiates the process of Delivery Order through the post trade interface, the buyer will generate Delivery Order from the post trade interface, take print out of the same and send it along with their authorized transporter for lifting of delivery to the sellers storage point which is the PetEx accredited storage point.
- 14.** Seller must load the product on buyer's vehicle and immediately generate the following documents – Weighment Slip, GST Invoice, Quality Test Report and E waybill and upload it in the PetEx post trade interface.
- 15.** On uploading the same, thereafter the buyer will confirm the receipt of the correct documents and delivery online in the post trade interface and the seller will then have successfully completed their delivery obligation. After buyer's confirmation in the system, seller will receive pay out of funds electronically for the product sold through PetEx in their bank account registered with PetEx.

Relationship between a PAM, PBP and PetEx.

1. Both PAM and PBP are members of the exchange with different rights to trade as defined by PetEx. If a PAM, after availing trading facility in one or two market segments, wishes to trade a product available in a third market segment, they can do so by upgrading their membership to PBP or by enrolling themselves as a client under a PBP and trade through them.
2. For becoming a client under a PBP, PAM must complete the client registration form as prescribed by PetEx and execute a Member-Client Agreement with the PBP as laid down in PetEx circular No. PetEx/MEM/2019/00 dated.
3. Once the PBP forwards the client registration form containing details of the PAM as a client to PetEx, the PAM is allotted a client trading account ID by PetEx and intimated to them through the PBP.
4. After their client TAC ID is generated, they can place purchase / sale orders through the PBP depending on their requirements.
5. The PAM, now acting as a client must ensure payment of EMD to the PBP who in turn will ensure payment of EMD to PetEx.
6. PAM must pay a fee to the PBP for availing the services of trading which is negotiated with them and the PBP directly and called Brokerage Fee.
7. The PBP is responsible for all trades executed by their clients and PetEx does not recognize obligations of the clients directly. Hence in their scenario, where the PAM enrolls themselves as a client under a PBP, the business dealings are strictly between them and the PBP. PetEx will ensure completion of all obligations from the PBP directly for trades done by the PBP and their clients.
8. So, when a PAM enrolls themselves as a client under a PBP, they lose the rights of their membership as a PAM with respect to the trades done by them as a client under a PBP.

Benefits for being a PAM @ PetEx

- Large spectrum of sellers offering petroleum products at competitive prices at a single platform of PetEx.
- Pricing and Discount is transparent on the PetEx platform.
- Assured quality as per specifications of the product verified by PetEx.
- Better price realization because of absence of intermediaries.
- Customers have opportunity to keep product beyond its own tankage.
- The customers shall have option to book product at 5%-10% margin money and get a confirmed trade.
- Logistics and Pricing options for products are available from different locations.

Illustration:

Company A is involved in the manufacturing of Edible Oil through solvent extraction process and requires Furnace Oil of 50 MT daily for running their solvent plant located at Thane, Maharashtra.

The company A has tie ups with local suppliers who offer Furnace Oil to them at a negotiated price daily. Typically, the negotiations are over phone and involves a continuous process of interaction for the quantity and price which is time consuming.

At PetEx, Company A will be able to view the price of Furnace Oil deliverable at Thane, Sewree and other locations where PetEx has launched trading from these delivery centres. Price of Furnace Oil and Quantity will be available to them online. He must calculate their Ex-factory price by adding transportation cost to the price quoted on the screen plus applicable Taxes. If the price arrived at by adding all costs is lesser than the price quoted by their regular suppliers, Company A can place the buy order at the PetEx platform with the desired quantity required.

Once the buy price and sale price are matched online, the trade is executed, and Company A gets a confirmed trade. Thereon, Company A must make the pay-in of funds and on receipt of funds, Company A must generate Delivery Order online and send their authorized transporter to lift delivery.

Therefore, PetEx will provide an “**ALTERNATE MARKET**” to Company A where they have a choice of negotiating either with their regular suppliers or with sellers at Petex online. The continuous process of Price Discovery will certainly value add in terms of seamless purchasing of raw material through the PetEx Trading platform.

Hence, End users or Consumers who consume petroleum products on a real time basis are identified as a PetEx Associate Member.

NOTE: THE SCOPE OF PETEX ASSOCIATE MEMBER (PAM) IS SUBJECT TO CHANGE FROM TIME TO TIME AS AMMENDED BY PETEX AND SHALL BE UPDATED ON THE SITE.