

## **CRUDE PALM OIL FUTURES (FCPO) FREQUENTLY ASKED QUESTIONS**

### **(FAQ)**

#### **1. What is FCPO?**

FCPO is a derivative contract between a buyer and a seller to take and make delivery respectively of Crude Palm Oil (CPO) at a future date. It is a physically settled contract, which means that upon expiry of the contract, the buyer and seller would have to take and make delivery respectively of the physical CPO.

#### **2. What is the deliverable unit of CPO?**

The deliverable unit of CPO per FCPO contract is 25 metric tons, +/- not more than 2%. This means that the weight of the delivered CPO must not exceed or be less than 2% of the 25 metric tons per contract delivered.

Settlement of weight differences shall be based on the simple average of the Daily Settlement Prices of the delivery month and will be published on Bursa Malaysia's website on the day after the expiry of the contract. The link can be found below.

<http://www.bursamalaysia.com/market/derivatives/market-statistics/historical-data>

Bursa Malaysia does not specify a minimum number of contracts that must be delivered. This means that you can deliver or take delivery of 1 contract which is equivalent to 25 metric tons.

#### **3. Where are the delivery points located?**

Delivery can be made at the option of the seller at registered Port Tank Installations (PTIs) located at Port Klang, Butterworth and Pasir Gudang. The list of PTIs can be found on Bursa Malaysia's website at the following link:

<http://www.bursamalaysia.com/market/derivatives/trading/list-of-ptis/>

#### **4. What are the contract grades of CPO to be delivered?**

CPO of good merchantable quality, in bulk & unbleached, meeting the following quality specifications:

Free Fatty Acids (FFA)

In tank: not exceeding 4%

Out tank: not exceeding 5%

Moisture & Impurities (M&I)

Not exceeding 0.25%

Deterioration of Bleachability Index (DOBI)

In tank: minimum of 2.5

Out tank: minimum of 2.31

**5. When is the Delivery Period?**

The delivery period is from the 1st business day to the 20th day of the spot/delivery month, or on the preceding business day if the 20th day is a nonbusiness day. The day of delivery of the CPO is at the option of the seller.

**6. Where can I find statistical information on the CPO deliveries?**

The information can be found in the Bursa Malaysia website using the link below. It shows the number of contracts tendered as well as where CPO is mostly delivered to.

[http://www.bursamalaysia.com/misc/system/assets/139/FCPO\\_tender\\_summary\\_2012.pdf](http://www.bursamalaysia.com/misc/system/assets/139/FCPO_tender_summary_2012.pdf)

**7. What is the cost of Physical Delivery?**

***For the Seller***

Type of Cost	Amount	Remarks
Tender Fee	RM 20	This fee is charged on a per contract basis and is payable to the Clearing House.
Storage Cost	Max RM 35	The storage costs for the CPO is valid until the end of the delivery month. The RM 35 is per metric ton of CPO. RM 34 is payable to the PTI and RM 1 is payable to the Exchange.
Appraisal Cost	N/A	Different rates apply for different surveyors.

***For the Buyer***

Type of Cost	Amount	Remarks
Tender Fee	RM 20	This fee is charged on a per contract basis and is payable to the Clearing House.
Storage Cost	-	There are no storage costs if the CPO is collected by the end of the delivery month. If the Buyer decides to store the CPO for an additional month after the end of the delivery month, the Buyer will have to pay the same maximum rate of RM35.

**8. What documents need to be provided by the seller upon physical delivery?**

**Traceability documents**