

### General Questions

**Q1. This methodology seeks to provide a reliable measure of physical market value. How well do you think the ICIS methodology achieves this aim?**

Our company has no reason to believe that the current benchmark prices for butadiene do not effectively represent a reliable market value, and otherwise have no reason to believe that the current prices are in any way manipulated or forced.

**Q2. Are there alternative methodologies you would like ICIS to consider? If so, please describe these methodologies and their strengths and weaknesses as mechanisms for measuring physical market value. Please explain their strengths and weaknesses relative to current methodology.**

In our view, ICIS should best address and update the methodology, and in particular the Monthly butadiene price process (Butadiene NWE free delivered gross contract price per mt), to ensure it complies with the increased regulatory requirements/trends and scrutiny by regulators.

Overall, we favour benchmark prices that:

- (1) are produced by the Independent Price Reporting Organization (“IPRO”) itself as a more impartial party (i.e. the IPRO is not a mere publisher of a benchmark agreed in industry discussions, but it produces the benchmark based on input data it gathers from market participants on a bilateral basis);
- (2) consider as input data concluded transactions, and not price intentions, between individual buyers and their respective individual sellers, rather than a single price resulting from price discussions through common suppliers or buyers;
- (3) are based on a number of bilateral transactions sufficiently high to accurately and reliably represent the market reality (for all price index users, both buyers and sellers) that the benchmark is trying to measure;
- (4) do not exclude market participants that are willing to participate to the reporting process, with due account to the need to only attach market value to those transactions that are reliable and representative in terms of market behaviour and relative weight.

As further explained below, our Company believes that improvement of the current system is desired. This is particularly needed in light of recent competition authority cases throughout the EU, increased enforcement activity targeting the direct or indirect exchange of price information between competitors and functioning of price setting platforms.

In this respect, the following competition law compliance requirements need to be taken into account for the revision of the benchmark process:

a) Avoid direct or indirect exchange of information between competitors (including through the IPRO) when such information relate to price intentions and not to concluded transactions. For such purpose it would be preferred that any price input data is reported bilaterally and independently to the IPRO and is not (stimulated to be) disclosed between market participants through common suppliers or buyers as part of the process.

b) Avoiding price manipulation: need to ensure that the benchmark price is based on reliable, representative and accurate (arms-length) transaction prices that are validated by the IPRO.

c) Avoiding price signaling: need to ensure that any reporting and publication of transaction prices for the purpose of a price benchmark does not amount to price signaling (setting a reference for future pricing to suit follower's behaviour). Similarly, any signaling of price driver information (such as company-specific force majeure events) should be avoided.

d) Avoiding exclusionary behaviour: need to avoid that parties that may want to participate in the contract price process and provide input data are not prevented from reporting (with due account to the need to (in)validate reported information for the purpose of maintaining the accuracy, integrity and representative value of the benchmark).

In view of the above, our Company has the following specific recommendations:

- In our view, it is preferred to base the benchmark upon the highest possible number of transactions that are bilaterally and independently concluded between the market parties (and subsequently reported to ICIS), with a mandatory minimum of at least 3 (but preferably more) transactions concluded between at least 3 different (non-affiliated) suppliers and 3 different (non-affiliated) buyers (i.e. at least 6 independent parties involved).

- We do not favour a system whereby each party should agree the same price with (all or a minimum number of individual counterparties in their capacity as buyer or seller) before a price can be reported (see point a of the abovementioned competition law principles).
- All parties should be free to report concluded transactions to ICIS, which then tests and validates the accuracy of the transactional prices reported and publishes the benchmark price (or price range).
  - In view of the principle that the benchmark process, should not exclude market parties, while at the same time balancing the need for representative and accurate market values, we would favour to allow benchmark reporting for all buyers and seller regardless of any minimum volume threshold, following which ICIS would exercise judgment in excluding or including such data, in conformity with its Editorial Standards Policy (to ensure that only those transactions are taken into account that are reliable and representative in terms of market behaviour and relative weight) .
  - When concluded transactions report different prices, we strongly favour that the IPRO publishes a single price, with a transparent methodology that averages all the representative transaction prices reported.
- In order to limit the risk of price signaling, we believe it is of great importance that neither market parties, nor ICIS publishes any transaction information, including names of parties involved and transactional values, prior to (or after) the publication of the benchmark price.
  - By exception, we could suggest that ICIS may publish the fact that a number of undisclosed transactions have been recorded, but we recommend not to publish any names or value; only the final benchmark price or price range.



**Q3. How well do the ICIS prices published in this report serve your business? Are there additional prices you would like to see?**

No additional comments.

**Q4. Is there any other information that you believe would be helpful to ICIS in its review of this methodology? If so, please give details.**

No additional comments.

