



Press Release

**FOR IMMEDIATE RELEASE
4 May 2011**

FSA approves Baltex – launch imminent

The UK's Financial Services Authority (FSA) has authorised the Baltic Exchange's subsidiary Baltic Exchange Derivatives Trading Ltd (BEDT) to run a Multilateral Trading Facility to offer trading in Forward Freight Agreements (FFAs). Baltex, a central screen based trading solution for the dry FFA market, will go live shortly.

The Baltic Exchange board met today (4 May) and gave BEDT its full support for the roll-out of the system.

Baltic Exchange chairman Mark Jackson said:

“In establishing and funding the Baltex system, the Baltic continues its core role in facilitating the development of the shipping marketplace in all its forms. This is the right response to broad market developments and emerging regulatory change.”

BEDT chairman Paul Over said:

“FSA regulatory approval means that Baltex is also authorised in all European Economic Area countries. Baltex also has provisional approval from the Swiss Financial Market Supervisory Authority (FINMA) and Monetary Authority of Singapore (MAS), subject to receipt of letters to them from the FSA. Baltex is expected to gain authorisation from other jurisdictions in the coming months.”

Baltic Exchange chief executive Jeremy Penn said:

“We are pleased to have finally received the FSA's approval and Baltex will be opening for business very soon. We have held back the launch to allow companies wishing to participate enough time to deal with the formalities of signing documentation.”

He added:

“Baltex is the only FFA trading platform authorised here in London by the FSA.”

Underpinned by the highest supervisory and compliance standards, the Baltic Exchange brand, as well as a high level of support from the market, the launch of Baltex will mark a step change in the way in which freight derivatives are traded. This is a trading system created by the shipping market and presents a unique opportunity for all freight derivatives stakeholders to benefit from faster execution and a more efficient transmission to clearing. It has 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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Notes to editors

Under the FSA's definition a Multilateral Trading Facility is a system, operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of The Markets in Financial Instruments Directive (MiFID).

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

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
- A collective voice for members worldwide

www.balticexchange.com