

The Platts LPG Market on Close

June 2018

Transparency underpins Platts data publishing processes in the oil markets.

The Market on Close (MOC) assessment process establishes core standards for how data is collected and published, how data is prioritized, and ultimately how data is analyzed in the course of completing Platts assessments.

Under these MOC guidelines for collecting and publishing data, Platts publishes market information including firm bids and offers from named companies, expressions of interest to trade and confirmed trades that are received from market participants throughout the day.

All information received is published in real-time, as it is received, so that it can be fully tested by the market at large.

Below are some frequently asked questions about the MOC process and how it operates.

Who can participate in the Platts MOC?

To maintain the integrity of information used in its assessment processes, Platts seeks to obtain data from established market participants with a verifiable track record of performance in the commodity market being assessed.

All prospective participants must undergo an MOC Participation Review which is conducted by the Price Group.

There are two types of Participation Review:

1. **Acceptance Review:** in order for an entity that operates in the market to have its bids, offers and transactions considered for inclusion in the Platts MOC assessment process, it must undergo a review procedure to demonstrate that it meets Platts' objective criteria for publishing data
2. **Event-driven Review:** Platts will also undertake a review of a participant following an event that could impact the credibility of the specific entity's data

The objective of these reviews is to maintain the integrity of the information published as it leads into the price assessment process. Platts operates the MOC assessment process on the principle that all published expressions to

buy or sell are considered firm and actionable, and of the highest quality in terms of detail and transparency.

An entity may communicate its interest to participate in Platts MOC assessment process directly by email to moc_review@spglobal.com or pricegroup@spglobal.com.

Platts regularly reviews the companies that provide information for consideration in its assessment processes, always with the sole aim of ensuring that the information going into its assessments is robust and representative of typical market value.

There are four objective criteria which are applied to MOC applicants and participants:

1. Ability to trade
2. Trade performance
3. Business profile/Financial standing
4. Familiarity with Platts Methodology and MOC process

If Platts cannot verify that data submitted by an entity is representative of market value, Platts will seek to exclude such data from publication and from consideration in Platts' price assessment processes.

These parameters are defined in the MOC Participation Acceptance and Review Principles and Procedures guide, which can be found here: www.platts.com/IM.Platts.Content/AboutPlatts/RegulatoryEngagement/MOC_participation_review_process.pdf

What time does the MOC start?

Platts can publish expressions of buying or selling interest at any reasonable time during London trading hours, however, liquidity is typically concentrated around the 16:30 London close.

In order to ensure that all firm bids and offers that still stand at the close of the MOC process have been fully tested in the market at large, Platts has established clearly defined timing guidelines and standards of incrementability that apply when publishing firm bids and offers in the MOC process.

Timing cut-offs for the submission and subsequent publication of bids and offers are applied so that price information is available to the market in a clear and orderly manner, and to ensure that every bid and offer published by Platts is logistically executable.

Accurate and complete MOC indications must be received by Platts editors before 15:45, with a reasonable amount of time to confirm that the indication is in line with methodology parameters before being published.

If incomplete or non-standard indications are sent without sufficient time to clarify the information before 15:45 then Platts may not publish them.

Further details surrounding MOC timings can be found here: www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/oil-timing-increment-guidelines.pdf

How can I enter my indication into the process?

Platts accepts firm indications by any reasonable means of communication including ICE Chat, email or by telephone.

Platts tries to accommodate the communication needs of participants and will endeavor to open any additional communication channels required to facilitate an efficient and transparent process.

What flat price can I start bidding or offering?

Platts will only publish bids and offers that reflect reasonable market levels. In practice this means that Platts may not publish bids or offers at untested or unreasonable levels. In line with its incrementability guidelines and in the absence of liquid LPG derivatives, Platts may take day-on-day crude fluctuations into account when evaluating whether a flat price LPG bid or offer is reasonable relative to the previous day's flat price assessment in that market.

How fast can I move my bid/offer?

In order to ensure that published data is fully tested in the market, Platts has established incrementability guidelines, which detail how quickly bids and offers may be improved once they have been published, and by what amount.

The incrementability guidelines do not apply to bids and offers that are moving away from market value, which means that bids and offers can retreat at any pace.

Further details surrounding MOC timings can be found here: www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/oil-timing-increment-guidelines.pdf

When is the last time I can move my price?

No more price moves will be published after 16:28 London time.

This is to ensure that in markets where price information and logistics may be more complex, those bids and offers fully test market value.

How do I communicate my interest to trade?

All interest to trade should be communicated directly to the LPG Editor by any reasonable means.

In the event of a dispute on the timing the logical counterparty should be the first party that demonstrated its intention to trade.

Platts will review its records and determine which company communicated to Platts first its intention to execute on a bid or offer displayed on Platts systems.

Platts systems operate on a first come, first served basis which is critical for orderly price formation.

What if I want to rebid or reoffer?

Following a trade, the original on-screen buyer or seller should revert immediately as to whether or not they are prepared to rebid or reoffer.

A rebid or reoffer must match the initial position's parameters, with the exception of price or volume.

The rebid or reoffer can be made at the same level or inferior to the traded price.

Furthermore, if there is a rebid or reoffer in the last 20 seconds of the MOC process, this triggers an extension state. This extends the close of the MOC to 16:33 London time to adequately test the repeatability of that bid or offer.

Further details surrounding MOC timings can be found here: www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/oil-timing-increment-guidelines.pdf

Can I remove my indication once it is in the MOC?

A market participant can withdraw a bid or offer from the Platts MOC at any time, so long as no other potential trading counterparty has already indicated that it has interest to buy or sell into the bid or offer.

Bids and offers published by Platts are considered to be firm until Platts is informed otherwise, or until the close of the assessment process for the day, whichever comes first.

Where is MOC information published?

MOC information is published on Platts Service Line pages 5 and 7, and via Bloomberg and Reuters.

How do I know what is MOC information and what is not?

Platts publishes firm, named indications from entities that meet its MOC guidelines with the following prefix:

~~Platts LPG:

Input data may also include fully and partially confirmed bids, offers and trades, notional trading values and other market information as provided for publication by individual sources, through established editorial methods. These are published with the following prefix:

~~Platts LPG: Heard:

What happens during periods of high volatility?

Platts may notify the market of any adjustment to the standard increments in the event of market volatility or a disruptive incident.

Complaints process

If a participant in or applicant to Platts' MOC process is dissatisfied with a decision made by Platts, it has the option to lodge a complaint or appeal through Platts' Complaints Process as described here: www.platts.com/contact/complaints

Where can I find more information about Platts LPG assessments?

The full Platts European LPG methodology can be found at the following location: <https://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Europe-africa-refined-products-methodology.pdf>

The Light Ends team is contactable at PL_Lightendseurope@spglobal.com

Other useful links:

<https://www.platts.com/market-on-close>

http://www.platts.com/IM.Platts.Content/AboutPlatts/RegulatoryEngagement/MOC_participation_review_process.pdf

<https://www.platts.com/holiday>