



## OIL PRICE INFORMATION SERVICE (OPIS) – BENCHMARK STATEMENT

1. General Disclosures	
Benchmark family name	Oil Price Information Service (OPIS)
Benchmark administrator	IHS Markit Benchmark Administration Ltd. (IMBA UK)
Date of initial publication of this document	9 July 2018
Date of last update to this document	8 June 2021
ISIN (where available)	There are presently no ISINs available or accessible for the benchmarks covered by this Benchmark Statement.
Determination by contributions of input data	The administrator receives contributions of data from market participants in relation to this family of commodity benchmarks. However, according to Article.19 of the EU Benchmark Regulation, no Contributor Code of Conduct is required.
Qualification of the benchmark family	OPIS is a family of commodity benchmarks.
2. Climate-related disclosures	
Type of benchmark family	Commodity and Other benchmarks
Name of the benchmarks	OPIS benchmarks
Does the benchmark pursue ESG objectives?	No

Where the answer to the above question is negative, is any EU Climate Transition Benchmark or EU Paris-Aligned Benchmark available in the portfolio of IMBA UK or does IMBA UK have benchmarks that pursue ESG objectives or consider ESG factors?	Yes
<b>3. Key information relating to the benchmark or family of benchmarks</b>	
<b>General description of the market or economic reality</b>	<p>OPIS tracks current and historical pricing for oil and renewable fuels products across the entire supply chain. OPIS provides pricing reports for the <b>Spot</b> (also referred to as “bulk”), wholesale rack and retail fuel markets. This Benchmark statement covers the Spot portion of OPIS.</p> <p>Commodity pricing including gasoline, diesel, biofuels, clean carbon credits, NGLs/LPG (Natural Gas Liquids/Liquified Petroleum Gas), natural gas, jet fuel, crude oil, petrochemicals and feedstocks.</p>
<b>Geographical boundaries of the market or economic reality</b>	OPIS benchmarks cover the Americas, Europe, Middle East, Australia and Asia Pacific.
<b>Other relevant information relating to the market or economic reality</b>	OPIS benchmarks are mostly used as a basis for valuation of physically delivered prompt cargoes in the spot market. Spot prices are a function of short-term demand supply balances in each designated market.
<b>4. The potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable</b>	
<b>Circumstances in which we would lack sufficient input data to determine the benchmark according to the methodology</b>	OPIS’s publicly available methodology states that we may assess markets in the absence of liquidity by discovering bid/offer ranges or by applying historically demonstrable and defensible differentials to related, more liquid markets. The only circumstance in which a benchmark could no longer be provided would be if the commodity being assessed became no longer economically or operationally viable to trade or value due to changed circumstances.
<b>Circumstances in which the degree of liquidity of the underlying market becomes insufficient to</b>	See above.

ensure the integrity and reliability of the benchmark determination according to the methodology	
<b>5. The controls and rules that govern the exercise of judgment or discretion in the calculation of the benchmark or family of benchmarks</b>	
<b>Position of each function or body that may exercise discretion in the calculation of a benchmark</b>	<p>Discretion and judgment may be exercised by market assessors (see below) and the approach to such judgment and discretion is regularly reviewed by the <b>Board</b> of the administrator and the <b>Benchmark Oversight Committee</b>.</p> <p>In the event that the administrator needs to take action or make a decision that has not been foreseen by the methodology or associated policy, senior members of the administration team will consult internally with the applicable senior product management committee; this is to arrive at a decision that is consistent with the objective of the index in question and that causes minimal disruption to index stakeholders.</p> <p>Any changes to the index methodology or cessations will be decided upon as per IMBA's Benchmark Methodology Changes and Cessation policy (available <a href="#">here</a>). Where a proposed methodology change is material IMBA will launch a wider consultation, which is addressed to all relevant stakeholders. The Board and the Benchmark Oversight Committee will be notified of any proposed changes, oversee the consultation process and challenge the suggested approach if necessary. A methodology change is likely to be material if it has a substantial impact on the index calculation process or formula, the quality of the input data, the index selection rules, the underlying market or reality measured, the panel of contributors to the benchmark, or the benchmark level.</p>
<b>Governing the exercise of judgement or discretion</b>	<p>OPIS reserves the right to exercise editorial judgment in cases where input data appears to be outlying information that cannot be verified with other market sources by press time, or does not otherwise fit our methodology which is publicly available on our website here: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a>. Market assessors may choose to exclude data on that basis, however, that data exclusion must be logged and approved by a senior editor prior to publication of the day's ranges.</p>
<b>Ex-post evaluation process</b>	<p>When a correction is requested by a subscriber an investigation is launched by the market assessor and a senior editor to determine whether the correction request has merit. If the</p>

	correction request is deemed to be a valid concern, a correction notice is posted in the next available publication.
<b>6. Review of the methodology and changes to, or cessation of, the benchmark or family of benchmarks</b>	
<b>The methodology</b>	<ol style="list-style-type: none"> <li>1. OPIS methodologies are applied to produce a number of price assessments covering global energy commodities. These assessments are used by organizations who purchase, sell, or broker physical and paper energy products, providing a basis for financial instruments and supply contracts. The assessments underpin term and spot trade, market analysis, performance measures, risk management tools and capital investment decisions.</li> <li>2. Our benchmarks are determined by combinations of market survey, observances of trading screen activity, application of historically demonstrable differentials and formulaic calculations and/or submission of back office <b>Deal Sheets</b>; in most cases priority is given to transactions, followed by bid/offer ranges and then followed by notional but historically demonstrable formulaic calculations; the latter of which can be applied to days of little or no liquidity. Further detail of specific models and methods use to extrapolate market value can be found described on OPIS' website: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a>.</li> <li>3. While OPIS market assessors are trained to use editorial judgment when necessary to exclude data that cannot be verified by press time or otherwise does not fit our methodology, any data exclusion must be reviewed and approved by a senior editor prior to publication of the price assessment.</li> <li>4. Historically demonstrable differentials may be applied to assessments in the absence of liquidity. These differentials are subject to internal and external review through the quarterly review and open season processes as described above and OPIS' website: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a>.</li> <li>5. Corrections that are determined to be necessary either from internal or external discovery are performed by the market assessor assigned to the day's report but must be approved by a senior editor prior to re-publication. Corrections occurring the day of publication may trigger a re-publication of the assessment. Corrections discovered to be necessary the day after publication or thereafter are described in correction notices attached to subsequent days reports. Further details of the administrator's Correction policy are available on the administrator's website <a href="#">here</a>.</li> </ol>

	<p>6. Low liquidity days do not preclude publication of a benchmark if the methodology proscribes a means of applying a historically demonstrable differential to a related more liquid product. No limitation is based on data submitters for volume of trades done.</p>
<b>Rationale for adopting the methodology</b>	<p>The key elements of the methodology of the OPIS benchmarks are the rules for inclusion / exclusions, the sources of input data and the type of input data.</p> <p><b>Rules for inclusion / exclusions of input data</b></p> <p>The parameters of the product/commodity methodology, such as product specifications, timings, location and volumes, are based on accepted market norms and are designed to be used as a benchmark for the commodities/markets we operated in. The guiding principles behind this are around consistency of application, accuracy and fit-for-purpose.</p> <p><b>Sources of input data</b></p> <p>Bona-fide sources are accepted from the trading ecosystems including industry participants, regulators, government, brokers and traders. Source data input into the assessments is deemed to be reliable and representative of the markets and will be tested as part of an ongoing process of engagement with the industry.</p> <p><b>Type of input data</b></p> <p>Transaction data is the preferred source of information for the markers. However, depending on the liquidity of the markets being assessed, other information can be and is used, such as bids and offers and other market information. Confirmed data by counterparties will be prioritized as our commitment to accuracy and objectivity in accordance with market expectations. Due to the dynamic nature of the individual markets we cover, we will deviate from the norm in certain circumstances to fit the needs of that particular market, and this could also result in a variance in the type of data prioritized in the assessments. What will remain consistent is that the price discovery process, the methodology and assessment process will reflect the requirements of the principles of consistency, accuracy and fit for purpose.</p>
<b>Possible impacts of changes to, or the cessation of the benchmarks upon the financial contracts, financial instruments that reference the benchmark or the measurement of the performance of investment funds</b>	<p>It is possible that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of an OPIS benchmark.</p> <p>It is possible that changes to, or the cessation of, the OPIS Indices may have an impact upon the financial instruments that reference the benchmarks.</p> <p>Further details of the administrator's Change and Cessation policy are available on the administrator's website <a href="#">here</a>.</p>

7. Commodity benchmarks	
<b>Qualification as a commodity benchmark</b>	OPIS benchmarks are commodity benchmarks.
<b>Title II or Annex II regime</b>	OPIS benchmarks are commodity benchmarks and Annex II of the BMR applies.
<b>Criteria that define the relevant underlying physical commodity</b>	OPIS benchmarks and the underlying physical commodities include refined products, natural gas liquids, renewable fuels and clean carbon credits as described in OPIS' publicly available website here: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a> .
<b>Publication of information relating to commodity benchmark</b>	OPIS benchmark information and related calculations are explained and published in its nightly reports available to subscribers. The methodologies relating to the OPIS benchmarks are explained on our publicly available website: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a> .
8. Key Terms	
<b>Benchmark Oversight Committee</b>	means the independent function overseeing the IMBA UK Board with regard to the administration of the OPIS Indices
<b>Board</b>	means the Board of Directors of IMBA UK
<b>Deal Sheets</b>	means Back-office trade reports submitted to OPIS
<b>ESG</b>	means Environmental, Social, Governance, recognised as the three central pillars measuring sustainability and societal impact of institutions, sovereigns, or other entities
<b>IHS Markit Benchmark Administration Ltd. (IMBA UK)</b>	means the administrator, which is the UK entity authorised by the FCA responsible for the daily provision of the OPIS indices for the clearing of financial derivatives
<b>Spot</b>	means arm's length trading of bulk cargo for prompt delivery and settlement

9. Additional information	
Additional information	<p>OPIS's IOSCO audit results are available here: <a href="https://notices.opisnet.com/IOSCO">https://notices.opisnet.com/IOSCO</a>.</p> <p>The methodologies relating to the OPIS benchmarks are explained on our publicly available website: <a href="https://www.opisnet.com/about/methodology">https://www.opisnet.com/about/methodology</a></p>
10. Document governance	
Document name	Oil Price Information Service (OPIS) Benchmark Statement
Document owner	Regulatory Compliance
Applies to	Oil Price Information Service (OPIS) benchmark family
Approved by	Board of IHS Markit Benchmark Administration Ltd. and Benchmark Oversight Committee
Date of Last review	8 June 2021

## **IMPORTANT:**

This Benchmark Statement will be updated whenever the information it provides is no longer correct or sufficiently precise and at least where:

(a) there is a change in the type of the benchmark;

(b) there is a material change in the methodology for determining the benchmark or, where the Benchmark Statement refers to a family of benchmarks, in the methodology for determining any benchmark within the family of benchmarks.

This Benchmark Statement will be updated at least every two years.

## **ABOUT US**

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

## **CONTACT US**

For more information, including methodology documents please visit <https://www.opisnet.com/about/methodology> or contact us at [customercare@ihsmarkit.com](mailto:customercare@ihsmarkit.com).

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