



# PRESS RELEASE

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## BALTEX TO LAUNCH 8 JUNE

The Baltic Exchange has announced that its Multilateral Trading Facility for dry freight derivatives, Baltex, is set to go live on 8 June 2011. The announcement was made following a discussion with the Freight Market Information Users' Group which met today (Weds 18 May) in London.

Addressing a launch event attended by leading freight traders, brokers, shipowners and charterers, Baltic Exchange chairman Mark Jackson said:

"This is the moment in time when responsibility for the success of the system is to a large degree handed from us to you. It is what you all do now which will decide how quickly the system is successful."

The Baltic Exchange Chairman called on companies supporting Baltex to ensure that their paperwork was finalised, ensure that open lines of credit to clearing were set up and, once trading, for companies to enter realistic prices on the system.

The meeting also heard that Baltex had been authorised by the Swiss financial authorities (FINMA) as well as the UK's Financial Services Authority. The system will be available to trade in Singapore from launch and Baltic Exchange Derivatives Trading is pursuing an application with the Hong Kong Securities & Futures Commission.

Underpinned by the highest supervisory and compliance standards and the Baltic Exchange brand, as well as a high level of support from the market, the launch of Baltex marks a step change in the way in which freight derivatives are traded. The trading system presents a unique opportunity for all freight derivatives stakeholders to benefit from better execution, reduced market impact and more efficient transmission to clearing. It has also been designed to attract new financial and commodity-orientated participants who prefer to trade in a regulated environment.

Baltex users will be able to trade the following routes:

**Dry Bulk Voyage FFAs**

C3 – Capesize Tubarao - Qingdao

C4 – Capesize Richards Bay – Rotterdam

C5 – Capesize W. Australia – Qingdao

C7 – Capesize Bolivar - Rotterdam

**Dry Bulk Timecharter Trip FFAs**

P1A – Panamax Transatlantic RV

P2A – Panamax Skaw-Gib/Far East

P3A – Panamax Japan-SK/Pacific RV

S7 – Supramax East Coast India – China

**Dry Bulk Time Charter Average FFAs**

Capesize TC Average

Panamax TC Average

Supramax TC Average

Handysize TC Average

Baltex has been developed by the Baltic Exchange, the world's only independent provider of daily bulk shipping indices and route assessments, over the past two years. The trading system itself is run by Baltic Exchange Derivatives Trading Ltd, a subsidiary of the Baltic Exchange. Baltex is based on technology developed by Elysian Systems.

The screen provides live FFA prices and will support straight through processing to the international clearing houses CME, LCH, NOS and SGX. The transaction's clearing status is displayed in real time.

Baltex can be used by both brokers and principals and has been developed in close collaboration with the market. All live prices can be seen by Baltex screen members, but the trader's identity is kept anonymous to all except the nominated broker. As well as a live trading screen, a view only option will be available to those who simply want to see the depth of the market. This view only mode will also be made available through quote vendors.

Baltex is designed to be an easy to use tool for freight derivative traders. It incorporates a fully bespoke screen layout, built-in warnings and functionality which can be tailored to traders' needs as well as an Application Programming Interface (API) which can be used to interface into in-house systems. Baltex is closely monitored by a compliance team in London.

**Ends**

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### **Baltic Exchange Derivatives Trading Ltd structure:**

#### **Chairman:**

Paul Over (Baltic Exchange Vice Chairman)

#### **Executive Directors:**

Jeremy Penn (Baltic Exchange Chief Executive)

Duncan Bain (Baltic Exchange Head of Finance)

Paul Stuart-Smith (Baltex Chief Operating Officer)

#### **Non-Executive Directors:**

Andrew Francis (Baltic Exchange Board Member)

John Foyle (former LIFFE director and deputy CEO 1999-2009)

Nigel Tipple (former shipbroker, investment banker and entrepreneur)

CVs can be viewed at [www.balticexchange.com/default.asp?action=article&ID=22](http://www.balticexchange.com/default.asp?action=article&ID=22)

### **The Baltic Exchange**

The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative contracts. Its international community of over 590 members encompasses the majority of world shipping interests and commits to a code of business conduct overseen by the Baltic.

Baltic Exchange members are responsible for a large proportion of all dry cargo and tanker fixtures as well as the sale and purchase of merchant vessels.

### **Baltic Exchange services**

- Independent, high quality dry, wet and gas freight market information
- Self-regulated chartering, sale and purchase and freight derivatives markets
- Central forum for competing freight market interests
- Framework ensuring high standards of business practice and co-operation
- London-based business facilities for members