



MANUAL FOR PANELLISTS

**A Guide to
Freight Reporting and Index Production**

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1 INTRODUCTION

This manual consolidates the experience of the Baltic in producing freight indices and route assessments. It is intended to assist in ensuring common practice amongst panellists and in training new panellists; in guiding industry users; and in setting out principles which will guide dealings with special circumstances as and when they arise. It offers users quality assurance about the Baltic's market information products.

This market information is used widely in the underlying physical freight market; as settlement mechanisms for Forward Freight Agreements (FFAs); and in a range of market research and dispute settlement roles.

A full history of the indices and major changes is available on www.balticexchange.com.

2 THE CORE OBLIGATION OF PANELLISTS

The core obligation of panellists is to assess and report a professional judgement of the prevailing open market level, at their time of reporting on each Baltic index publication day *, for routes defined by the Baltic Exchange.

* Baltic index publication days are notified to the market by the Baltic Exchange.

Limitations of Route Assessments

The Baltic uses reporting panels because there is no independently verifiable 'right' or 'wrong' rate. Whilst care is taken to ensure the daily route assessments provide a fair valuation of the current market, levels at any particular time are ultimately a matter of judgement.

3 OVERSIGHT BY THE BOARD OF DIRECTORS

The Baltic Exchange's freight market information, including all route assessments and the production of its indices, is the responsibility of the Freight Indices and Futures Committee (FIFC). The FIFC, which is responsible to the Board of the Baltic is appointed by the Chairman of the Baltic.

The FIFC regularly consults with the industry to ensure it has the views of:

- Baltic members with relevant expertise, and specifically the panel reporting companies;
- The Forward Freight Agreement Brokers' Association (FFABA);
- The Freight Market Information Users' Groups (FMIUG) for dry cargo and tankers;
- Other exchanges who buy freight market information from the Baltic, amongst others.

4 THE APPOINTMENT OF PANELLISTS

The Baltic Exchange appoints panel reporting companies in accordance with the following criteria:

- The main business of panellists should be shipbroking. Principals are not considered appropriate panellists;
- Panellists must be recognised as competent, professional firms, actively engaged in the markets they report, with adequate personnel to perform the role of panellist;
- Panellists must be members of the Baltic Exchange, fulfilling all relevant membership criteria;
- Panellists must agree to be bound by the standard terms set out in Appendix 2;
- An appropriate geographical spread of panellists is maintained;
- The Baltic seeks to avoid the appointment of panellists who are the exclusive representatives of charterers who are particularly influential in relevant trades.
- Panel reporting companies must nominate a Principal or Representative member of the Baltic as responsible for each index they report on.

The current list of panellists is **attached** as appendix 3.

5 THE ROUTES

a General

The FIFC is responsible for the choice of the component routes, and weightings, of the indices, and for any additional freight assessments published by the Baltic.

b Selection of Routes

The FIFC is guided by the following principles in selecting routes:

- The need to produce a basket of routes which is as representative as possible of the world's principal bulk cargo trades;
- Geographical Balance. Routes reflect trades both within the Pacific and the Atlantic, as well as trades between the oceans (maintaining a balance between fronthaul and backhaul routes);
- Liquidity. A steady and significant turnover of fixtures on index routes, or on routes related to them, is important. Trades subject to seasonal closures (such as the Lakes, or Goa) are avoided;
- Transparency. A reasonable volume of accurately reported fixtures should be available. Where possible, trades dominated by a sole or limited number of charterers are avoided;
- Standard Terms. Voyage routes where business is largely concluded on standard terms are favoured;
- Commercial Balance. The BCI consists of a balance of timecharter and voyage assessments, reflecting the underlying market. The BPI, BSI & BHSI consist solely of timecharter routes; and the Baltic Dirty Tanker Index (BDTI) and Baltic Clean Tanker Index(BCTI) reflect representative clean and dirty wet voyages.
- Number of routes. The Baltic is conscious of the daily workload of panellists, and of the limited number of trades in the market place which fulfil their selection criteria.

c Route Definitions

When the BFI was originally published in 1985, it was conceived as a general measure of the freight market, and the only use made of it in the derivative markets was as a settlement mechanism for the BIFFEX contract. With the development of the Forward Freight Agreement (FFA) trades ('swaps'), ever closer attention has been paid to the returns for each individual route. This has led the Baltic to favour very tightly defined, and detailed, route descriptions. The Baltic, in consultation with the panellists, and users regularly reviews routes and route descriptions.

d Changes to routes

The freight market is constantly changing. Previously important trades can lapse into disuse, or be consigned to seldomly relet long-term contracts of affreightment. New trades, and new ship designs become important. The composition of the routes and indices has to reflect changes in the marketplace. At the same time, open derivative contracts for forward settlement based on existing routes limit the speed with which changes can be introduced.

The conventions which have emerged over the years for route changes are:

- Minor changes, which clarify practice, can be introduced without any great time delay, once agreed by the FIFC. Consultation includes the panellists, the FFABA and the FMIUG.
- Any changes to route definitions which would result in an adjustment of rate assessments, have to be agreed by the FIFC. In practice, the FIFC also consult other interested parties such as the FFABA and the FMIUG.
- Route deletions and substitutions, and any changes in the route weightings for the index, have been subject to the same procedure. The mechanisms for the relevant technical computations are set out in Appendix 5. Timing of any changes takes into account representations from the freight derivatives industry.

6 ASSESSMENT OF RATES BY PANELLISTS

a Assessing Market Information

In reaching their rate assessments, panellists are expected to take into account all relevant market information available to them at the daily reporting time, appropriately adjusted to accord with the route definitions.

Panellists retain discretion to decide the respective importance of the factors they have considered in reaching their assessment.

Panellists will take note of:

- Recently concluded fixtures, making their own judgements in respect of the relevance of the information in the case of business fixed with outstanding subjects, and any unusual contract terms;
- In market circumstances which lead to a particular focus on bunker costs, panellists are expected to consider any additional information regarding speed and consumption which sheds additional light on known fixtures or negotiations. In particular alternative speed and consumption figures, where quoted, (so called "eco speed") should be taken into consideration in establishing market time charter rates. However, the route assessment provided by the panellist to the Baltic remains an assessment only for the Baltic defined vessel;
- Current negotiations, bearing in mind they may frequently be a more immediate reflection of the market than previously concluded business;
- The supply of ships balanced against cargo demand.

Panellists will not normally be influenced by:

- Any assumption about the motivation behind a particular owner's or charterer's decision to conclude a specific fixture.
- Movement in the derivatives markets or period market, unrelated to the positions being assessed.

In adjusting fixtures or negotiations which vary from route definitions, panellists are expected to assess the relevance of any deviation from the route definitions. These include:

- Specification of ships (timecharter routes). Panellists should exercise their judgement as to the relevance or otherwise of any deviation from the standard specification given in the route definitions. This commonly includes deadweight, draft, cubic capacity, age, LOA, speed and consumption.
- Laycan. Where ships are fixed either with laydays commencing before, and/or cancelling dates later than the time specified in the route definitions, panellists are expected to assess the extent to which this is material.
- Delivery and redelivery positions (for timecharter routes). Where delivery and/or redelivery positions fall outside the ranges specified in the route definitions, but are nonetheless considered relevant to the assessment, panellists should exercise their judgement in respect of the appropriate premium or discount which the market would apply on account of the difference. For example, where a route definition states “delivery A/H for a round voyage redelivery Skaw/Gib” and a ship is fixed on these terms except with redelivery Passero, panellists are expected to judge the market value of the difference.
- Duration (for timecharter routes). Where fixtures are concluded which, in the panellists’ judgement, fall outside the route definition, panellists are expected to assess the significance of any deviation. This is particularly important when ships are fixed from strong areas to weak areas and vice versa, but may also be relevant when business is fixed on a point to point basis, for example T/A rounds or T/P rounds, at a time when the market structure reflects expectation of market movement such as seasonal strength or weakness.
- Commission. Route definitions state the commission at which the business is expected to be quoted by usual channels to active market participants. As such, panellists are expected to make allowance for any variation in the rate of commission, for example increased or reduced address commissions at which the business is quoted in the market.
- Load/discharge terms (voyage charters). Where these differ from the route descriptions, panellists should assess the value the market places on any variation.
- Load/discharge ports (voyage charters). Where fixtures are concluded from load or discharge ports which are outside the route definitions, but deemed relevant to them, panellists must assess the market significance of the difference. This will normally reflect factors such as port costs, relevant drafts, extra/reduced steaming, and the value or otherwise of geographical position.
- Cargo size/type (voyage charters). Where cargoes are fixed for quantities which fall outside the specified margins /specifications of the route description, or for types of cargo which usually command a premium or discounted rate, panellists are expected to make an assessment of the market significance of the variation. In assessing voyage freights panellists

should not modify reported rates to take account of the actual quantity of cargo expected to be loaded, provided it comes within the route specification.

- Material deviation from normal charter terms. If the panellists are aware of any charterparty term that is materially at variance with the market norm, they are entitled to make an appropriate adjustment.

b Age - related factors

Definitions for all timecharter routes, and some voyage routes, stipulate a maximum age.

In noting any market activity that is transacted by ships that are older than a specified maximum, panellists are expected to use their discretion in adjusting these rates to the route definitions.

Where voyage routes do not stipulate a maximum age, panellists are expected to make an allowance for any extra insurance premium payable by an owner. (Also see notes in respect of Route 1 on page 15).

Where voyage routes stipulate a maximum age, panellists are expected to make an allowance for any extra insurance premium payable by a charterer. (Also see notes in respect of route 2 on page 16).

c Assessing timecharter fixtures concluded on APS terms

Route definitions make certain assumptions about delivery positions which are not always reflected in the terms of fixtures concluded in the market. For example, a route definition may call for a rate based on delivery South Korea/Japan range for a Pacific round voyage with redelivery South Korea/Japan, whereas in practice ships may be fixed with delivery arrival pilot station (APS) Australia (or NOPAC) at a fixed rate of hire with or without a ballast bonus.

Panellists take due account of all such market activity, exercising their professional judgement in assessing the relevance of such information to their daily returns.

Panellists are entitled (and expected) to take a number of factors into account including:

- The timecharter equivalent (see following section) of the reported fixture, on the basis of the route definition. In making this assessment, panellists exercise discretion in determining applicable bunker prices, the duration of paid leg, and appropriate allowances (such as a bad weather allowance) to the ballast leg;
- The extent to which the fixture is relevant to the route in question. Factors to be considered include the incidence of such fixtures relative to fixtures on such route definitions; where the ship ballasted from; and the probability of actually being able to conclude business at the timecharter equivalent rate. Similar principles apply when ships are fixed on 'APS' terms with

no ballast bonuses. Typically the fixtures are concluded at apparently high rates which need adjusting to take account of ballast time and expenses incurred by owners.

In summary, such fixtures can be expected to form a persuasive but not necessarily definitive element in route assessments.

Timecharter Equivalent Calculations

In assessing timecharter equivalent yields, net income less costs is divided by total round voyage duration, where:

- Net income equals (net daily hire rate x days on hire) plus net ballast bonus if any.
- Cost is the cost of bunkers consumed plus any other relevant expenses on ballast passage.
- Total duration is the ballast time plus days on hire.

The resulting net figure is then grossed up by the relevant commission to give the applicable gross round voyage equivalent.

d Extrapolation of implied timecharter rates from Voyage fixtures

Occasions arise when there is a lack of underlying fixing on timecharter terms in trades covered by timecharter route descriptions, even though comparable trades are being fixed on voyage basis. On other occasions the reverse will be true.

In these circumstances, panellists are encouraged to consider the timecharter equivalent returns of the voyages being fixed, or alternatively the implied voyage rate for a timecharter fixture, and to take this assessment into account in deciding their returns.

However, it is recognised that, just as voyage estimating varies amongst principals, so too will it vary between panellists and, in addition, it is recognised that such assessments will seldom be the only factors influencing the panellists' returns.

All panellists are expected to be able to demonstrate competence in voyage estimating.

e Reporting during Derivative settlement periods

Some derivative positions for dry contracts are settled against route returns for the last days of any month. Occasions have arisen when it has been suggested that the physical market is being affected by principals seeking to influence panel returns, and hence the settlement rate which will be applied to their FFA positions. In such circumstances, panellists need to exercise special care, always being guided by the general principles of reporting. They should particularly bear in mind the following points:

- Panellists are entitled to take into consideration all relevant market information. Whilst panellists will give due weight to reported fixtures, they are not bound to return a 'last fixed' rate if, in their opinion, other factors, such as tonnage offering below last done, or charterers bidding higher, suggest the fixture no longer represents the market;

- When business is concluded at varying rates, panellists are entitled to exercise their discretion in determining the relative influence of each fixture to their returns;
- Fixtures which have not been fully concluded but which are subject to outstanding approvals should be assessed appropriately.
- If panellists are aware of any outside party directly attempting to influence their returns, the matter should be reported to the Baltic Freight Market Reporter.
- Panellists are not expected to consider the motives underlying any bona fide, properly reported market activity.

The Baltic Exchange encourages all industry participants to openly and accurately report all market activity.

7 LIMITATIONS OF THE ROUTE ASSESSMENTS

Whilst every care is taken to ensure the daily route assessments provide a fair valuation of the current market, the Baltic Exchange draws the market's attention to the following factors:

- The underlying freight market consists of frequently unrelated fixtures concluded between principals, each of which may involve different terms, and different market judgements. The panel's assessment of this activity, and of continuing but as yet unconcluded negotiations, inevitably results in 'averaging'.
- Underlying physical activity for particular routes, or reports of such activity, may be limited or non-existent at any particular time. In these circumstances, panellists exercise judgements which cannot be tested against current negotiations or fixtures.
- In fast moving markets, it is inevitable that some panellists will become aware of important information ahead of other panellists or market participants. Similarly, market participants may, on occasion, be aware of information ahead of the panel. It may therefore take more than a day for market moves to be fully represented in panel returns.

Reporting panels exist because, ultimately, there is no independently verifiable 'right' or 'wrong' rate for index routes. Market levels at any particular time are a matter of judgement.

8 QUALITY CONTROL

a General

It is no coincidence that the Baltic Exchange's freight indices and route assessments have an unrivalled standing in the industry. The Baltic Exchange's reputation for high standards, independence and integrity is recognised throughout the world. It is uniquely placed to co-ordinate co-operation between market participants who in other spheres of activity compete.

Quality control of the route assessments and indices falls into three categories as set out below:

b Appointment of Panellists

The criteria for appointment of panellists is set out in section 4.

On appointment to a panel the shipbroking firm commits to:

- Acknowledge in writing acceptance of the index rules.
- Continuing to satisfy the Baltic Exchange as to its competence and suitability to report rates.
- Carry out a process of self-assessment at regular intervals during its appointment having regard to relevant factors, such as the number of shipbrokers in their employment with special knowledge and experience on each route being reported.
- Appoint a representative principal and deputy who are responsible to the Baltic Exchange for the performance of their firm's obligations as panellists. Such brokers shall have the expertise acceptable to the Baltic Exchange and will be replaced if so required by the Baltic Exchange.
- Disclose to the satisfaction of the Baltic the manner in which it participates in any form of freight derivatives trading (whether as broker or principal), always bearing in mind that any panellist, or any employee of the panellist, may have direct or indirect interests in freight derivatives.
- Accept that all information provided by the panellist to the Baltic Exchange or the index auditor remains confidential between the panellist and the Baltic Exchange.
- Submit to an annual audit conducted on behalf of the Baltic Exchange's freight index auditor, Moore Stephens, or their nominee, and to spot checks of the panellists' reporting procedures.

c Quality Control of the Panellists' Reports

Panellists' reports are monitored on a daily basis by the Baltic's Freight Market Reporters and panel reporting companies are visited for a quality audit by the Baltic Freight Reporter or his representative at least once a year.

The Directors regularly receive reports from the Baltic Freight Market Reporter on the quality of panellists' returns.

The Baltic Freight Market Reporter agrees with panel reporting companies which routes they will report.

The Baltic Exchange regularly reviews and analyses the range of reports received each day, always bearing in mind that any review is carried out with the benefit of hindsight.

These reviews are conducted confidentially.

The Baltic Freight Market Reporter also compiles the Baltic daily dry cargo fixture list for members. The Reporter thus receives market reports which maybe made available to panellists. Additionally the Reporter liaises with any party wishing to comment on the daily assessments. Panellists may be informed of any observations received by the Baltic but remain obliged to make their own judgements on any such observations in their next return.

d Audit (See also Appendix 2)

The principal objectives of the external annual audit carried out by the Baltic Exchange index auditors, Moore Stephens, or their nominees, are to ensure that:

- The Baltic indices and routes are accurately calculated from the daily returns submitted by the reporting panellists.
- Moore Stephens is prepared to take over the calculation of the daily indices from the Baltic Exchange if required.
- The panellists are complying with terms and conditions of their appointment.

The following duties are discharged by Moore Stephens:

- Quarterly re-calculation of the indices as a cross check of the program used by the Baltic.
- Confirmation that in the event of any major disaster, they can calculate the indices on their system.
- Confirmation that all panellists have been audited for quality within the previous twelve months by the Baltic Exchange to ensure compliance with the terms and condition of their appointment as panellists.
- Ensuring that the annual panellist's reporting questionnaire has been received from all panellists. A copy of the questionnaire is shown in Appendix 7.

9 FORM OF REPORTS AND DATA RETENTION

Reports must be submitted in the format specified by the Freight Market Reporter.

Panellists must maintain their own record of their reports for twelve months, and be in a position to justify them to the Baltic Freight Market Reporter, or to the auditors.

The Baltic retains records of panel companies' reports for three years.

10 CALCULATION OF ROUTE ASSESSMENTS AND BALTIC FREIGHT INDICES

The calculation of the daily route assessments, and the Baltic freight indices is the responsibility of the Baltic Exchange, utilising the returns of the panellists.

From early September 2002, all dry cargo panellists' route returns have been included in the average. Prior to this, both the highest and lowest were excluded. The indices are calculated in accordance with the rules set out in Appendix 5, adjusted to take account of the weighting factors set by the Baltic Exchange from time to time.

For BDTI and BCTI assessments, all returns (including the highest and lowest) have always been included in the calculations.

11 GOOD PRACTICE TO AVOID MARKET ABUSE

Neither the Baltic Exchange nor its employees are permitted to trade in any freight derivatives market. They must not make available any information concerning panel reports which refer to specific panellists or would allow a panellist to be identified to any party outside the staff of the Baltic, or in special circumstances, the Directors of the Baltic.

No restrictions are placed on panel companies or their employees, acting either as brokers for, or as principals in, the freight derivative markets. However, it is a condition of appointment that panel companies and the relevant employees disclose to the Baltic Exchange their involvement in the derivative markets. Similarly, the information available to staff in the course of their duties must not be passed or otherwise made available outside the Baltic, except in reports of quality assurance to the Baltic Exchange Board of Directors.

Daily reports from panellists are strictly confidential between the Baltic Exchange and the nominated representative of the panel company. Panellists are bound by the confidentiality clauses in the letter of appointment. Their daily reports must not be made available to anyone else. This includes other staff or departments in the company, and in particular to any department or staff involved in the derivatives markets.

12 ROUTE NOTES

General

Panellists are reminded that the elected port or ports for load or discharge in the route description must be the ones on which they base their assessments. This is particularly important when for whatever reason freight premiums are obtained over and above other ports in the area.

In the event of port closure, the FIFC would have to be convened at the earliest opportunity to assess the situation.

a Baltic Exchange Panamax Index

- All routes are as “always afloat except where NAABSA is customary and within iwl” and based on the Baltic Panamax vessel description.

Route 1 - SUSPENDED

Stowage Factor (SF). The route description specifies a stowage factor of 55 ft whereas in practice ships are frequently fixed with SF of 49 ft (and on occasions less). Panellists should ensure that their rate assessments are adjusted to take into account varying stowage factors. The following standard calculation to convert fixture based on 49 ft SF to the equivalent at 55 ft SF should be used:

- (i) Divide grain cubic of vessel by 49 to determine cargo intake.
- (ii) Multiply cargo intake by agreed freight rate to determine lumpsum freight.
(NB. If fixture concluded on lumpsum basis ignore steps (i) and (ii)).
- (iii) Divide grain cubic of vessel by 55 to determine adjusted cargo intake.
- (iv) Divide lump sum freight by result of (iii).

Overage insurance premiums. Panellist's attention is drawn to the separate general in note 6b (Age related factors – page 9) which is particularly relevant on this trade.

Specification of loading elevator in fixture terms. Where a fixture specifies a particular loading installation which is either more or less favourable to an owner, panellists should allow for this in assessing their returns.

Route 1a

Fixtures concluded on APS terms. Panellists' attention is drawn to the general note 6c. (Assessing Time charter fixtures concluded on APS terms – page 9).

In assessing the relevance of these fixtures, panellists will normally consider whether the market structure assumes vessels will ballast into the US Gulf, or whether it assumes vessels have carried cargo into the area, and may make rate adjustments accordingly.

Route 2 - SUSPENDED

Panama draft. In normal circumstances cargoes fixed on this route will be routed via Panama. However, this is not specified in the route description.

The actual lift of a vessel via Panama, provided it falls within the route definition, is not of relevance to rate assessment. Where the cargo size falls outside the route definition, panellists should make an appropriate adjustment.

In exceptional circumstances the water levels in the Panama Canal can fall to such an extent that panamax vessels cannot lift the described quantity and sail via Panama. In these circumstances charterers are faced with a choice of loading full cargoes and sailing via the Cape of Good Hope, or fixing cargoes via Panama Canal, either in panamax vessels cutting size, or in smaller vessels. Panellists will then be guided by the freight rate which most closely relates to the route description, making any appropriate adjustment.

- Combination discharge. The route description calls for rates based on 'non combination discharge port' terms. Where fixtures are concluded with combination discharge terms, or where there is no option of combination discharge, an appropriate adjustment should be made by panellists.
- Alternative discharge destinations. Panellists reporting this route are expected to be aware of, and apply, appropriate adjustment factors to equate fixtures for discharge at other far eastern destinations, to Japan.
- Specification of loading elevator. See notes on Route 1 on page 15.
- Loadport. Panellists should note that loading is specified as Mississippi. Should fixtures be concluded from alternative US Gulf loadports, rates should be adjusted in accordance with prevailing market differentials.
- Age. By convention, this route is reported on the basis of 'maximum 15 years' (Also see section 6b – age related factor – on page 9).

Route 3 - SUSPENDED

- Specification of loading elevator. See Route 1. In particular panellists are asked to assess the additional cost to an owner in cases where loading is stated to be from unusually expensive elevators in the Colombia River.
- Cargo and trading exclusions. Whilst no specific cargo and trading exclusions are included in route descriptions, panellists will be aware of market norms at any time. Where fixtures have been concluded at rates which may appear to be particularly high (or low) because exceptional flexibility has been given to charters (or exceptions restrictions imposed on them), panellists will use their judgement to make appropriate adjustments.
- Disbursement variation due to vessel's flag. Where fixture rates vary because of the flag of the ship, panellists will adjust their returns to reflect the market for non FOC ships, which are charged standard port disbursements. This is principally of relevance in trades covering FSU.

b Baltic Exchange Capesize Index

- All routes are as “always afloat within iw!” and based on the Baltic Capesize vessel description.

Route 3

- Disbursements. Panellists should report on the basis of normal port disbursements at load and discharge ports. This figure is subject to periodic review by the Baltic and is usually guided by the underlying annual Contracts of Affreightment (COAs) contracted by the shippers/receivers.

Route 5

- Disbursements. See Route 3.

Route 9

- Delivery position. Panellists should note that ships fixed with delivery West of Passero up to, but not including, Antwerp have not delivered in accordance with the route description. These positions are often more favourable to charterers as they are closer to most loadports. Panellists are expected to take this into account in adjusting fixtures to index terms.

Route 11

- Redelivery position. Panellists should note that ships fixed with redelivery West of Passero up to Antwerp have not redelivered in accordance with the route description. These positions are often more favourable to owners as they are closer to most subsequent loadports. Panellists are expected to take this into account in adjusting fixtures to index terms.

Route12

- **Suspended**

c Baltic Exchange Supramax Index

- All routes are as “always afloat within iwI” and based on the Baltic supramax vessel description.
- Each route is based on laydays about 5 days after the date of the index, with cancelling about 10 days thereafter. The routes will not be limited by specific cargo descriptions.
- Cargo and trading exclusions. Whilst no specific cargo and trading exclusions are included in route descriptions, panellists will be aware of market norms at any time. Where fixtures have been concluded at rates which may appear to be particularly high (or low) because exceptional flexibility has been given to charters (or exceptions restrictions imposed on them), panellists will use their judgement to make appropriate adjustments.
- Disbursement variation due to vessel’s flag. Where fixture rates vary because of the flag of the ship, panellists will adjust their returns to reflect the market for non FOC ships, which are charged standard port disbursements. This is principally of relevance in trades covering FSU.
- In the absence of transatlantic round voyage activity, panellists must take their guidance from outwards and homewards fixtures taking particular regard to combined duration and any ballasting between employment.

d Baltic Exchange Supramax Asia Index

- All routes are as “always afloat within iwI” and based on the Baltic supramax vessel description.
- Each route is based on laydays about 5 days after the date of the index, with cancelling about 10 days thereafter. The routes will not be limited by specific cargo descriptions.
- Cargo and trading exclusions. Whilst no specific cargo and trading exclusions are included in route descriptions, panellists will be aware of market norms at any time. Where fixtures have been concluded at rates which may appear to be particularly high (or low) because exceptional flexibility has been given to charters (or exceptions restrictions imposed on them), panellists will use their judgement to make appropriate adjustments.
- Disbursement variation due to vessel’s flag. Where fixture rates vary because of the flag of the ship, panellists will adjust their returns to reflect the market for non FOC ships, which are charged standard port disbursements. This is principally of relevance in trades covering FSU.
- In the absence of transatlantic round voyage activity, panellists must take their guidance from outwards and homewards fixtures taking particular regard to combined duration and any ballasting between employment.

e **Baltic Exchange Handysize Index**

- All routes are as “always afloat within iwI” and based on the Baltic handysize vessel description.
- Each route is based on laydays about 5 days after the date of the index, with cancelling about 10 days thereafter. The routes will not be limited by specific cargo descriptions.
- Cargo and trading exclusions. Whilst no specific cargo and trading exclusions are included in route descriptions, panellists will be aware of market norms at any time. Where fixtures have been concluded at rates which may appear to be particularly high (or low) because exceptional flexibility has been given to charters (or exceptions restrictions imposed on them), panellists will use their judgement to make appropriate adjustments.
- Disbursement variation due to vessel’s flag. Where fixture rates vary because of the flag of the ship, panellists will adjust their returns to reflect the market for non FOC ships, which are charged standard port disbursements. This is principally of relevance in trades covering FSU.
- **Route HS1/HS2** - With a delivery of Skaw-Passero this covers both Mediterranean and Continent markets. There will inevitably be fluctuations in the relative strengths between these areas and when this occurs panellists are expected to average their returns to reflect the overall value within the delivery range.

f **Baltic Exchange Dirty Tanker Index, Baltic Exchange Clean Tanker Index and Baltic International Tanker Routes – Asia.**

- Rate assessments are quoted in Worldscale rates (Copyright Worldscale Association) or dollar per ton. The Baltic Exchange does not take responsibility for the conversion of Worldscale rates into monetary values.
- End of year worldscale change.

Panellists are required to report their assessments according to the current worldscale rates prevailing up to the last reporting day of the year. Thereafter the next year's worldscale rates will apply.

- Panellists are reminded that the elected port or ports for load or discharge in the route description must be the ones on which they base their assessments. This is particularly important when for whatever reason freight premiums are obtained over and above other ports in the area.

In the event of port closure, the FIFC would have to be convened at the earliest opportunity to assess the situation.

Appendices

APPENDIX 1

Directors, staff and bodies consulted.

The Board of Directors exercise its responsibility through the Freight Indices and Futures Committee (FIFC). The following Directors serve on this committee as at June 2011:

G M Campbell (Chairman)
D L Dunn
H J Fafalios
M Robson
C A Fowle

The indices are compiled and quality checked by the following staff:

W. Lyth	Senior Freight Market Reporter
P. Jones	Freight Market Reporter
P. Swayne	Freight Market Reporter
B. Wooderson	Freight Market Reporter
P. Williams	Freight Market Reporter
M. Ackerman	Freight Market Analyst
M. Lee	Freight Market Reporter

APPENDIX 2

Appointment and duties of panellists and auditors

1 Terms and Conditions of Appointment of freight market panellists.

No firm shall be appointed a panellist or continue to be a panellist unless the firm:

- (a) Satisfies and, whenever required to do so, continues to satisfy the Baltic Exchange as to the suitability and competence of the firm to report rates on the routes of the index.
- (b) Is a member of the Baltic Exchange, being such category of membership as may be decided by The Baltic from time to time.
- (c) Undertakes in writing having notice of the duties of panellists, as may be amended from time to time, and undertakes to perform the task of panellist diligently.

The Panellist shall be appointed for a period of one year. That appointment may be renewed by the Baltic Exchange for a further period or periods of one year thereafter.

The appointment of a panellist may be terminated by either party giving to the other not less than one year's notice in writing so as to expire at the end of any calendar month. In addition, the Baltic Exchange may terminate the appointment of the panellist by summary notice in writing if the panellist shall have committed any serious breach or repeated or continued (after warning) any material breach of its obligations as a panellist.

2 Duties of Panellists

For the purposes of assessing suitability and competence of a firm to be a panellist or to continue to be a panellist the Baltic Exchange require the firm to apply a process of self-assessment prior to consideration of the firm for appointment, at regular intervals during an appointment and prior to an appointment being renewed having regard to a number of factors that may be considered relevant, such as:

- i) The number of shipbrokers with shipbroking experience acceptable to the Baltic Exchange who have special knowledge and experience on each route.
- ii) The firm's desire not to report on certain of the routes if it does not have sufficient personnel with adequate experience.
- iii) The location of the firm and its ability to report before 1230 (London) time for dry cargo routes, before 1530 (London) for the Baltic Liquefied Petroleum Gas Route assessment, before 1530 (London) for the Baltic Palm Oil assessment, before 1530 (London) hours for tanker indices, before 1430 (Singapore) for the BES-Asia Route Assessments and before 1530 (Singapore) for the BTR-Asia Route Assessments.
- iv) The ability of the relevant panel reporters to converse using the English language.

Responsibility for providing data for the voyage and trip-time charter routes should be allocated to individual brokers in each panel company who have special knowledge of the specific trade. If practicable, deputies to these brokers also to be nominated and this to be recorded in-house. If the prime broker is not available the deputy will automatically take over. The procedure is not in any way meant to restrict the panellists' flexibility to change brokers responsible, merely to ensure that adequate records are kept of such changes.

The representative principal of the panellist listed with the Baltic Exchange is to have a nominated deputy in his absence. The principal or his deputy or nominee named to the Baltic Exchange should oversee the daily report for errors of omission, transmission, etc. before it is sent to the Baltic Exchange. A nominee from each panellist to be available daily between 1200 and 1300 hours London time to resolve any queries raised by the Baltic Freight Market Reporter regarding the dry cargo routes, between 1500 and 1600 London time for the tanker indices, liquified petroleum gas & palm oil route assessments and between 1500 and 1600 Singapore time for the BITR-Asia route assessments.

The representative principal will view the report sent each day to confirm that after making all necessary enquiries he believes it to be the best assessment of the rates on that day.

3. Audit

The procedure falls into two categories:

- 1 The statutory annual audit carried out on behalf of the indices auditors – Moore Stephens – by a member of the Baltic staff includes:
 - a Confirmation of the names of the panellists' principal reporting broker(s).
 - b The names of individual reporting brokers/deputies.
 - c Disclosure to the satisfaction of the Baltic of the extent of any involvement in freight derivatives business.
- 2 Examination of panellist's competence to report on index routes is carried out continuously, as well as in the course of the statutory annual audit. Input from panellists is monitored daily for accuracy. Where necessary graphs of rates from individual panellists compared to others and to the index rates are produced and discussed with panellists. There is strong emphasis on specialisation of input by panellists and not all the Baltic index panellists report on all index routes.

Reports of both aspects of the auditing procedures are submitted to the Baltic Exchange for discussion and possible further action. The Baltic Exchange also reviews, from time to time, the route definitions and weightings ensures that they are kept up-to-date to reflect both the physical trades and the needs of the market for freight information.

APPENDIX 3 - List of panellists**BALTIC EXCHANGE CAPE SIZE INDEX PANELLISTS**

Arrow Chartering (UK) Ltd
 Banchemo-Costa & C s.p.a
 Barry Rogliano Salles
 Chinica Shipbrokers Ltd
 Clarksons
 Fearnleys A/S
 E A Gibson Shipbrokers Ltd
 Howe Robinson & Co Ltd
 Ifchor SA
 Ildo Chartering Corporation
 LSS B
 Neo Chartering
 Simpson Spence & Young Ltd
 Thurlstone Shipping Ltd

BALTIC EXCHANGE PANAMAX PANELLISTS

Acropolis Chartering & Shipping Inc.
 Arrow Chartering (UK) Ltd
 Banchemo-Costa & C s.p.a
 Barry Rogliano Salles
 Braemar Seascope
 Chinica Shipbrokers Ltd
 Clarksons
 Fearnleys A/S
 GFI Brokers Ltd
 E A Gibson Shipbrokers Ltd
 Hai Young Int.
 Howard Houlder (Dry Cargo) Ltd
 Howe Robinson & Co Ltd
 Icap Shipping Ltd
 Ifchor SA
 John F Dillon & Co
 Lawrence (Chartering) Ltd
 LSS F
 Maersk Broker
 Neo Chartering
 Optima Chartering
 Thurlstone Shipping Ltd
 Simpson Spence & Young Ltd
 Yamamizu Shipping Co Ltd

BALTIC EXCHANGE SUPRAMAX INDEX PANELLISTS

Ausea Beijing
 Barry Rogliano Salles
 Clarksons
 L Dens (Shipbrokers) Ltd
 Lightship Chartering A/S
 Howe Robinson & Co Ltd
 Ildo Chartering Corporation
 Icap Shipping Ltd
 John F Dillon & Co
 Maersk Broker

Rigel Shipping
 Simpson Spence & Young Ltd
 Yamamizu Shipping Co Ltd

BALTIC EXCHANGE SUPRAMAX ASIA INDEX PANELLISTS

Ausea Beijing
 Barry Rogliano Salles (Asia)
 Clarksons (Asia)
 Galbraith's Shanghai
 Howe Robinson & Co (Asia)
 Icap Shipping Singapore
 Ildo Chartering Corporation
 Interocean Delhi
 Lightship Chartering Singapore Pte Ltd
 P. C. Li Shipbrokers Ltd
 Simpson Spence & Young (Asia)
 Yamamizu Shipping Co Ltd

BALTIC EXCHANGE HANDYSIZE INDEX PANELLISTS

Ausea Beijing
 Barry Rogliano Salles
 Braemar Shipbrokers
 Clarksons
 Clarkson Asia Pte Ltd (Singapore)
 Doric Shipbrokers S.A.
 Lawrence Chartering Ltd
 Lightship Chartering A/S
 Howe Robinson & Co Ltd
 HSBC Shipping Services
 P. C. Li Shipbrokers Ltd
 Rigel Shipping
 Simpson Spence & Young Ltd
 Vogemann
 Yamamizu Shipping Co Ltd

BALTIC CLEAN AND DIRTY TANKER ROUTES PANELLISTS

A C M Shipping Ltd
 Barry Rogliano Salles
 Bassoe (PF)
 Braemar Seascope Ltd
 Bravo Tankers
 Icap Shipping Ltd
 Charles R. Weber Company Inc.
 Clarksons
 Clarkson Asia Pte Ltd (Singapore)
 Eastport Chartering Pte Ltd
 Fearnleys A/S
 Galbraith's Ltd
 E A Gibson Shipbrokers Ltd
 Island Shipbrokers
 Mallory Jones Lynch Flynn & Assoc. Inc
 McQuilling Brokerage Partners Inc (New York)
 McQuilling Brokerage Partners Inc (Singapore)
 Odin Marine (Singapore)

Simpson Spence & Young Ltd
Simpson Spence & Young (Singapore)
True North Chartering LLC

BALTIC INTERNATIONAL TANKER ROUTES – ASIA

ACM Shipping Ltd
Eastport Chartering Pte Ltd
Clarkson Asia Pte Ltd (Singapore)
Island Shipbrokers
McQuilling Brokerage Partners Inc (Singapore)
Odin Marine (Singapore)
Simpson Spence & Young (Singapore)

BALTIC LIQUIFIED PETROLEUM GAS ROUTE PANELLISTS

ACM Shipping Ltd
Braemar Seascope Ltd
Clarksons
Fearnleys A/S
E A Gibson Shipbrokers Ltd
Lorentzen & Stemoco
Poten & Partners (UK) Ltd
Inge Steensland

BALTIC SALE AND PURCHASE PANELLISTS

ACM Shipping
Arrow Chartering (UK)
Banchemo-Costa
Barry Rogliano Salles
Compass Maritime Services
Fearnleys
Lorentzen & Stemoco
Mallory Jones Lynch Flynn
Optima Shipbrokers
R S Platou Shipbrokers
SSY Valuation Services Limited
Yamamizu Shipping

BALTIC DEMOLITION PANELLISTS

ACM Singapore
Compass Maritime Services
Clarksons
JV Shipping
Optima Shipbrokers
Simpson Spence & Young Ltd

APPENDIX 4

CURRENT INDEX ROUTE COMPOSITION

APPENDIX 4 (A)

Baltic Exchange Capesize Index

Route C2

Tubarao/Rotterdam 160,000 long tons 10 per cent iron ore free in and out, 6 days Sundays holidays included, 6 hours turn time at loading port and 6 hours turn time at discharge port, 0.5% in lieu of weighing. Laydays 20 days forward from date of index, cancelling maximum 35 days forward from date of index. Vessel's age max. 18 years. Freight based on long tons. 3.75 per cent total commission.

Nominal Weighting =10%

Route C3

Tubarao/Qingdao, 160,000 mt 10 per cent iron ore free in and out, 18m salt water arrival draft, scale load/30,000 mt Sundays holidays included discharge. 6 hours turn time at loading port, 24 hours at discharge port. Laydays 20 days forward from date of index, cancelling maximum 35 days forward from date of index. Vessel's age max. 18 years. Freight based on metric tonnes. 3.75 per cent total commission.

Nominal Weighting =15%

Route C4

Richards Bay/Rotterdam, 150,000 mt 10 per cent coal free in and out and trimmed, scale load/25,000 mt Sundays holidays included discharge. 18 hours turn time at loading port and 12 hours at discharge port. Laydays 25 days forward from date of index, cancelling 40 days forward from date of index. Vessel's age max. 15 years. Freight based on metric tonnes. 3.75 per cent total commission.

Nominal Weighting =5%

Route C5

W Australia/Qingdao, 160,000 mt 10 per cent iron ore free in and out, 18m salt water arrival draft, scale load/30,000 mt Sundays holidays included discharge, 6 hours turn time at loading port and 24 hours at discharge port. Laydays 20 days forward from date of index, cancelling max. 35 days forward from date of index. Vessel's age max. 18 years. Freight based on metric tonnes. 3.75 per cent total commission.

Nominal Weighting =15%

Route C7

Bolivar/Rotterdam 150,000 mt 10 pct coal free in and out trimmed, 50,000 mt Sundays holidays included loading/25,000 mt Sundays holidays included discharge, 12 hours turn time at loading port and 12 hours turn time at discharge port. Laydays 20 days forward from date of index, cancelling maximum 35 days forward from date of index. Vessel's age maximum 15 years. 3.75 per cent total commission.

Nominal Weighting =5%

Route C8 03

Delivery Gibraltar-Hamburg range, 5-15 days ahead of the index date, trans Atlantic round voyage duration 30-45 days, redelivery Gibraltar-Hamburg range. 3.75 per cent total commission. Based on a Baltic capesize of the following specifications: 172,000 mt dwt, not over 10 years of age, 190,000 cbm grain, max loa 289m, max beam 45 mtrs, draft 17.75 mtrs, 14.5 knots laden, 15.0 knots ballast on 56 mts fuel oil, no diesel at sea.

Nominal Weighting =10%

Route C9 03

Delivery Amsterdam-Rotterdam-Antwerp range or passing Passero, 5-15 days ahead of the index date, redelivery China-Japan range, duration about 65 days. 3.75 per cent total commission. Based on a Baltic capesize of the following specifications: 172,000 mt dwt, not over 10 years of age, 190,000 cbm grain, max loa 289m, max beam 45 mtrs, draft 17.75 mtrs, 14.5 knots laden, 15.0 knots ballast on 56 mts fuel oil, no diesel at sea.

Nominal Weighting =5%

Route C10 03

Delivery China-Japan range, 5-15 days ahead of the index date, round voyage duration 30-40 days, redelivery China-Japan range. 3.75 per cent total commission. Based on a Baltic capesize of the following specifications: 172,000 mt dwt, not over 10 years of age, 190,000 cbm grain, max loa 289m, max beam 45 mtrs, draft 17.75 mtrs, 14.5 knots laden, 15.0 knots ballast on 56 mts fuel oil, no diesel at sea.

Nominal Weighting =20%

Route C11 03

Delivery China-Japan range, 5-15 days ahead of the index date, redelivery Amsterdam-Rotterdam-Antwerp range or passing Passero, duration about 65 days. 3.75 per cent total commission. Based on a Baltic capesize of the following specifications: 172,000 mt dwt, not over 10 years of age, 190,000 cbm grain, max loa 289m, max beam 45 mtrs, draft 17.75 mtrs, 14.5 knots laden, 15.0 knots ballast on 56 mts fuel oil, no diesel at sea.

Nominal Weighting =15%

APPENDIX 4(B)

Baltic Exchange Panamax Index

Route P1a 03

Basis a Baltic panamax 74,000 mt dwt not over 12 years, 89,000 cbm grain, max LOA 225m, draft 13.95m, 14.0 knots on 32mts fuel oil laden, 28mts fuel oil ballast and no diesel at sea. For a trans Atlantic (including ECSA) round of 45/60 days on the basis of delivery and redelivery Skaw-Gibraltar range. Loading 15-20 days ahead in the loading area. Cargo basis grain, ore, coal, or similar. 3.75 per cent total commission.

Nominal Weighting =25%

Route P2a 03

Basis a Baltic panamax 74,000 mt dwt not over 12 years of age, 89,000 cbm grain, max loa 225m, draft 13.95m, 14.0 knots on 32mts fuel oil laden, 28mts fuel oil ballast and no diesel at sea, basis delivery Skaw-Gibraltar range, for a trip to the Far East, redelivery Taiwan-Japan range, duration 60/65 days. Loading 15-20 days ahead in the loading area. Cargo basis grain, ore, coal, or similar. 3.75 per cent total commission.

Nominal Weighting =25%

Route P3a 03

Basis a Baltic panamax 74,000 mt dwt not over 12 years of age, 89,000 cbm grain, max loa 225m, draft 13.95m, 14.0 knots on 32mts fuel oil laden, 28 mts fuel oil ballast and no diesel at sea, for a trans Pacific round of 35/50 days either via Australia or Pacific (but not including short rounds such as Vostochny/Japan), delivery and redelivery Japan/South Korea range. Loading 15-20 days ahead in the loading area. Cargo basis grain, ore, coal or similar. 3.75 per cent total commission.

Nominal Weighting =25%

Route P4 03

Basis a Baltic panamax 74,000 mt dwt not over 12 years of age, 89,000 cbm grain, max loa 225m, draft 13.95m, 14.0 knots on 32mts fuel oil laden, 28 mts fuel oil ballast and no diesel at sea, delivery Japan-South Korea range for a trip via US West Coast-British Columbia range or Australia, redelivery Skaw-Passero range, duration 50/60 days. Loading 15/20 days ahead in the loading area. Cargo basis grain, petroleum coke, coal or similar. 3.75 per cent total commission.

Nominal Weighting =25%

APPENDIX 4(C)

Baltic Exchange Supramax Index

The Baltic Exchange Supramax Index is based on the following description:

Standard "Tess 52" type vessel with grabs as follows:

- 52,454 mt dwt self trimming single deck bulkcarrier on 12.02 m ssw
- 189.99 m LOA 32.26 m Beam 5ho/ha 67,756 cum.grain 65,600 cum.bale
- 14L /14.5B on 30mt (380 cst) no mdo at sea
- Cr 4 x 30 mt with 12 cum grabs
- Maximum age - 10 years

Route definitions

Route 1A

Delivery Antwerp/Skaw range for a trip of 60/65 days redelivery Singapore/Japan range including China 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5 per cent.

Route 1B

Delivery passing Canakkale for a trip of 50/55 days redelivery Singapore/Japan range including China 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5 per cent.

Route 2

Delivery South Korea/Japan range for 1 Australian or trans Pacific round voyage, for a 35/40 day trip, redelivery South Korea/Japan range 5 per cent total commission. Laycan 5/10 days in advance. Weighting 25 per cent.

Route 3

Delivery South Korea/Japan range for a trip of 60/65 days redelivery Gibraltar/Skaw range 5 per cent total commission. Laycan 5/10 days in advance. Weighting 25 per cent.

Route 4A

Delivery US Gulf for a trip about 30 days, redelivery Skaw – Passero range, 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5 per cent.

Route 4B

Delivery Skaw – Passero range for a trip about 30 days, redelivery US Gulf, 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5 per cent.

Route 5

Delivery Dakar/Douala range for a trip via East Coast South America of 60/65 days, redelivery Singapore/Japan range, 5 per cent total commission. Laycan 5/10 days in advance. (Route S5 does not contribute towards the BSI or TC Average)

Route 9

Delivery Dakar/Douala range for a trip via east coast South America of about 45 days, Redelivery Skaw-Cape Passero range, 5 percent total commission, Laycan 5/10 days in advance. (Route S9 does not contribute towards the BSI or TC Average)

APPENDIX 4(D)

Baltic Exchange Supramax Asia Index

The Baltic Exchange Supramax Asia Index is based on the same description as the above Supramax description:

Route 6 Delivery South Korea/Japan range for a trip via Australia or 50/55 days, redelivery India, 5 per cent total commission. Laycan 5/10 days in advance. (Route S6 does not contribute towards the BSI or TC Average)

Route 7 Delivery Cape Comorin / Haldia range including Sri Lanka for a trip of 20/30 days redelivery China. Cargo basis iron ore or similar with 5 per cent total commission. Laycan 5/10 days in advance (Route S7 does not contribute towards the BSI or TC Average)

Route 8 Delivery China Hong Kong/Shanghai range including Taiwan for a trip via Indonesia with coal of 20-25 days redelivery East Coast India Chennai/ Paradip range, with 5 per cent total commission. Laycan 5/10 days in advance. (Route S8 does not contribute towards the BSI or TC Average)

APPENDIX 4(E)

Baltic Exchange Handysize Index (BHSI)

The Baltic Exchange Handysize Vessel Description.

28,000 mt dwt self trimming single deck bulkcarrier on 9.78m ssw 169m loa 27 m beam. 5 holds/5 hatches. 37,523 c.um grain 35,762 c.um bale 14 knots average laden/ballast on 22 mt ifo (380) no diesel at sea. 4 x 30 t cranes Maximum age 15 years.

Route 1:

Dely Skaw – Passero for a trip about 35/45 days, redelivery Recalada – Rio de Janeiro range. 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5%

Route 2:

Dely Skaw - Passero range for a trip about 35/45 days, redelivery Boston – Galveston range. 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5%.

Route 3:

Dely Recalada – Rio de Janeiro for a trip about 35/45 days, redelivery Skaw – Passero range. 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5%.

Route 4:

Dely US Gulf for a trip about 35/45 days, via US Gulf or NC South America, redelivery Skaw – Passero range. 5 per cent total commission. Laycan 5/10 days in advance. Weighting 12.5%

Route 5:

Dely SE Asia for a trip via Australia, about 25/30 days, redelivery Singapore – Japan range including China. 5 per cent total commission. Laycan 5/10 days in advance Weighting 25%.

Route 6:

Dely S Korea – Japan range for a trip via Nopac of about 40/45 days, redelivery Singapore-Japan range including China. 5 per cent total commission. Laycan 5/10 days in advance Weighting 25%

APPENDIX 4 (F)

The Baltic Exchange Dry Index

The BALTIC DRY INDEX (BDI) is the successor to the Baltic Freight Index (BFI) and came into operation on 1 November 1999. Since the 1st of July 2009, the Index is a composite of the Capesize, Panamax , Supramax and Handysize Timecharter Averages.

The calculation until the 30th of June 2009 was based on an equally weighted average of the BCI, BPI, BHSI and the BSI index, which superseded the BHMI on 03 January 2006, which superseded the BHI on 2 January 2001. The BDI continues the established time series of the BFI, introduced in 1985.

For the creation of BDI we now use the following formula:

$$((\text{CapesizeTCavg} + \text{PanamaxTCavg} + \text{SupramaxTCavg} + \text{HandysizeTCavg}) / 4) * 0.113473601$$

Where TCavg = Time charter average.

The multiplier was first applied when the BDI replaced BFI, and has changed over the years as the contributing indices and the methods of calculation have been modified.

APPENDIX 4(G)

Baltic Exchange Dirty Tanker Index.

Panellists should submit their best assessment of the Worldscale rates for the following routes:

Baltic Exchange Dirty Tanker Index

BDTI Route 1

280,000mt, Middle East Gulf to US Gulf.
Ras Tanura to LOOP with laydays cancelling 20/30 in advance
Maximum age 20 years.

BDTI Route 2

260,000mt, Middle East Gulf to Singapore.
Ras Tanura to Singapore with laydays/cancelling 20/30 days in advance
Maximum age 20 years.

BDTI Route 3

260,000mt, Middle East Gulf to Japan.
Ras Tanura to Chiba with laydays/cancelling 15/30 days in advance.
Maximum age 15 years.

BDTI Route 4

260,000mt, West Africa to US Gulf.
Off Shore Bonny to LOOP with laydays/cancelling 15/25 days in advance.
Maximum age 20 years.

BDTI Route 5

130,000mt, West Africa to USAC.
Off Shore Bonny to Philadelphia with laydays/cancelling 15/25 days in advance.
Maximum age 20 years.

BDTI Route 6

135,000mt, Black Sea/Mediterranean.
Novorossiysk to Augusta with laydays/cancelling 10/15 days in advance
Maximum age 20 years.

BDTI Route 7

80,000mt, North Sea to Continent.
Sullom Voe to Wilhelmshaven, with laydays/cancelling 7/14 days in advance.
Maximum age 20 years.

BDTI Route 8

80,000mt, Crude and/or DPP Heat 135F, Kuwait to Singapore.
Mena al Ahmadi/Singapore with laydays/cancelling 20/25 days in advance
Double hull vessel, Maximum age 20 years.

BDTI Route 9

70,000mt, Caribbean to US Gulf.
Puerto La Cruz (Jose Platform TAECJ - Jan 2004) to Corpus Christi with laydays/cancelling 7/14 days in advance.
Maximum age 20 years.
Assessment basis - Oil Pollution Act premium paid.

BDTI Route 10D

50,000mt, fuel oil, Caribbean to USAC.
Aruba to New York with laydays/cancelling 7/14 days in advance
Double hull vessel, Maximum age 20 years.

BDTI Route 12

55000mt, fuel oil, Amsterdam-Rotterdam-Antwerp range to US Gulf.
Antwerp to Houston with laydays cancelling 15/20 days in advance.
Double hulled vessels

BDTI Route 14

80000 mt, no heat crude, SE Asia to EC Australia.
Seria to Sydney with laydays/cancelling 21/25 days in advance.
Double hull and max 15 years old.

BDTI Route 15

260000 mt, no heat crude, West Africa to China.
Serpentina FPSO and Bonny off shore to Ningpo with laydays cancelling 20/30 days in advance.
Double hull and max age 20 years.

BDTI Route 16

30000 mt fuel oil heat 135 F, Black Sea to Mediterranean,
Odessa to Augusta with laydays/cancelling 8/14 days in advance.
Double hull and max 20 years.

BDTI Route 17

100,000 mt crude. Baltic to UK-Cont.
Primorsk to Wilhelmshaven (Great Belt laden / ballast) with laydays/cancelling 10/20 days in advance.
Double hull. Max 15 years

BDTI Route 18

30000 mt fuel oil Baltic to UK-Cont.
Tallinn to Rotterdam with laydays/cancelling 10/15 days in advance.
Double hull. Max 15 years.

BDTI Route 19

80,000mt, cross Mediterranean.
Ceyhan to Lavera with laydays/cancelling 10/15 days in advance.
Maximum age 20 years.

TCEs

Time-Charter Equivalent (TCE) assessments for dirty tankers are made up of average dollar pricing conversions for Very Large Crude Carriers (VLCCs), Suezmax and Aframax tankers derived from a range of routes already reported on by the Baltic Exchange and expressed in Worldscale. In addition, TCE assessments for individual routes are also reported.

VLCC

The published VLCC time-charter equivalent is an average of the rates derived from TD1 and TD3.

Suezmax

The published Suezmax time-charter equivalent is an average of the rates derived from TD5 and TD6.

Aframax

The published Aframax time-charter equivalent is an average of the rates derived from TD7, TD8, TD9, TD14, TD17 and TD19.

Individual Routes

Timecharter equivalent assessments are published for the following individual dirty tanker routes:
TD1, TD3, TD5, TD6, TD7, TD8, TD9, TD11, TD14 and TD17

The TCEs are calculated using a variable feed of bunker prices supplied by Bunkerworld. Variable exchange rates supplied under licence by XE.com are also used for adjusting port costs. Port charges used in this calculation are provided under licence by Cory Brothers.

APPENDIX 4(H)

Baltic Exchange Clean Tanker Index

BCTI Route 1

75,000mt, CPP/UNL Naphtha Condensate, Middle East Gulf to Japan.
Ras Tanura to Yokohama with laydays/cancelling 30/35 days in advance.
Maximum age 12 years.

BCTI Route 2_37

37,000mt, CPP/UNL Continent to USAC
Rotterdam to New York with laydays/cancelling 10/14 days in advance
Maximum age 15 years.

BCTI Route 3_38

38,000mt, CPP/UNL Caribbean to USAC.
Aruba to New York with laydays/cancelling 6/10 days in advance.
Maximum age 20 years. Assessment basis - Oil Pollution Act premium paid.

BCTI Route 5

55,000mt, CPP/UNL naphtha condensate, Middle East/Japan
Ras Tanura to Yokohama with laydays cancelling 30/35 days in advance.
Maximum age 15 years.

BCTI Route 6

30000mt CPP/UNL Algeria/Euromed Skikda/Lavera with laydays cancelling 7/14 days in advance.
Maximum age 15 years.

BCTI Route 8

65,000 mt CPP/UNL middle distillate AG to UK-Cont.
Jubail to Rotterdam with laydays/cancelling 20/30 days in advance.
Double hull. Max 15 years. This route to be reported as US\$ per mt.

BCTI Route 9

22000 mt CPP/UNL middle distillate Baltic to UK/Cont.
Ventspils to Le Havre with laydays/cancelling 5/10 days in advance
Double hull. Max 15 years

Note: All vessels reported to have major oil company approval.

TCEs

Time-Charter Equivalent (TCE) assessments for clean tankers are made up of average dollar pricing conversions for Medium Range (MR) Product tankers derived from a range of routes already reported on by the Baltic Exchange and expressed in Worldscale. In addition, TCE assessments for individual routes are also reported.

MR

The published MR time-charter equivalent is an average of the rates derived from TC2_37, TC3_38 and TC10 (Asia reported).

Individual Routes

Timecharter equivalent assessments are published for the following individual clean tanker routes:
TC1, TC2_37, TC3_38, TC4, TC7, TC10, TC11 (Asia reported) and TC5

The TCEs are calculated using a variable feed of bunker prices supplied by Bunkerworld. Variable exchange rates supplied under licence by XE.com are also used for adjusting port costs. Port charges used in this calculation are provided under licence by Cory Brothers.

APPENDIX 4(I)

Baltic Exchange International Tanker Routes – Asia

BITR-Asia Route 4

30,000mt, CPP/UNL Singapore to Japan.
Singapore to Chiba with laydays/cancelling 7/14 days in advance
Maximum 15 years.

BITR-Asia Route 7

30000 mt CPP Singapore to East Coast Australia.
Singapore to Sydney with laydays/cancelling 17/23 days in advance.
Double Hull max 15 years.

BITR-Asia Route 10

40,000 mt CPP/UNL South Korea to NOPAC West Coast.
S. Korea to Vancouver BC – Rosarito range with laydays/cancelling 14-21 days in advance.
Maximum age 15 years, double hull.

BITR-Asia Route 11

40,000 mt CPP South Korea to Singapore.
Laydays cancelling 10-17 days in advance.
Maximum age 15 years, double hull, oil major approved.

BITR-Asia Route 12

35,000mt Naptha Sikka (WCI) to Japan
Sikka (Jamnagar) to Chiba with laydays cancelling 7/14 days in advance.
Maximum 15 years , double hull, oil major approved.

Note: All vessels reported to have major oil company approval.

TCEs

Individual Routes

Timecharter equivalent assessments are published for the following individual BITR-Asia tanker routes:
TC10

The TCEs are calculated using a variable feed of bunker prices supplied by Bunkerworld. Variable exchange rates supplied under licence by XE.com are also used for adjusting port costs. Port charges used in this calculation are provided under licence by Cory Brothers.

APPENDIX 4(J)

BALTIC LIQUIFIED PETROLEUM GAS ROUTE

44,000 mt 5 per cent, 1 to 2 grades, fully refrigerated Liquid Petroleum Gas. Ras Tanura to Chiba, laydays 10/40 days in advance.
Laytime 96 hours total. Maximum age 20 years.

APPENDIX 4(K)

Baltic Exchange Sale and Purchase Assessment

The assessments on which the Panellists report are:

VLCC:	305,000 Dwt double hull built in "first class competitive yard" – European standard B&W main engine – about 15.5 knots service speed laden on about 90.0 tons, loa about 332 m, beam about 58 m Non coated. Not ice classed. 5 years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.
Aframax:	105,000 Dwt double hull built in "first class competitive yard" – European standard B&W main engine – about 15.5 knots service speed laden on about 50.0 tons loa about 248 m, beam about 42 m Non coated. Not ice classed. 5 years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.
MR Tanker:	45,000 mt dwt, double hull, built in "first class competitive yard", European standard B&W main engine", about 14.5 knots service speed on about 35/32.8 mt fuel oil (laden/ballast), loa about 182 m, beam about 32m, draft about 12m, Coated, Not ice classed, 5 years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.
Capesize:	172,000 mt dwt, "built in first class competitive yard" 190,000 cbm grain, max. loa 289 m, max beam 45m, draft 17.75 m, 14.5 knots laden, 15.0 knots ballast on 56 mts fuel oil, no diesel at sea; Not ice classed. 5 years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.
Panamax :	74,000 mt dwt, "built in first class competitive yard" 89,000 cbm grain, max. loa 225 m, draft 13.95 m, 14.0 knots on 32/28 fuel oil laden/ballast and no diesel at sea. Not ice classed. 5 years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.
"Tess 52" type Supramax	52,454 dwt. "built in first class competitive yard", "European standard B&W main engine", 66,500 cbm grain, loa 190 m, beam 32.26m, draft 12.02 m, 14.8 knots on 30.0 mt 390 at sea, 5 holds/5 hatches, 4 x 30 t cranes; not iced classed. Five years old. Special survey passed. Delivery prompt (2/3 months), charter free. 2% total commission.

APPENDIX 4(L)

Baltic Exchange Demolition Assessment

The assessments on which the Panellists report are:

- One light displacement long ton scrap derived from a dirty tanker of between 15,000 and 25,000 light weight, gas free for man entry. Delivery China (15/30 days), as is, under own power, cash price, basis standard commission.
- One light displacement long ton scrap derived from a dirty tanker of between 15,000 and 25,000 light weight, gas free for man entry. Delivery Subcontinent (15/30 days), as is, under own power, cash price, basis standard commission.
- One light displacement long ton scrap derived from a product tanker of between 6,000 and 10,000 light weight, gas free for man entry. Delivery China (15/30 days), as is, under own power, cash price, basis standard commission.
- One light displacement long ton scrap derived from a product tanker of between 6,000 and 10,000 light weight, gas free for man entry. Delivery Subcontinent (15/30 days), as is, under own power, cash price, basis standard commission.
- One light displacement long ton scrap derived from a bulk carrier of between 7,000 and 12,000 light weight. Delivery China (15/30 days), as is, under own power, cash price, basis standard commission.
- One light displacement long ton scrap derived from a bulk carrier of between 7,000 and 12,000 light weight. Delivery Subcontinent (15/30 days), as is, under own power, cash price, basis standard commission.

APPENDIX 5

RULES GOVERNING PUBLICATION OF BALTIC FREIGHT INDICES

The rules set out below, are adapted from the original rules adopted by the Baltic Freight Index Committee (“the Committee”) on 16 April 1985 (“the inception date”) to ascertain the Baltic Freight Index (“the index”).

The Baltic Exchange reserves to itself the discretion to vary the rules from time to time in any manner it may consider necessary or desirable. Such a variation may be made at any time without notice or publication of such variation. The Baltic Exchange may also (in its absolute discretion) decide not to apply one or more of the rules in a particular case if it considers it necessary or desirable so to do.

PUBLICATION

Rule 1

The Dry indices will normally be published by The Baltic at approximately 1300 hours London time each working day. Tanker indices will be published at approximately 1600 hours London time each working day. BES-Asia index will be published at approximately 1500 hours Singapore. BITR-Asia index will be published at approximately 1600 hours Singapore.

The Baltic Exchange may delay or cancel publication of the index and routes if it considers it necessary or desirable to do so.

The Baltic Exchange can only provide route and index data provided that it is fully satisfied that sufficient assessments from an adequate quorum of its reporting panellists have been received. In the event that insufficient panellists are able or willing to report their assessments on any route or index then the Baltic Exchange has the right not to report on that day or any subsequent days until an adequate quorum has been assembled.

THE PANEL

Rule 2

The Baltic Exchange shall appoint a panel of shipbroker companies (“the Panel”), all of which will be members of the Baltic. The Baltic Exchange may change the number of panellists and the composition of the panel at any time.

Rule 3

The number of panellists at any one time is decided by the Baltic Exchange, which currently aims to have panels consisting of at least seven panellists per index.

THE ROUTES

Rule 3

The indices and routes will be based on returns made by the panellists in respect of certain ascertained routes (“routes”) in accordance with guidance laid down in the Panellist’s Manual. The Baltic Exchange shall decide which routes are to be included, and may alter the composition of the routes from time to time.

Rule 4

In establishing the average assessment on dry routes from September 2002, all panellists’ returns are included in the averaging calculation of the average. (“Average Rate”).

WEIGHTINGS

Rule 5

The Baltic Exchange shall from time to time decide the weighting, which should be applied to any route for the purpose of ascertaining its contribution to its index.

WEIGHTING FACTORS

Rule 6

For the purpose of calculating the index, the average rate for each route will be multiplied by the weighting factor for that route. The weighting factor for each route shall be ascertained by the Baltic and may be adjusted by the Baltic to take account of alterations to routes or route weightings.

GUIDELINES CONCERNING ALTERATIONS

The following guidelines will normally be adopted by the Baltic when making alterations.

Rule 7

No more than one route will be removed from an index at any one time. If a route is removed, one or more routes may be substituted for it.

Rule 8

The weighting of an existing route will not be altered by more than an amount equal to 25% of its existing weighting or 2.5% of the index at the date of the decision to make the alteration, whichever is the larger. No such limitation will apply to routes, which are removed from or added to the index.

Rule 9

Any one alteration will not result in an adjustment of more than 5% in the regional or commodity composition of the index. The meaning of "region" and "commodity" for this purpose shall be in the absolute discretion of the Baltic Exchange.

Rule 10

When an alteration is made, a revised set of weighting factors will be applied to the routes, so that the new index will have the same level as the old index at the date of the alteration.

APPENDIX 6

HISTORICAL NOTE ON BALTIC FREIGHT INDEX AND EXAMPLES OF INDEX CHANGES

On the inception date, there were the following 13 routes:

1. 1 Port US Gulf/Antwerp, Rotterdam, Amsterdam 55,000 5 per cent, heavy soya sorghum, free in and out, 11 days Sundays holidays excepted, laydays 10 days forward from date of index, cancelling maximum 30 days forward from date of index, 3.75 per cent brokerage.
2. 1 Port US Gulf/1 Port South Japan 52,000 5 per cent heavy soya sorghum, free in and out, 11 days Sundays holidays excepted, laydays 10 days forward from date of index, cancelling maximum 30 days forward from date of index, 3.75 per cent brokerage.
3. 1 Port United States North Pacific/1Port South Japan 52,000 5 per cent heavy soya sorghum, free in and out, 11 days Sundays holidays excepted, laydays 10 days forward from date of index, cancelling maximum 30 days forward from date of index, 3.75 per cent brokerage.
4. 1 Port US Gulf/Venezuela 21,000 5 per cent heavy soya sorghum, 4 days/1,000 free in and out, laydays 10 days forward from date of index, cancelling 25 days forward from date of index, 3.75 per cent brokerage.
5. Antwerp/1 Port Red Sea 20,000 5 per cent bagged barley, free in and out, 2,500/1,000, laydays 10 days forward from date of index, cancelling 25 days forward from date of index, 5 per cent brokerage.
6. 1 Port Hampton Roads and Richards Bay/1 Port South Japan 120,000 10 per cent coal, 8 days holidays included, 15,000 Richards Bay, laydays 10 days from date of index, cancelling maximum 30 days forward from date of index, 3.75% brokerage.
7. 1 Port Hampton Roads excluding Baltimore/1 Port Antwerp Rotterdam Amsterdam 65,000 10 per cent coal, 5 days Sundays holidays included/Sundays holidays excepted, laydays 10 days forward from date of index, cancelling maximum 30 days forward from date of index, 3.75 per cent brokerage.
8. Queensland/Rotterdam 110,000/10 per cent coal, free in and out, 40,000 Sundays holidays included/25,000 Sundays holidays excluded, laydays 15 days forward from date of index, cancelling 25 days forward from date of index, 5 per cent brokerage.
9. Vancouver-San Diego Range/Rotterdam 55,000/10 per cent, petroleum coke, free in and out 10,000 Sundays holidays included/10,000 Sundays holidays excluded, laydays 15 days forward from date of index, cancelling 25 days forward from date of index, 5 per cent brokerage.
10. Monrovia/Rotterdam 90,000 10 per cent iron ore, 5 days Sundays holidays included, laydays 15 days forward from date of index, cancelling maximum 30 days forward from date of index, 3.75 per cent brokerage.
11. Recife/1 Port United States East Coast 20,000 5 per cent bulk sugar, free in and out and trimmed, 750 mechanical/1,500, laydays 10 days forward from date of index, cancelling maximum 30 days forward from date of index, 6.25 per cent brokerage.

12. Hamburg/West Coast India 13/20,000 muriate of potash, free in and out, 3,500/1,000, laydays 10 days forward from date of index, cancelling 25 days forward from date of index, 5 per cent brokerage.
13. Aqaba/1 Port West Coast India 14,000 5 per cent, phosphate rock, free in and out 3,500/1,000 laydays 10 days forward from date of index, cancelling 25 days forward from date of index, 5 per cent brokerage.
14. From 2 Jan 2003 the Baltic standard panamax description will change to the following: 74,000 mt dwt not over 7 years of age, 89,000 cbm grain, max loa 225 m, draft 13.95 m, 14.0 knots on 32/28 fuel oil laden/ballast and no diesel at sea.

HISTORICAL NOTE ON BALTIC FREIGHT INDEX AND EXAMPLES OF INDEX CHANGES (continued)

Rules 5, 6 and 7

On the inception date, the route weightings and the minimum number of reports required were as follows:

1	2	3
Route	Weighting %	Minimum number of reports required
1	20	7
2	20	7
3	15	6
4	5	5
5	5	5
6	5	5
7	5	5
8	5	5
9	5	5
10	5	5
11	5	5
12	2.5	5
13	2.5	5

Rule 8

The following table shows how the original Baltic Freight Index was first calculated by reference to route weighting factors on 4 January 1985:

1	2	3	4	5
Route	Rate \$	Weighting %	Route weighting factor*	Contribution to index
1	9.078571	20	22.029897717	200
2	14.287510	20	13.999999999	200
3	9.225714	15	16.258903684	150
4	11.671420	5	4.283965728	50
5	20.678570	5	2.417962003	50
6	10.314280	5	4.847645429	50
7	5.778570	5	8.652657601	50
8	11.321420	5	4.416403785	50
9	13.142850	5	3.804347826	50
10	4.500000	5	11.111111111	50
11	16.416667	5	3.045685279	50
12	28.928570	2.5	0.864197530	25
13	13.542850	2.5	1.845991561	25
		index		1000

* All calculations on the Baltic Freight Index are done to 9 decimal places. For the purposes of this document most examples have been rounded to 6 decimal places.

HISTORICAL NOTE ON BALTIC FREIGHT INDEX AND EXAMPLES OF INDEX CHANGES (continued)

On 4 January 1985 the average rate reported for route 1 was \$9.078571 (see col.2). This route was required to have a 20% weighting in the index (col.3) so that its contribution to the index this starting date, with the index initiated at 1000, was required to be $20\% \times 1000 = 200$, (col 5). The weighting factor for this route (col. 4) was then calculated as that factor by which the average rate had to be multiplied in order to equal 200 on 4 January 1985. $200/9.078571 = 22.029898$. Hence the route weighting factor for route 1 was fixed at 22.029898, (col. 4). Factors were then derived for all of the other routes in the same manner.

The route weighting factors remain constant unless the composition of the index is changed. To compile the index each day it is necessary only to multiply the average rate on each route by its weighting factor, giving the contribution of each route, the sum of which is the index for the day. For example, on 8 February 1985 the index had reached 966.2883 and the calculation was as follows:

1	2	3	4	5
Route	Rate \$	Weighting %	Route weighting factor	Contribution to index
1	9.000000	20	22.029898	198.269082
2	14.285714	20	14.000000	200.000000
3	8.164285	15	16.258904	132.742326
4	11.642857	5	4.283966	49.877603
5	19.714285	5	2.417962	47.668391
6	10.021428	5	4.847645	48.580325
7	5.792857	5	8.652658	50.123610
8	10.992857	5	4.416404	48.548897
9	11.307142	5	3.804348	43.016303
10	4.307142	5	1.111111	47.857132
11	16.375000	5	3.045685	49.873091
12	28.785714	2.5	0.864198	24.874962
13	13.464285	2.5	1.845992	24.854962
		index		966.288292

Only rates (col.2) and contributions to the index (col.5) have changed from the previous table.

Rules 9 - 12

The procedures for:

- Deleting an obsolete route with its weighting reallocated to the other existing routes; and
- Replacing a route with another, which has a very different rate, are illustrated below.

In both cases, it will be assumed for the sake of illustration that the revised index is to begin on 8 February 1985.

HISTORICAL NOTE ON BALTIC FREIGHT INDEX AND EXAMPLES OF INDEX CHANGES (continued)

Deleting a route

Suppose that the Baltic Exchange has decided to remove route 13 and to re-allocate its 25% weighting to route 3, which then would have a weighting of 17.5%. This re-allocation must preserve the index at 966.288292 on 8 February. It is necessary to calculate a new weighting factor for route 3 whilst leaving all other factors as before (except of course that of route 13 which is eliminated).

The joint contribution to the index of routes 3 and 13 on 8 February was $132.742326 + 24.854962 = 157.597288$. The revised weighting factor for route 3 must therefore result in a contribution to the index of 157.597288. Hence the weighting factor must be 157.597288 divided by the rate on route 3 of $\$8.164285 = 19.303257$. The index calculations after the revision are shown in the following table:

1	2	3	4	5
Route	Rate \$	Weighting %	Route weighting factor	Contribution to index
1	9.000000	20	22.029898	198.269082
2	14.285714	20	14.000000	200.000000
3	8.164285	17.5	19.303257	157.597288
4	11.642857	5	4.283966	49.877603
5	19.714285	5	2.417962	47.668391
6	10.021428	5	4.847645	48.580325
7	5.792857	5	8.652658	50.123610
8	10.992857	5	4.416404	48.548897
9	11.307142	5	3.804348	43.016303
10	4.307142	5	11.111111	47.857132
11	16.375000	5	3.045685	49.873091
12	28.785714	2.5	0.864198	24.876556
		index		966.288292

HISTORICAL NOTE ON BALTIC FREIGHT INDEX AND EXAMPLES OF INDEX CHANGES (continued)

Replacing a route

Suppose that the Baltic has decided to replace route 5 with a similar route (Route 14), which has a rate on 8 February of only \$10.50. On 8 February the contribution of the new Route 14 must be the same as the contribution for the replacement Route 5, i.e. 47.668391. The weighting factor for Route 14 necessary to achieve this contribution is 47.668391 divided by the rate on Route 14 of \$10.50 = 4.539847. The revised index calculations on 8 February are then as follows:

1	2	3	4	5
Route	Rate \$	Weighting %	Weight routing factor	Contribution to index
1	9.000000	20	22.029898	198.269082
2	14.285714	20	14.000000	200.000000
3	8.164285	15	19.303257	157.597288
4	11.642857	5	4.283966	49.877603
6	10.021428	5	4.847645	48.580325
7	5.792857	5	8.652658	50.123610
8	10.992857	5	4.416404	48.548897
9	11.307142	5	3.8040348	43.016303
10	4.307142	5	1.111111	47.857132
11	16.37500	5	3.045685	49.873091
12	28.785714	2.5	0.864198	24.876556
13	13.464285	2.5	1.845992	24.854962
14	10.500000	5	4.539847	47.668391
		index		966.288292

Summary on calculated revised index

To summarise, each route makes a contribution to the index, which is derived by multiplying the rate on that route by its weighting factor. When the index is revised, it is necessary to derive new weighting factors only for those routes on which the committee has decided that new weightings are to apply. If a new route replaces an old one, the new weighting factor is derived in such a way that the contribution of the new route to the index is the same as the contribution to the old one. Because of the constraints imposed on the rate of change of the composition of the index by the other rules, and because there is no change in the level of the index on the date of revision, the index should show no noticeable change of behaviour immediately following revision.

Notes on audit

- 1 In the event of any complaint or error in the basis of calculation, the Baltic reserves the right to instruct a firm of Chartered Accountants as auditors ("the Auditors") to report whether the index figure for any given market day has been correctly compiled in accordance with the Rules.

Construction of the Baltic tanker indices

On 1 August 2001, the Baltic launched two new indices: the Baltic Dirty Tanker Index (BDTI) and the Baltic Clean Tanker Index (BCTI). These indices are calculated as the simple (equally-weighted) average of the clean and dirty routes currently comprising BITR, translated into index levels.

Calculation of the indices

The following table presents the BITR rates on 1 August 2001.

Dirty Routes		
T1	280000 mt ME Gulf to US Gulf	51.55
T2	260000 mt ME Gulf to Singapore	53.25
T3	250000 mt ME Gulf to Japan	52.35
T4	260000 mt W Africa to US Gulf	63.80
T5	130000 mt W Africa to USAC	101.00
T6	130000 mt Black Sea/Mediterranean	104.45
T7	80000 mt North Sea to Cont.	102.75
T8	80000 mt Kuwait to Singapore	152.05
T9	70000 mt Caribs to US Gulf	166.75
	Dirty Routes average	94.22

Clean Routes		
T10	75000 mt ME Gulf to Japan (CPP/UNL)	200.70
T11	33000 mt Continent to USAC (CPP/UNL)	225.75
T12	30000 mt Caribs – USAC (CPP/UNL)	262.25
	Clean Routes average	229.57

Based on BITR rates for the day, the simple averages for the dirty and clean routes are calculated as – 94.22 and 229.57 respectively. To convert these averages into indices, they are multiplied by a conversion factor, which is a constant number that converts the units of measurement of the route averages from Worldscale points to index levels. For example, on 1 August 2001, the base value for both indices was set at 1000 points. Therefore, the multipliers for both indices were calculated as:

$$1000 / 94.22 = 10.61383336345786457 \text{ for BDTI and}$$

$$1000 / 229.57 = 4.3560331058516 \text{ for BCTI}$$

Therefore, on 1 August 2001 the indices were calculated as follows:

$$\text{BDTI} : 1000 (= 94.22 * 10.61383336345786457)$$

$$\text{BCTI} : 1000 (= 229.57 * 4.3560331058516)$$

On 2 August 2001, the dirty route average was 94.86 and the clean was 228.83. Therefore, the indices for the day were:

$$\text{BDTI} : 1007 (= 94.86 * 10.61383336345786457)$$

$$\text{BCTI} : 997 (= 228.83 * 4.3560331058516)$$

APPENDIX 7

BALTIC FREIGHT INDICES

PANELLISTS' REPORTING QUESTIONNAIRE AND AUDIT
YEAR 2011

PANELLIST'S NAME.....

<i>INDEX</i>	BCI	BPI	BSI	BHSI	BFA
BITR	BITR-Asia	BLPG	BPOIL	BSPA	BDA

Please tick where appropriate

	QUESTION	ANSWER
1	Have you notified the Baltic Freight Indices Committee ("Committee"), via the Baltic Freight Reporter of the name of your representative Principal together with any changes made during the year?	
2	Have you notified the Committee, via the Baltic Freight Reporter, of the names of those persons who in the absence of the representative Principal will compile the information to be supplied to the Committee together with any changes made during the year?	
3	Have you delivered on each working day to the Baltic Freight Reporter, by 12.30 for dry cargo routes, (BITR 15.30), (BLPG 15.00), (BPOIL 15.00), (BFA 1700), (BSPA - BDA every Monday at 1500 hours) London time, information concerning rates in respect of each route or/and vessel type in the form contained in Appendix 2 of the Manual for Panellists?	
4	Have you retained a copy electronically or otherwise of each report for a period of at least twelve months from date of submission?	

Completed by representative Principal:

Name:..... Date:.....

Signed.....

Panellists Audit.

Matters of Significance.

Audit completed satisfactorily.

Name:.....

Date:.....