

Spotbarga Guidance for Market participants

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Role of market participants

Market participants play a crucial role in ensuring the accuracy, integrity, and reliability of the Spotbarga Freight Index. Besides the role of participants, they advise on items such as governance, systems and controls, review, and oversight functions.

The market participants have the primary responsibility of ensuring the accuracy, integrity, and reliability of the input data that they contribute to the Spotbarga Freight Index.

A market participant may play a crucial role in establishing and maintaining policies, procedures, and standards for the collection, verification, and dissemination of price information. Spotbarga may request the input of market participants in setting guidelines for data submission, conducting data quality checks, and ensuring confidentiality requirements are met. This collaborative effort helps to ensure that the data provided by market participants is reliable, consistent, and meets the standards set forth by Spotbarga.

Market participants play a critical role in ensuring the security, efficiency, and transparency of the data submission process for the Spotbarga Freight Index. In the area of systems and controls, they will work closely with Spotbarga's technology infrastructure to identify potential vulnerabilities, review and test data submission systems, and implement appropriate controls to prevent unauthorized access or manipulation of data. This collaboration ensures that the data submission process is reliable, accurate, and trustworthy.

As part of the review function, a market participant may request for audits, data validation checks, and data reconciliation exercises to identify any discrepancies or anomalies at Spotbarga and take appropriate corrective actions.

As part of the oversight function, a market participant may monitor the overall performance and compliance of Spotbarga's data collection and reporting processes. This can include conducting regular reviews of Spotbarga's methodologies, and data validation procedures, as well as providing feedback and recommendations for improvements. Through this process, the market participant can help ensure that the price reporting agency maintains the highest standards of accuracy, reliability, and transparency in its price assessments, and that any issues or concerns are identified and addressed in a timely and effective manner.

Selection of participants

The Spotbarga Freight Index is compiled using market data obtained from a diverse range of market participants such as charterers, brokers, oil companies, and shipping companies. Spotbarga is committed to sourcing credible market data and will accept information from all eligible sources, including the front and back office of market participants and brokers. Spotbarga strives to maintain a comprehensive market coverage and encourage all eligible market participants to contribute to our assessments.

Spotbarga values market data from all sources as described in the criteria and appreciates accurate and reliable information. However, to maintain the highest standards of quality and integrity in our price assessments, we only accept price data from active market participants who have been verified by Spotbarga as credible businesses. We also ensure that these participants have been recognized by other active industry players.

Criteria for submitting data into Spotbarga Freight Index

- The submitter's primary business focus should be on inland shipbroking or oil trading/supply related to inland shipping, indicating a level of expertise in the market being reported.
- The submitter should be considered a competent and professional firm with experienced personnel who are qualified to perform the role of submitter. Spotbarga will grant a license to operate to each member. Prior to that, members will have no right to submit data on the platform; they will only have reading access. This ensures that the data being reported is accurate and reliable.
- Submitters must be registered members of the Spotbarga Freight Index to ensure that they are committed to following the guidelines and standards set by Spotbarga.
- Spotbarga aims to have a diverse geographical spread of submitters to ensure that price data from various regions is captured.
- Submitters should not be reliant on a single client to avoid any potential bias in the reporting of market data.
- Spotbarga will not appoint a submitter that is overly dependent on a small number of clients, as this could potentially compromise the impartiality and reliability of the market data being reported.
- Participation in the European inland barge market: Typically, only market participants who are actively involved in the market being assessed are eligible to submit data. This helps ensure that the data being submitted is relevant and accurate. By actively we mean; charter at least one spot tanker per week.
- Ability of Spotbarga to verify information with other sources

Identity & authorization control procedures

Spotbarga Freight Index allows for efficient and accurate capture of all data submitted, including the identity of the submitter. This helps to ensure there are no errors or omissions in the data and that the identity of the submitter is recorded and stored correctly.

Secondly, Spotbarga Freight Index incorporated various security measures such as encryption and password protection, to ensure that only authorized personnel have access to the data. This helps to prevent unauthorized access or tampering of data, and ensures that the identity of the submitter is protected.

Thirdly, Spotbarga Freight Index provides more granular control over the authorization of submitters. Access controls and permissions can be set up to ensure that only authorized personnel are able to submit data on behalf of their organization. This can help to prevent unauthorized individuals from submitting data and potentially skewing the results. In the onboarding process, Spotbarga will request information from the counterparty's contact person regarding which individuals require viewing or writing rights. Spotbarga maintains records of all data entered into the system, which can be made available to the counterparty upon request for their internal purposes. This ensures transparency and helps to maintain the integrity of the data submitted

In terms of person and company validation, the software can access various databases and information sources to verify the identities and credentials of persons and companies involved in the transactions reported. This process helps to eliminate any data reported by unauthorized parties or entities that do not meet the necessary regulatory requirements.

Furthermore, the software can perform automated checks on the relationships between the persons and companies involved in the transactions reported to ensure that they are at arm's length and not related parties or affiliates. This process helps to eliminate any potential conflicts of interest or other issues that could affect the accuracy of the index.

While Spotbarga is capable of receiving data from back office functions, it may not always be the most efficient way to gather relevant market data for the Spotbarga Freight Index. This is because the rights to communicate such data may only be available to Senior Traders or Market Risk personnel within market participant organizations. However, Spotbarga encourages market participants to provide any such information from back office functions in order to conduct internal cross checks and increase data validity.

Reporting & Validation

What to report

Spotbarga encourages all market participants to submit and validate all data that may be relevant to assessments, including but not limited to:

For price assessment:

- Firm bids and offers that are transparent and open to the marketplace, with standard terms
- Confirmed trades between market participants

For market commentary

- Reported transactional activity heard across the market, clearly identified as such
- Other relevant data that may contribute to assessments

How to report

Spotbarga is committed to providing a seamless and efficient process for the delivery and communication of information provided for publication in real-time, including for firm bids, firm offers, and transactions. Our market reporters are available to communicate with market participants through various channels, such as phone and public instant messaging systems.

We understand the importance of accommodating the communication needs of market participants and will strive to open any additional communication channels required to ensure the smooth flow of information.

However, it should be noted that other means of communication, such as emails, are considered atypical and should be highlighted well ahead of the assessment process.

At Spotbarga, we believe in transparency and openness in all aspects of our operations, and we welcome any reasonable method of delivery/communication of information that can help ensure the accuracy and reliability of our price assessments.

Spotbarga encourages all market participants to enter and validate requested data in the Spotbarga Freight Index by themselves. If due to some reason this is not possible, reporters of Spotbarga will contact the market participant or vice versa and will enter the data for them until the market participant is able to enter the data by themselves.

In cases where market data is received by Spotbarga via ICE or telephone, the data will also be entered into the platform to ensure that all information is accurately reflected in the Spotbarga Freight Index.

All data required for the assessment will be processed through the Spotbarga platform. The market reporter will mainly need to communicate directly with market participants for market commentary and to gain an understanding of current market conditions. This ensures that the price assessments are unbiased and based solely on the objective data provided through the platform.

The following deal reporting methods are accepted by Spotbarga:

- Direct input via Spotbarga's online platform
- The ICE instant messaging system
- Telephone communication

Validation by market participant

The Spotbarga Freight Index provides a mechanism for verified counterparties to confirm transactions with each other. For example, if an oil company charters an inland tanker from a shipping company, the oil company can enter the price of the deal in the Spotbarga Freight Index, and these details will be sent by email to the shipping company for validation. The data will only be processed into the Spotbarga Freight Index when the price is validated by the shipping company or vice versa, according to our methodology software. In the event that the counterparty refuses to validate the price, the Spotbarga reporter will contact the counterparty to request validation, or will validate the price based on other available data.

How to validate

By email (directly to Spotbarga Freight Index):

- (1) The counterparty (market participant) will receive an email with the details of the deal done.
- (2) The counterparty checks the details with the inland tanker nomination received.
- (3) When correct, click the link attached to the email to validate.
- (4) The software in the Spotbarga Freight Index, will perform security and methodology checks.

By telephone or The Ice

- (1) A Spotbarga reporter will contact the counterparty (market participant) and will request validation of the details received in our system by the other market participant.
- (2) The counterparty checks the details with the inland tanker nomination received.
- (3) When correct, validate to our market reporter.
- (4) The software in the Spotbarga Freight Index, will do security and methodology checks.

What to validate

- (1) Date of the deal
- (2) Loading date
- (3) Load port
- (4) Discharge port
- (5) Payable tons
- (6) Price per ton
- (7) Barge name
- (8) Counterparty
- (9) Product Area

Reporters covering the markets in Europe are generally contactable from 09:00 to 18:00 CET time, on working days.

Internal control procedures

Human error and bias

Electronic price reporting systems, such as Spotbarga Freight Index help to mitigate the risk of manipulation or influence in several ways.

Firstly, since the data is submitted electronically and automatically processed by the system, it reduces the potential for human error and bias in the reporting process. This reduces the risk of intentional manipulation or unintentional errors due to human error.

Audit trail

Secondly, our systems provide a clear audit trail of all data submissions, including the identity of the submitter, the time and date of the submission, and any changes made to the data. This makes it easier for Spotbarga to monitor and track any suspicious activity or changes to data.

Algorithms

Finally, our software can also facilitate the use of automated algorithms and models to detect and flag any suspicious data patterns or outliers that may indicate potential manipulation or influence.

Due diligence

- (1) The submitting company shall ensure that only appropriately qualified submitters with the necessary skills, knowledge, training, and experience can submit Input Data on the company's behalf.
- (2) A market participant will undertake checks to verify: (i) The identity of the potential Submitter; (ii) The qualifications of the potential Submitter.
- (3) The submitting company shall ensure it provided the Spotbarga introduction training for new staff prior to designating them as a Submitter.

Submitter's Data Input

A submitter is responsible for ensuring that all relevant input data is accurately contributed to the SpotBarga Freight Index. This includes carefully considering the data that should be taken into account when determining the input data contribution, as well as identifying any types of data that may need to be excluded from the contribution.

The transmission of input data to SpotBarga shall be conducted through a dedicated and secure web application (Spotbarga Freight Index) provided to the submitter. SpotBarga will have contingency plans in place to address any technical or operational difficulties that may arise during the data submission process.

Additionally, if a panellist becomes aware of an error in the input data during the course of submission (but not limited to) when making a contribution of input data, following the contribution of input data, prior to publication of the relevant index, or following the publication of the relevant index, the submitter shall promptly inform Spotbarga of such error. Timely communication of any errors is crucial to maintain the accuracy and integrity of the Spotbarga Freight Index.

Record Keeping

It is the responsibility of the submitter to maintain a complete and current record of all relevant aspects related to the input data contribution process, including inland tanker nominations. These records must be kept for a minimum of three years to ensure that all price assessments are based on accurate and reliable data.

Communications between the submitter and Spotbarga

- (1) A register of the Submitters permitted by the Submitters company to contribute Input data to Spotbarga Freight Index.
- (2) Records of individuals who contribute and/or approve each daily Input Data submission of the Panellist
- (3) All documentation relating to any complaint or whistleblowing alerts

Acceptance

The acceptance and removal of submitters is the responsibility of Spotbarga, which will be advised by the Senior Assessor and the Assessors. The decision to remove a submitter rests with Spotbarga alone and Spotbarga is not obliged to provide reasons for the removal or to enter into any correspondence on the matter.