



The ICE Brent Index

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THE ICE BRENT INDEX

The cash settlement price for the ICE Brent Future is based on the ICE Brent Index ('The Index') on expiry day for the relevant ICE Brent Futures contract month. The Index represents the average price of trading in the BFOE (Brent-Forties-Oseberg-Ekofisk) cash or forward ('BFOE Cash') market in the relevant delivery month as reported and confirmed by the industry media. Only published cargo size (600,000 barrels) trades and assessments are taken into consideration in the calculation.

Calculation

The Index is calculated as an average of the following elements:

- 1) A weighted average of **first** month cargo trades in the BFOE Cash market.
- 2) A weighted average of **second** month cargo trades in the BFOE Cash market plus a straight average of the **spread trades** between the first and second months (an implied first month value).
- 3) A straight average of designated **assessments** published in media reports.

1. FIRST MONTH WEIGHTED AVERAGE

This is an average of the cargo trade prices reported, and weighted by volume to include multiple trades at any one price level. If media sources should conflict as to how many trades took place at a given price, then ICE Futures Europe will endeavour to clarify the actual amount of trades through contact with media sources and market users, whilst reserving the right to omit trades that cannot be substantiated to the satisfaction of the Exchange.

2. SECOND MONTH DEALS PLUS SPREAD TRADES

This second element in the calculation produces an implied average price for the first month of the BFOE Cash market, by averaging the second month traded cargo prices, plus an average of the spread trades between the first and second months.

- I. Trades in the second month of the BFOE Cash market are also taken into consideration in this second element of the calculation, after having been adjusted by the size of the differential between the first and second Cash months. Trade prices for the second month are averaged in the same way as above, and the average 1st-2nd month spread value is determined by the straight average price of spread trades documented by chosen media sources; and
- II. The average spread trade price will be added to the weighted average trade price for the second month, in order to construct the implied first month price level. The spread price is a positive value in a backwardated market, whilst in the event of a contango market the spread price would be negative in value.

N.B. Both above elements are required to be present for this calculation element to be used.



3. INTRA-DAY PRICE ASSESSMENTS

The industry media publish BFOE Cash price assessments throughout the trading day. The mid-point of each quote is used to calculate an average for the whole trading day.

The trading day is taken from 10:30 – 19.30 (London time) inclusive.

Example: Should a chosen media source publish the following quotes throughout the day for the first BFOE Cash month, these would be averaged to give the following results:

London Time	Media Source	
10:30	\$41.56	\$41.61
12:30	\$41.57	\$41.62
14:30	\$41.58	\$41.63
16:30	\$41.60	\$41.65
19:30	\$41.70	\$41.75
Average	\$41.627	

Average market assessment = \$41.627

SUMMARY CALCULATION FROM ABOVE EXAMPLE

The ICE Brent Index is calculated as an average of three elements:

1. The first month average price (e.g. :)	\$41.610
2. The second month average price (adjusted by spread value; e.g. :)	\$41.624
3. The average market assessment	\$41.627
Average	\$41.620

This would be rounded down to produce an ICE Brent Index of \$41.62.

4. CURRENTLY USED PRICE REPORTING AGENCIES:

NO.	NAME	WEBSITE
1.	ICIS	http://www.icis.com/energy/crude-oil/