

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

Key element	Description
Type of benchmark	A Commodity benchmark. Underlying commodity is pulp.
Input data	<ol style="list-style-type: none"> 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. 2. The prevailing Chinese VAT in % for pulp on the expiration day of the expiring month contract at SHFE. 3. CNY/USD Midpoint as published by WM Refinitiv at 11 UK on the expiration of the month contract at SHFE. <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	$NSFI = (FDSP / (1 + VAT)) / (CNY/USD)_{WMRMidpoint\ UK\ 11}$ <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.

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

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

Use of the NOREXECO Shanghai Final Index (NSFI)

The NSFI shall not be used to settle or clear, or be used as reference in financial instruments without the prior written consent of NOREXECO ASA. Inquiries may be directed to benchmark@norexeco.com.

Limitations of Liability

NOREXECO ASA assumes no liability for loss or damages related to or arising out of the use of the NSFI. NOREXECO ASA expressly disclaims all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the NSFI. Neither NOREXECO ASA nor any third party make any express or implied warranties or representations regarding the results which may be obtained as a consequence of the use of NSFI or regarding the value of the NSFI at any given time. NOREXECO ASA shall in no case be liable for errors or defects in the NSFI nor obliged to provide notice of, or publish, errors in the NSFI other than what is required by EU 2016/1011, the Benchmark regulation.

WM Refinitiv

The WM/Refinitiv Intra-Day Spot Rates are provided by Refinitiv. Refinitiv shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same.