

Methodology and Specifications Guide

Platts Guidelines for PCA 005 Assessment Process

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PLATTS GUIDELINES FOR PCA 005 ASSESSMENT PROCESS

Buyers and sellers have the right to communicate bids or offers directly to Platts' price specialists, provided that the companies are perceived by the market as having appropriate credit and good credibility.

Platts accepts any reasonable method of delivery/communication for bids, offers and transactions. Platts editors typically communicate with trading companies by phone or online instant messaging systems. Platts tries to accommodate the communication needs of its customers and will endeavor to open any additional communication channels required. Please contact Quintella Koh, Managing Editor, Platts Asia Petrochemicals, Singapore at (65) 6530-6584, e-mail: quintella_koh@platts.com, Alan Hayes, Managing Editor, Petrochemicals Europe, London at (44) 20 7176 6132, e-mail: alan_hayes@platts.com or Ihsan Rahim, Managing Editor, Petrochemicals Americas, Houston at +1 713 658 3206, e-mail ihsan_rahim@platts.com for further details.

Platts recognizes the time of receiving a message of a company's intent to buy/sell, as opposed to the time a message was sent by the trading party.

For Europe and Asia, Platts accepts bids and offers for inclusion in its daily assessments no later than 16:00 London/Singapore

1. Before 4:00 PM/1:45 PM Central

- **Only firm bids and offers accepted**

2. From 4:00 to 4:28 PM/2:10 PM Central*

- **No new bids or offers**
- **Volume, terms & conditions cannot change**
- **Only prices can change**
- **Market Makers, Market Watchers can hit bids/offers**
- ***For US aromatics, from 1.45-2.10 PM Central time.**

3. From 4:28 to 4:30 PM/2:15 PM Central*

- **All bids & offers Frozen, but can be withdrawn**
- **Bids & offers can be hit**
- **Deals made one-to-one**
- ***For US aromatics, from 2:10 to 2:15 PM Central time.**

time, respectively. Changes to the bids and offers will be recognized up to 16:28:00. Firm bids and offers automatically expire at 16:30.

A seller or buyer may change the price of the offer or bid up to 16:28:00 Singapore time for Asia and London time for Europe.

For the US, Platts accepts bids and offers for inclusion in its daily assessments no later than 13:45:00 Central time. Changes to bids and offers will be recognized up to 14:10:00 Central time. Firm bids and offers automatically expire at 14:15:00 Central time.

The volume, quality or loading/delivery timing of the bid/offer cannot be changed after 16:00:00 Singapore/London time, and 13:45:00 US Central time. Buyers or sellers can withdraw bids/offers at any time, provided no prior interest to transact has been expressed by any potential counter-party. All participants that have reported bids and offers for inclusion into page 5 are expected to promptly report any transactions stemming from their publicly available bids or offers.

EWINDOW

In product assessment process which utilizes the eWindow tool, Platts reflects bids and offers on barges which are directly submitted into eWindow prior to 16:00:01 Singapore or London time. The quality or loading/delivery timing cannot be changed from 16:00:01. However, a seller or buyer may change the price of the offer or bid up to 16:29:01.

REPEAT BIDS/OFFERS

Following any trade, the original on-screen seller/buyer must revert immediately as to whether or not he/she is prepared to offer or bid for more volume. If the party fails to do this, then returns later in the window with more volume to buy/sell, the party will be treated on the same basis as an entirely new bid or offer from any other trader emerging. If this new bid or offer emerges after the cut-off point for the entry of new bids or offers, such a bid or offer may not be considered. Unless sellers/buyers expressly inform Platts of their continued interest to buy/sell after a deal, Platts will presume the players are not there for more volume.

EXTENSION PERIOD

If, following a trade, any party expresses its interest to buy/sell at a time near to the close of trade at 16:29:59 Singapore time for Asia and London time for Europe, and 14:14:59 US Central time, that party must stand firm on that bid/offer for an additional

three minutes, in order to adequately test repeatability. A notice for extension of the window will be sent out on PCA 5 as soon as possible after this interest is posted.

EXAMPLES OF NON-ASSESSABLE INFORMATION

Buyers or sellers may name their own terms and conditions for trade. Platts will post these terms and conditions on PCA 5. However, Platts reserves the right of discretion to not reflect in its assessments any deals that are done on non-standard trading terms and conditions. In the same way, any terms and conditions reported on PCA 5 that do not reflect standard market trading practices outside the trading window may not be reflected in the Platts assessments. If an onscreen bid is filled by a seller, Platts will not recognize subsequent buying interest at the traded price by an off-screen player as a test of repeatability, as this would be treated as a fresh (and therefore late) bid.

Platts will report the details of new off-screen buying interest on PCA 5 after to close of the window (or after the close of an extended window). However, any deal done at that price would not be reflected in Platts' assessment.

In case of technological difficulties or any communication problems encountered on PCA 5 where market participants are unable to see the bids and offers, buying or selling interest may be considered by Platts to be non-public and non-executable, and therefore not used for Platts' assessment. Platts will monitor all the activity and price formation that occurs with the transparency provided by firm bids/offers or deals done.

Platts may not take deals into consideration if negotiations for such deals have not been properly monitored to ensure the transacted value reflects a transaction done on an arms length basis. Deals done at a level different from those publicly available to all market players may not be taken into consideration. Trades between affiliates, subsidiaries or related parties will not be recognized for assessment purposes. Bids and offers are understood to be available to the market at large and not to the affiliates and subsidiaries of the company bidding/offering. If a bid or offer is taken out by an affiliate, subsidiary or other related party, this may result in loss of credibility by the parties with Platts, which may subsequently remove the parties' right to submit bids and offers.

SUBMISSION OF BIDS AND OFFERS

Submissions of bids, offers or transactions should not be considered as received by Platts unless acknowledged as received by Platts. For communication initiated by phone Platts will consider the time when the trader actually communicated the bid/offer or transaction. Hence as a general recommendation Platts advises market participants not to wait for the last possible minute before the cut-off deadlines for bids and offers, as the communication may not be completed on time.

A buyer or seller can communicate with Platts directly to express buying or selling interest. Platts may also take into consideration bids and offers made via a broker, provided the buyer or seller have communicated to Platts that they have authorized the broker to speak on their behalf.

ACKNOWLEDGEMENT OF RECEIPT

For bids/offers and transactions communicated online, traders should not assume that Platts has received the communication unless acknowledged by Platts. Acknowledgment may take the form of "yes," "OK," "y," "k," or any other reasonable form.

VERIFICATION

The assessment process reflects bids/offers and trades made in a transparent environment. The bids/offers and trades are subjected to validation and verification by Platts editors. The bids and offers made on a firm basis are executable by any credit worthy counterparty.

Platts will monitor instances when it appears that a buyer or seller fails to answer to a potential counter party wishing to do business. This monitoring is intended to ensure that the failure is not intentional and designed to prevent performance. The assessment process is very rigorous and tracks the time of submission of bids, offers and transactions. The assessment process tracks all circumstances surrounding the trade and any issues regarding performance.

Platts not only focuses on the performance of the transaction but also on issues stemming from it, including logistics and eventual delivery of the product. This post-deal tracking enables Platts to determine the actual performance of the participants in the trade and the validity of their inputs. Platts therefore may request documentary material to determine performance and validity.

TIMING BID/OFFER SUBMISSION

Platts synchronizes its computer clocks every day precisely, and will compare the time of any submitted bid/offer or communication by a market participant intending to transact, against the computer time, in order to ensure that the cut-off points for new bids and offers, price changes and the market's close are accurate.

Please note that Platts applies the timing deadlines strictly. For the purposes of clock synchronization, market participants may find the following internet link to be helpful:
<http://www.time.gov>

TERMS OF ENTRY FOR BIDS AND OFFERS

Platts is an information company and in general it aims to publish any credible bid or offer reported to it. Platts makes no commitment to publish every bid or offer submitted to it, however. For instance, frivolous bids and offers may not be retransmitted. Information reported by market participants that may have legal implications, for instance potential slander, will not be reported.

Terms of trade such as quality, delivery port, timing of delivery/loading and price are fully up to the company issuing the bid or offer. Bids and offers which are deemed as atypical relative to the market will not be fully taken into consideration for the assessment process. Such bids/offers or transactions would be at best indicators of an overall market condition but they would not be seen as exact indicators of market price. Any unusual condition or request regarding the cargo should be specified at the moment the initial bid or offer is made. Any unusual request that surfaces at the time a counter party is ready to trade and that impedes the normal flow of a transaction could be seen as an impediment to trade.

EXPIRATION OF BIDS AND OFFERS

Published bids and offers have an automatic expiration of 16:30:00. Market participants may extend the validity of their bids and offers by 'adding' a specific additional time span. In those cases where buyers or sellers express their intention to keep on buying or selling right before the expiration of the validity of the bids and offers, a time extension of 3:00 minutes may be added to enable proper communication with potential counter parties.

INCREMENTABILITY

Bids and offers may be changed by small increments in line with ongoing market practice in order to avoid "gapping the market." Trading conditions such as market volatility help determine normal increments. Changes exceeding those parameters may result in the bids and offers being ignored in the assessment process. Where transactions are concluded at levels that have not been fully tested by the market because price changes have been non incremental, assessors may determine

that the actual market value is somewhere within that price gap, rather than at the actual level of the transaction.

REPEATABILITY

A transaction that is considered for an assessment must be repeatable in the market in order for the deal not to be considered an aberration and to ensure that the deal is not intended to "squeeze the market."

SEQUENCE IN TRADING

In the event that more than one counterparty expresses his/her intention to execute a transaction based on an existing bid or offer, the logical counterparty should be the first party that demonstrated its intention to trade. Platts will monitor time stamps or any other available time mechanism in the event of a dispute with the aim of determining who the first potential buyer of record was.

COMMUNICATION PROTOCOL

In the event that a party is bidding/offering a parcel and he/she starts communication with a counterparty with the aim of executing a transaction, the initial bidder or offer should either 1) communicate that his/her parcel is no longer available, 2) make it clear that his parcel is still available to the open market.

If the parcel is still available to the open market - and despite the discussions seller may have with buyer - any other party can execute the transaction with the original bid/offer

COMMUNICATION SYSTEM FAILURE

In the event of a failure of telephone or computer networks editorial deadlines may be changed. This event is extremely infrequent but 'windows' may be extended by a few minutes to enable proper communication. Entry of a bid or an offer that has not been retransmitted to the market at large may not be considered in the assessment process, as it would only be known to an editor and not to a potential counterparty in the market place.