

Key elements of the NSFI Benchmark methodology - BMR Annex II topics

## Key elements of the methodology for the NOREXECO Shanghai Final Index (NSFI)

Reference: EU 2016/1011 Annex II, (2) and (3) – Commodity Benchmarks

Publication: on [www.norexeco.com](http://www.norexeco.com)

Key element	Description
Type of benchmark	A Commodity benchmark. Underlying commodity is pulp.
Input data	<ol style="list-style-type: none"> <li>1. The Final Delivery Settlement Price (FDSP) for the expiring month contract with physical delivery of pulp traded on the Shanghai Futures Exchange (SHFE), denominated in RMB.</li> <li>2. The prevailing Chinese VAT in % for pulp on the expiration day of the expiring month contract at SHFE.</li> <li>3. CNY/USD Midpoint as published by WM Refinitiv at 11 UK on the expiration of the month contract at SHFE.</li> </ol> <p>There is no input data or contribution from market participants for the purpose of being part of the determination of the NSFI.</p>
Calculation	$\text{NSFI} = (\text{FDSP}/(1+\text{VAT})) / (\text{CNY/USD})_{\text{WMRMidpoint UK 11}}$ <p>Currency in 5 decimals rounded. NSFI in 2 decimals rounded.</p> <p>No assessment other than verification that the collected values are correct takes place.</p>
When calculated and published	On the expiration day of the monthly pulp contract traded on SHFE. The expiration day is the 15th day of the month, adjusted for Chinese non-working days. NOREXECO shall publish the NSFI at 17:05 on the expiration day.
Rationale for adopting the method	<p>The purpose of the NSFI is to convert the domestic price of pulp traded at SHFE to a net price denominated in USD.</p> <p>There are no contributions from market participants and no price adjustments involved unless there has been an error in the calculation.</p> <p>The FDSP is the price of physical delivery on the expiration day. As the FDSP is input data to NSFI, NSFI is a reliable indicator of the underlying physical market.</p>
Internal approval	The methodology is approved every month.
External review	The methodology is reviewed annually by the external auditor.
Further information	See the Benchmark Statement of the NSFI.

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### **Updates of this 'Key elements of the NSFI Benchmark'**

This 'Key elements of the NSFI Benchmark' will be updated at least every two years, and as soon as possible whenever the information contained in it ceases to be correct or sufficiently precise and at least where 1) there is a change in the type of the benchmark or 2) there is a material change to the methodology.

### **DISCLAIMER**

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