Xeneta Shipping Index by Compass
Benchmark Statement

December 1, 2021
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1 General Information

Index Family Name : Xeneta Shipping Index by Compass

Initial Date of Publication : December 6th, 2021

Index Owner : Xeneta and Compass Financial Technologies

Index Administrator : Compass Financial Technologies (France)

Index Contributor : Xeneta

Index Calculation Agent : Compass Financial Technologies (France)

2 Index Description - Motivation

Xeneta Shipping Index by Compass (XSI – C, the Indices or the Index) represent BMR compliant indices for rolling short-term Freight All Kind (FAK) rates valid for less than 32 days, for a 40’ container. They are calculated daily and published at 4pm London time.

The XSI-C indices are co-owned by Xeneta and Compass Financial Technologies. The Benchmark Administrator (or the Administrator) and the Index Calculation Agent is Compass Financial Technologies.

XSI-C can be accessed online on Xeneta website (www.Xeneta.com) and on Compass Financial Technologies website (www.compassft.com) along with additional information about the Index.

XSI-C indices are available on Bloomberg and Reuters under the ticker symbols listed in Table 1.

As of November 3 2021, the following XSI-C indices are computed and published:

<table>
<thead>
<tr>
<th>Index</th>
<th>Bloomberg Code</th>
<th>Refinitiv Code</th>
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<tbody>
<tr>
<td>XSI-C - North Europe to Far East</td>
<td>XSICNEFE Index</td>
<td>.XSICNEFE</td>
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<tr>
<td>XSI-C - US West Coast to Far East</td>
<td>XSICUWFE Index</td>
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<tr>
<td>XSI-C - US East Coast to North Europe</td>
<td>XSICUENE Index</td>
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<tr>
<td>XSI-C - Far East to North Europe</td>
<td>XSICFENE Index</td>
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<td>XSI-C - North Europe to US East Coast</td>
<td>XSICNEUE Index</td>
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<td>XSI-C - Far East to US West Coast</td>
<td>XSICFEUW Index</td>
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<tr>
<td>XSI-C - North Europe to South America East Coast</td>
<td>XSICNESE Index</td>
<td>.XSICNESE</td>
</tr>
<tr>
<td>XSI-C - Far East to South America East Coast</td>
<td>XSICFSE Index</td>
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Table 1: Xeneta Shipping Index Compass - Publication Codes

Motivation

XSI-C indices have been designed to provide BMR compliant in-depth and accurate ocean container short term freight rates over major trade lanes.

Disconcerting uncertainty in the price discovery of the containerised ocean freight market and a lack of transparency for existing indices advocate for the creation of trusted reference rates indices in the freight market.

While some indexes on this market already exist (SCFI, WCI, Platts, Freightos,...) none of them have the data breadth of the index here proposed. Xeneta covers most of the global trades and works with all the market players from the biggest freight forwarders to smaller shippers making the index more representative of the market than other providers.
3 Regulatory Information

Xeneta Shipping Index by Compass are non-significant benchmarks according to EU Regulation 2016/1011 given:

1. they are not used directly or indirectly within a combination of benchmarks as a reference for financial instruments or financial contracts or for measuring the performance of investments funds having a total average value of at least EUR 50 billion on the basis of all the range of maturities or tenors of the benchmark, where applicable, over a period of six months; and

2. they have market-led substitutes and, in the event that the benchmark ceases to be provided or is provided on the basis of input data no longer fully representative of the underlying market or economic reality or unreliable input data, the benchmark administrator does not anticipate a significant and adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households or businesses in the EU.

4 Index Methodology

4.1 Input Data Contributor

Xeneta, the world’s largest ocean freight rate benchmarking platform acts as Contributor for XSI-C indices. Xeneta has the most exhaustive set of ocean freight rate data. The Contributor freight rate data collection and processing is in line with the highest quality standards.

The Contributor’s responsibilities fall within the areas of governance, systems and controls, review, and oversight function to ensure reliability of the input data contributed to the Administrator.

4.2 Input Data Description

XSI-C input data are the Xeneta short term rates. A Xeneta short term rate is a rate Xeneta receives from Freight Forwarders or Shippers (buyers). It is also a rate that has been provided by a Carrier (sellers) to a Freight Forwarder and Shipper (buyers). Xeneta never receives rates directly from the seller (Carriers) but only from the buyers. Xeneta does not request data from Carriers or interview the market. Xeneta extracts the data from the Buyers’ rate management systems or receives the data forwarded from Buyers. The Buyers in turn have received this data from the Sellers. In practice rates are not shared between Buyers and Sellers ad hoc but are in the majority of the data received as part of a wider contract. More precisely rates are shared as part of a longer term contract where the rate is then updated on a weekly/monthly basis. In the vast majority of cases Xeneta also receives a clear contract number information and reference to said contract. While the rates are shared as part of a pre-existing contract there is however no guarantee that those rates would be executed or transacted upon.

4.3 Computation Methodology Summary

The XSI-C indices are based on the computation of median prices. Data used to compute the Index are Xeneta short term rates as described in section Input Data Contributor.

To mitigate potential bias linked to concentration issue, the methodology will compute a USD median rate for each Customer-ServiceProvider pair. The Index level is then computed as the weighted average of the median rates computed above.

Charges considered in the Index level computation

The Index includes all charges and surcharges (fuel, security, ...) that need to be paid in order to ship a container. The index does not include any charges associated with dangerous goods, heavy or otherwise special equipment. The Index deals purely with the ocean component of the freight rate and as such it does not include any pre-carriage or on-carriage charges. Finally the Index does not include any fees associated with premium or guaranteed services.
4.4 Index Disruption - Extraordinary events

Index Disruption events - definition and remedies

“Index Disruption Event” means, in the determination of the Administrator, the occurrence of any of the following events affecting the Index:

Temporary loss of sufficient data

*Definition:* If for any Index Release Date \( R(t) \) less than 20 rates from at least 2 different Service Providers and 2 different Customers are available to compute Index Level \( IL_l(t) \) for trade lane \( l \), then the Index for trade lane \( l \) will be considered as disrupted on \( t \).

*Remedy:* Then \( IL_l(t) \) will stay unchanged compared to the last value computed.

Index Contributor default to provide the dataset on time

*Definition:* If for any reason, the Index Administrator does not receive the dataset before 16:10 London Time on a specific Index Release Date \( R(t) \), the Index will be considered as disrupted.

*Remedy:* The Index calculation will be based on the last available Index Dataset for index Calculation Date \( t \).

Extraordinary events

Change of the Contributor

*Definition:* The Administrator considers that the Contributor cannot pursue its role as Contributor for the Index.

*Remedy:* Then the Administrator can take any appropriate action to replace the Contributor. The Administrator shall suspend the Index computation and publication until a satisfactory solution is found to replace the Administrator.

5 Amendment to the Index methodology

This methodology may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the Index is compiled or calculated or affect the Index in another way.

In the absence of exceptional circumstances affecting the Index calculation or methodology, the Index methodology is reviewed annually in November to ensure that:

1. The index continues to measure the market interest under consideration
2. Input data are in line with the original purpose of the index
3. The quality and quantity of the input data remain sufficient

Changes need to take into the account the evolving characteristics of the containerised ocean freight market. The market structure can change and may need to be reflected without delay in the Index methodology. In particular, port structure may be adjusted and may lead to exceptional Methodology changes and index levels adjustments.

In case of proposed changes which would need to be implemented urgently, the Committee will have to decide during an exceptional committee whether such changes are appropriate or not and the degree of emergency to implement the changes. If accepted by the XSI-C Steering Committee, changes and schedule of implementation will be published in a press release on Compass Financial Technologies and Xeneta websites and distributed in a timely manner to data vendors and news sources.

Changes made to the Index methodology or with computation parameters decided during the annual review are published after the review date and implemented on the first Index Calculation Date of December.

The results of the XSI-C Steering Committee will be published in a press release on Compass Financial Technologies and Xeneta website and distributed in a timely manner to data vendors and news sources.
6 Cessation of the Index

The Index Administrator has established procedures to be followed for termination of a Xeneta Shipping Index by Compass. Any termination of a Xeneta Shipping Index by Compass must be approved in advance by the Index Committee. A notice to licensees will be published in advance of the termination. Before disactivating an index, the Index Administrator always determines whether there are any listed financial products issued on that index as the underlying. The Index Administrator terminates indices only provided that:

- All existing commercial customers have been consulted, and commercial relationships have been terminated or transitioned accordingly.

- Consultations with stakeholders have not led to the decision to continue the index.

The Index Administrator is not responsible for determining or offering an alternative index to its subscribers or other stakeholders when the Index is terminated. However, the Index Administrator may recommend an alternative index if it considers, based on various criteria, that this alternative index could be a credible substitute index.