

ICIS Live Benzene Asia-Pacific

Assessed Trading Timeframe (ATT):

The ICIS daily **FOB Korea quote** ATT will aim to reflect trade activity throughout the day due to the high level of liquidity and activity.

ICIS will take a snapshot of the FOB Korea daily discussions and will be updated four times each day. The quote will be updated as follows :

- 1) 11:30 hours SST (Noon Peg) - to reflect trades/discussions in the morning;
- 2) 15:30 hours SST (Pre-window Peg)- to reflect the most possible workable price levels just before the price collection window opens . The Pre-Window Pegs are always in a \$10/tonne range.
- 3) 16:30 hours SST (Window Close) - to capture transactions or workable price levels during the trading window.
- 4) 17:00 hours SST (Evening Peg) - to reflect trades concluded and/or the best bids and offers that have occurred 16:30 hours to 17:00 hours SST.

A sample of the Noon Peg and the Evening Peg is as shown below:

11-Oct Noon Peg

[ICIS] Asia BZ FOB Korea prices pegged on 11 Oct 2013 (11:30 hours SST)

H2 Oct	3	)	1283	-	1290	(	6
H1 Nov	3	)	1283	-	1290	(	6
H2 Nov	3	)	1283	-	1290	(	6
H1 Dec	2	)	1268	-	1275	(	6
H2 Dec	2	)	1268	-	1275	(	6
H1 Jan'14	5	)	1265	-	1273	(	6
H2 Jan'14	5	)	1265	-	1273	(	6

Discussions were thin in the morning session. December offers were at \$1,275/tonne FOB Korea, against bids at \$1,260-1,268/tonne FOB Korea. An offer for H1 November-December was at a backwardation of \$18/tonne with no counter bid.

* deltas are compared with the previous trading day

10-Oct Evening Peg

[ICIS] Asia BZ prices on 10 Oct 2013 (17:00 hours SST)

H2 Oct	-3	)	1280	-	1284	(	-6
H1 Nov	-3	)	1280	-	1284	(	-6
H2 Nov	-3	)	1280	-	1284	(	-6
H1 Dec	-2	)	1266	-	1269	(	-7
H2 Dec	-2	)	1266	-	1269	(	-7
H1 Jan'14	-5	)	1260	-	1267	(	-8
H2 Jan'14	-5	)	1260	-	1267	(	-8

[ICIS] China BZ prices on 10 Oct 2013 (17:00 hours SST)

Crude-based E.China (EX-TANK):	0	)	9450	-
9500	(	0		
Coal-based E. China (DEL):	0	)	9400	-
9450	(	0		

[ICIS] Asia BZ import prices on 10 Oct 2013 (17:00 hours SST)

CFR China:	0	)	1290	-	1305	(	0
CFR NE Asia:	0	)	1290	-	1310	(	0
CFR SE Asia:	0	)	1295	-	1310	(	0

* deltas are compared with the previous trading day

The ICIS FOB Korea final assessment (KFA) is the simple average of the 3) Window Close and the 4) Evening Peg.

Assessment timings using half-month blocks:

The **Daily FOB Korea Final Assessments (KFA)** will be based on the mid-points of the price ranges of cargoes loaded in the second, third, fourth and fifth half-month (i.e. 2-8 weeks forward from the date of publication), which are the markers for the day. The trading periods are defined in half-month blocks due to established trade practices and to identify contango/backwardation spreads.

Each half-month assessment covers 15 or 16 days, depending on the month.

The half-month FOB Korea price table includes cargoes loading from 2 to 14 weeks forward from the date of publication, covering seven half-months.

Half-Months	Spot price (USD/tonne)
FOB Korea H2 September	
FOB Korea H1 October**	
FOB Korea H2 October**	
FOB Korea H1 November**	
FOB Korea H2 November**	
FOB Korea H1 December	
FOB Korea H2 December	

****Marker**

For example:

On 6 September 2013, the marker will be

H2 September,

H1 October,

H2 October

H1 November.



The addition of a “marker” will indicate the months used in the assessment of the FOB Korea quote, which should reflect one of the most active trading months based on historical trends. Due to market variability, ICIS proposes to review the markers on an annual basis.

Terms: FOB Korea is made on LC at sight.

Specification: ICIS pricing quotes benzene conforming to ASTM D-2359/90 for major markets in Asia Pacific.

Standard cargo size: In Asia-Pacific cargoes are typically 3,000 tonnes.

Assessment basis:

The *Benzene Daily (Asia) report* lists spot deals which will be used for assessing the FOB Korea final assessment (KFA).

The Benzene FOB Korea Final Assessment (KFA) quote published in the ICIS daily report will be the final assessment derived as an average of the Window close and the Evening Peg. The ICIS methodology intends to reflect trade activity weighted towards the end of day when trades are typically most active.

However, any deals or discussions heard outside the trading window or ATT can be taken into consideration.

Proposed FOB Korea Pilot Window:

A pilot project to study the feasibility of running a window for collecting FOB Korea deals, bids and offers, starting from 9th September 2013 up till Friday 20th December 2013. The project involves collecting and studying the flow of information, trades and methodology, and would encourage on-going feedback and interaction with market participants.

If successful, this pilot window will be incorporated into the day to day assessments of the FOB Korea quote starting from January 2014.

ICIS will monitor activity in the window purely for price discovery purposes only.

Participant Selection:

A list of active market participants has been established, based on their level of activity observed in the past six months. Contacts/representatives from the list will be allowed to place bids and offers in the window, and also report deals.



New entrants will need to go through a peer verification and approval process. Approval from 5 most active participants is necessary before a new entrant company can be accepted. Established brokers are also encouraged to provide numbers and can act as proxies for companies not on this list.

During the pilot phase of this project, the full participants list shall be kept confidential.

The operating **mechanism of the window** is as follows:

1. ICIS will ask for bids and offers via brokers on yahoo messenger at 15:30 hours SST for the pilot window to open at 16:00 hours SST.

An example of the Pre-Window Peg is as shown below:

[ICIS] Asia BZ Pre-Window Peg in USD/tonne on 09 Sep 2013

H2 Sep: 1305

H1 Oct: 1305

H2 Oct: 1305

H1 Nov: 1300

H2 Nov: 1300

H1 Dec: 1300

H2 Dec: 1300

2. From 16:00 hours SST, ICIS is to reflash any offer or bid or booking intention handed over from the broker or the producer/trader/end-user to all market players via yahoo, in this format.

[ICIS] BZ: 1280 Nov bid (BIT)

[ICIS] BZ: +1 Oct/Nov offer (Capital Hill)

[ICIS] Dec [Dec] WMOPK +15 offer (Capital Hill)

3. In the case whereby a broker chooses to flash the ICIS pilot window deals/bids/offers, the suggested format for this is to include [on ICIS pilot Window]



Participation Rules in the pilot window.

1. All producers, traders and end-users entering the window must be named.
2. Interested parties are able to submit bids/offers onto ICIS window at any time, with the exception of the last five minutes of window time i.e. 16:25-16:30 hours SST.
3. Bids/offers can be collected from 15:30 hours SST which will be flashed at the start of the window at 16:00 hours SST. Typical starting bids and offers should be aligned with the Pre-Window Peg.
4. There are no limits imposed on the increment or decrement of the offers or bids.
5. Upon entering the window, the offers and bids will remain valid until the window closes.
6. Offers or bids entered at the last five minutes of the window will be disregarded.

Exclusion of participants' deals/offers/bids will be based on ICIS's general methodology principles, trades deemed to be unrepeatable and anomalous will be excluded from assessment.

APPENDIX

General methodology

ICIS continuously develops, reviews and revises its methodologies in consultation with industry participants. The product specifications and trading terms and conditions used are intended to reflect typical working practices in the industry.

ICIS publishes market assessments based on information gathered from market participants about: spot transactions, spot bid and offer levels, contract price negotiations, prices of related commodities, and relevant freight costs.

ICIS does not make retrospective adjustments or changes to price assessments based on information received after publication time or after any cut-off point specified in individual methodology documents.

ICIS regards all arm's-length transactions which meet its specification criteria as carrying equal weight.

ICIS uses proprietary models where necessary to normalise data to the typical specifications for cargo size and date ranges given for each commodity.



Some ICIS assessments are the product of calculation alone, for example in markets where insufficient market activity takes place to permit price assessment, or where a market itself habitually sets prices according to a formula. Such calculated assessments are noted as such in their detailed methodology specifications.

ICIS endeavours to cross-check all the transaction information it gathers. ICIS will not use information for assessment purposes where such checks call into doubt the accuracy of the original information, or where a transaction appears to have occurred under circumstances that render it non-repeatable or otherwise markedly unusual.

30 October 2013

