

Methodology Review and Change Consultation Process December 2018

Introduction

Fastmarkets reviews and develops its methodologies for and price specifications of the markets it covers to ensure they remain relevant and robust, enabling us to produce price assessments and indices that are representative of those markets.

Fastmarkets has clearly defined specifications for all the price points that it covers. These specifications detail the material's characteristics or quality, location, incoterm, payment terms and currency, minimum volume accepted and day/time of publication. These specifications are determined in consultation with market participants and follow industry convention. Reporters ensure that the information they gather is consistent with these specifications.

Fastmarkets' methodologies provide a clear account of the Fastmarkets price-discovery process. Please refer to the methodology guidelines published on the Fastmarkets website for more information.

Formal review and approval process

Fastmarkets' senior management carries out a formal review and approval of methodologies every six months.

Changes to an existing methodology will either be classed as 'material' or 'immaterial'. 'Material' changes are those that, once implemented, may result in fundamental changes to the published price. These include specification changes or structural changes to indices. 'Immaterial' changes are those that will not result in a different price level once implemented.

A material change will typically require a one-month consultation period.

Consultation process

If Fastmarkets believe that a change to the methodology is required following the formal review of the methodology, or at any other time, a formal process to request comments on the changes proposed is commenced. This is called the 'consultation process'.

The change to the methodology consultation process starts with Fastmarkets posting a notice on its website consisting of the following:

- The outline of the proposed change;
- The rationale, motivation, for proposing such a change; and
- A clear timeframe providing:
 - 1 The date by which any feedback must be submitted and the method for submission
 - 2 The date on which, if the change goes ahead, it will be implemented

The timeframe of one month (of around 20 working days) for the consultation process will provide market participants sufficient opportunity to analyse and comment on the impact of the proposed change.

When Fastmarkets proposes a change to the methodology, it should be understood that no decision has yet been made and that the proposal to change should not automatically be understood as confirmation that the change will happen.

Following the consultation period, Fastmarkets' editors and senior management review the comments received and decide on whether a change should be made and, if so, what type of change is to be made. The final version of the methodology is approved by the Editor before publication.

At the conclusion of the consultation process, Fastmarkets will publish a notice to communicate its decision and to provide a summary of the comments received (maintaining confidentiality where it was requested) and our responses to those comments. These comments will be categorised as either in favour, neutral or opposed to the proposed change.

Market participants who provide feedback on the proposed change should ensure they clearly state if their comments are intended to be confidential.

Discontinuation of a price

Fastmarkets will also follow the guidelines illustrated in the change to the methodology process when proposing the discontinuation of a price.

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