



# Press Release

For immediate release  
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## **Baltic Exchange outlines dry FFA screen trading plans**

The Baltic Exchange has applied for Multilateral Trading Facility (MTF) status with the UK's Financial Services Authority (FSA) for BaltEx, a central screen based trading solution for the dry Forward Freight Agreement (FFA) market, to be run by a new subsidiary, Baltic Exchange Derivatives Ltd. It is anticipated that BaltEx will go live before the end of the year.

Announcing the development at meetings attended by freight derivative traders and brokers at the Baltic Exchange today (19 May), Baltic Exchange Chief Executive Jeremy Penn said:

"BaltEx is being developed with the needs of both brokers and principals in mind and is ultimately designed to help bring greater transparency, confidence and liquidity to the dry FFA market. BaltEx will enable both brokers and principals to enter their trades anonymously and facilitate a simple straight through clearing process. A Baltic Exchange led trading screen ensures that the shipping market maintains control of and ultimately benefits from the introduction of a centralised trading facility used by a range of market participants. We are determined to build a consensus of support from the market for the trading platform."

He added:

"Unlike central screens already proposed by other parties which seek to impose an existing futures market trading system on to the freight derivatives market, BaltEx will enable continued access to multiple clearers and has been designed not to disintermediate brokers. We believe that greater liquidity for easily traded standardised contracts will create more opportunities for brokers to develop more sophisticated off screen trades. They will of course continue to execute standard trades, on screen where appropriate. Our goal is to enable the OTC FFA market to migrate to a greater level of automation and transparency in the least disruptive manner possible."

Welcoming the Baltic Exchange announcement, Freight Market Information Users Group chairman Stefan Albertijn of Alfred C Toepfer International GmbH said:

“As Chairman of the Freight Market Information Users Group (Dry), I am very happy to see the Baltic Exchange has developed a solution which fits nicely with the mandate the FMIUG formulated in 2009. The concept presents a unique opportunity for all freight derivatives stakeholders to benefit from faster execution, a more efficient transmission to clearing and the inclusion of market participants large and small as well as high supervisory and compliance standards. In this respect BaltEx shows that the Baltic Exchange is truly looking to maintain its pivotal role in the freight markets, working with all its members and defending their common interests.”

Baltic Exchange Chairman Mark Jackson said:

“The Baltic Exchange Board is fully committed to this project and we are convinced that this is an important step for the Baltic to be taking to enable the continuing evolution of the freight derivatives market.”

A date for the launch of BaltEx has not yet been finalised and the Baltic Exchange will be building up staff numbers to roll-out BaltEx in the coming months.

BaltEx is based on technology developed by Elysian Systems.

All dry FFA contracts are already settled against the Baltic Exchange's physical indexes which are compiled from a panel of independent shipbrokers.

## **ENDS**

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## **Notes to editors**

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 570 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
- A collective voice for members worldwide

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