

Frequently Asked Questions

ICE Futures Abu Dhabi (IFAD) & Murban Crude Oil Futures

What is ICE Futures Abu Dhabi?

IFAD is a new Exchange in Abu Dhabi Global Market (“ADGM”) which ICE has established with the support of Abu Dhabi National Oil Company (“ADNOC”) and nine of the world’s largest energy traders. ICE plans to launch IFAD and the world’s first futures contracts based on Murban crude oil on March 29, 2021, subject to the completion of regulatory approvals.

Below are some of the news announcements:

[Intercontinental-Exchange-to-Launch-ICE-Futures-Abu-Dhabi-and-the-Worlds-First-Murban-Crude-Futures-Contracts-on-March-29-2021](#)

<https://ir.theice.com/press/news-details/2020/Intercontinental-Exchange-Announces-Three-Companies-Agree-to-Explore-Pricing-US-Crude-Exports-to-Asia-Using-ICE-Murban-Futures/default.aspx>

<https://ir.theice.com/press/news-details/2019/Intercontinental-Exchange-to-launch-new-exchange-in-Abu-Dhabi-Global-Market-ADGM-to-host-worlds-first-Murban-crude-futures-contracts/default.aspx>

<https://ir.theice.com/press/news-details/2019/Intercontinental-Exchange-partners-with-ADNOC-and-some-of-the-worlds-largest-energy-traders-in-the-2020-launch-of-ICE-Futures-Abu-Dhabi-a-new-futures-exchange/default.aspx>

Who is involved in setting up IFAD?

ICE is the operator of the exchange and the majority shareholder. ADNOC, BP, GS Caltex, INPEX, JXTG, PetroChina, PTT, Shell, TOTSA (Total) and Vitol are supporting ICE to launch IFAD.

What products will trade on IFAD?

[ICE Murban Futures](#) will be a physically delivered contract with delivery at Fujairah in the United Arab Emirates (UAE) on a free on board (FOB) basis.

Murban crude is produced by ADNOC. ICE Murban Futures will be complemented with a range of cash settled derivatives which IFAD plan to launch for day one of trading. The full list of contracts are listed [here](#) and include:

- Crude Outright - Murban Singapore Marker 1st Line Future Contract;
- Crude Outright - Murban Singapore Marker 1st Line Balmo Future Contract;
- Crude Outright - Murban 1st Line Future Contract;
- Crude Outright - Murban 1st Line Balmo Future Contract;

- Crude Diff - Murban Singapore Marker 1st Line vs Brent Singapore Marker 1st Line Future Contract;
- Crude Diff - Murban Singapore Marker 1st Line vs Brent Singapore Marker 1st Line Balmo Future Contract;
- Crude Diff - Murban 1st Line vs Brent 1st Line Future Contract;
- Crude Diff - Murban 1st Line vs Brent 1st Line Balmo Future Contract;
- Crude Diff - Murban Singapore Marker 1st Line vs Brent 1st Line Future Contract;
- Crude Diff - Murban Singapore Marker 1st Line vs Brent 1st Line Balmo Future Contract;
- Crude Diff - Murban 1st Line vs WTI 1st Line Future Contract;
- Crude Diff - Murban 1st Line vs WTI 1st Line Balmo Future Contract;
- Crude Diff - Murban 1st Line vs Dated Brent (Platts) Future Contract;
- Crude Diff - Murban 1st Line vs Dated Brent (Platts) Balmo Future Contract;
- Gasoil Crack - Singapore Gasoil (Platts) vs Murban 1st Line Future Contract;
- Fuel Oil Crack - Fuel Oil 380 CST Singapore (Platts) vs Murban 1st Line Future Contract;
- Gasoline Crack - Singapore Mogas 92 Unleaded (Platts) vs Murban 1st Line Future Contract;
- Naphtha Crack - Naphtha C+F Japan (Platts) vs Murban 1st Line Future Contract (in Bbls).

Will ICE support a Murban/Brent Futures Spread on Day 1?

Yes, ICE plans to support this Inter-Exchange Spread strategy.

How do I apply to become a member of IFAD?

Please contact Membership-AbuDhabi@theice.com for membership details.

How do I trade the Murban/Brent Inter Exchange Spread?

There are two ways to do this, via a System Managed Account (SMA) and via a Local Managed Account (LMA).

1. System Managed Account (SMA): ICE supports two different RIMs on a single account to trade the Murban/Brent Exchange spread. It must be the same SMA that represents two different members - this would be the NCM (Non-Clearing Member) and the Clearer who clears the spread. As a result the IFEU NCM does not need to become a member of IFAD to trade the spread. If the NCM wants both legs cleared in their own membership, then the NCM would need to be a member of IFAD.
2. Local Managed Account (LMA): ICE supports the ability to trade the Murban/Brent Exchange spread via a single LMA, set up by a single Clearer but you must be a Member of both IFEU and IFAD Exchanges. For LMA, ICE does not support the ability to trade the spread via two separate Clearers.

What documents do I need to sign to support IFAD?

All existing participants who wish to support IFAD will not need to sign a new PAF (Product Access Form). Only new Participants trading ICE are required to sign a PAF.

Participants who have written to the ICE APIs previously and wish to use these applications to trade IFAD are required to sign a new Direct Access Interface - Development & Maintenance Agreement (DAI).

Clearers or ICE participants who want to become Members of IFAD will need to sign the respective IFAD Membership documents.

Will IFAD have a new MIC code?

Yes, the new MIC code is IFAD.

Where will IFAD contracts clear?

Contracts traded at IFAD will be cleared at ICE Clear Europe, a leading energy clearing house, and will clear alongside the most significant global oil benchmarks - ICE Brent, ICE WTI, ICE (Platts) Dubai and ICE Low Sulphur Gasoil - allowing customers to benefit from associated margin offsets and delivering meaningful capital efficiencies.

If I already clear with ICEU what do I have to do to be able to clear contracts traded on IFAD?

Clearing Members intending to clear Murban Crude Futures are required to become Members of IFAD. Current ICE Futures Europe (“IFEU”) Members will be able to leverage their existing membership subject to the submission of additional supplemental documentation to become members of IFAD. Additionally, Clearing Members will be required to secure ADGM Remote Membership within one year of becoming a Member of IFAD.

How do I become a clearing member of ICEU?

Please contact Membership-AbuDhabi@theice.com

Who will IFAD be regulated by when it launches?

IFAD is regulated by the FSRA of ADGM. ICE is in active discussions with regulators about the approvals needed to ensure firms located in key jurisdictions including the UK, US and Singapore can access futures contracts traded on IFAD.

Where does physical delivery occur?

Physical delivery of the Murban Crude Oil Futures contract will occur at the ADNOC terminal in Fujairah, UAE, on an F.O.B. basis onto the Buyer's vessel during the delivery month.

Is there a minimum delivery amount?

Not as such, however, as set out in the Contract Terms, the minimum loading limit at the terminal is 200,000 barrels. If the Futures position going to delivery is less than 200 lots (1 lot = 1,000 barrels), it will need to be co-loaded with a term or OTC delivery in order for the minimum loading limit to be reached.

What happens if we have a position below 200 lots at expiry and are not able to find sufficient barrels to co-load to make up the shortfall?

In the event that the minimum loading requirement cannot be met, parties may use the Alternative Delivery Process (ADP) mechanism to settle the Contract.

What are other instances where an ADP might be used?

The ADP mechanism is intended to be used in any situation where the counterparties mutually agree to undertake delivery in a way other than as specified in the Exchange Rules. This could involve the parties agreeing to change some or all of the parameters of the delivery such that the delivery no longer meets the criteria set in the Contract Terms. Such circumstances could for example arise if the counterparties agree on a different loading location or on an alternative crude oil variety.

What is the process to follow when my counterparty and I agree an ADP?

The ADP process is described in section 12 of ICE Clear Europe's Delivery Procedures (available on request). In summary, once both counterparties to the delivery have agreed to an ADP, their respective Clearing Members must send to the Clearing House a Confirmation of Agreed ADP Form (on a template provided by the Clearing House). The Form must be received by the Clearing House any time before the Clearing Members are invoiced by the Clearing House, with Forms received by the Clearing House after 16:00 LPT being deemed to have been received on the next Clearing Day. After receipt of a valid Form, the Clearing House will settle the relevant Contracts at the EDSP. This will effectively reflect that the parties have fulfilled their obligations under the Contract and any obligation that Buyer and Seller have agreed separately will not involve the Clearing House or the Exchange in any way.

What is the operational tolerance?

The operational loading tolerance is 0.2% for a Futures-based physical delivery. This means the buyer is assured they will be receiving a quantity of Murban crude oil that is almost exactly the same as their expired Futures position. When delivering physical product through

the Exchange, it is common for the allowable delivered volume to be as precise as operationally possible.

Do you have data on Murban Crude that I can use for my risk models?

Please contact Fan Feng at fan.feng@theice.com

Where is the IFAD Matching engine housed?

Contracts will be hosted on the ICE Trading Platform alongside the existing ICE oil benchmarks housed in ICE's Chicago data centre.

If I want to become a market maker in Murban, who do I contact?

Please contact Vincent Martin at vincent.martin@theice.com

Who have you got supporting the Murban Crude Oil Futures contract?

ADNOC - the producer of Murban Crude - is partnering with ICE on the launch of IFAD. ADNOC Trading, which is 100% owned by ADNOC, is becoming a trading participant of IFAD to trade the Murban Crude Oil Futures contract. In addition, the current customers and concession holders for Murban Crude which are BP, GS Caltex, INPEX, JXTG, PetroChina, PTT, Shell, TOTSA (Total) and Vitol are all supporting the launch of IFAD.

Will ICE support Trade at Settlement in Murban on Day 1?

Yes, ICE plans to support Trade at Settlement trade type.

What is your approach to Minute Markers?

Marker Prices (also known as 'Minute Markers') will be determined at 16:30 Singapore Time and 16:30 London Prevailing Time.

Are there any requirements to process payments / have bank accounts in Abu Dhabi?

No, there are no requirements to set up bank accounts in Abu Dhabi as existing ICEU infrastructure will be used (existing APS bank accounts and the Murban contract is denominated in USD).

How will execution work on Day 1 (on screen/WebICE or indirectly via a CM execution desk)?

IFAD is currently in the process of applying for the relevant regulatory status in various jurisdictions so that WebICE screens can be accessed for trading. To execute on screen, certain requirements must be met by customers (an outline for different onboarding requirements for customers and CMs is currently being prepared). In the absence of WebICE, ISV or API access, execution via an onboarded CM is also possible. IFAD will publish a "Jurisdictions" document in due course.

Will spreads against other benchmarks be legged or implied on Day 1?

The spread will have its own Market type e.g. Murban vs Brent Futures Spread Market will be configured to 'imply out' to Murban. The Murban vs Brent Futures Spread Market will be filled as a 'legged spread' (buy/sell in Murban leg & sell/buy in Brent leg).

What are the EMIR Reporting obligations associated with clearing IFAD transactions at ICEU?

As IFAD will not be a regulated exchange under EMIR, IFAD transactions will be deemed OTC for EMIR reporting purposes. Clearing Members will be required to report IFAD transactions as per ETD transactions cleared on ICEU, with the following exceptions:

- EMIR Field 2.5 Product Identification Type should be Blank;
- EMIR Field 2.6 Product Identifier should be Blank;
- EMIR Field 2.38 IntraGroup should be "N".

Full details are available in the ICEU EMIR Transaction Reporting Spec available on ICE Community (<https://community.theice.com/docs/DOC-22219>).

What are the Exchange transaction reporting requirements such as under MiFID, REMIT etc?

IFAD will be subject to the Regulatory Reporting requirements put in place by the FSRA.

IFAD products, such as the Murban Crude Oil Futures contract, will not be subject to MiFID II and REMIT transaction reporting obligations. Murban Crude Oil Futures trades/positions resulting from Inter-Exchange Spreads to IFEU products are not MiFID II reportable but the IFEU contract legs will be subject to MiFID II trades/positions reporting.

What are the Exchange position reporting requirements?

IFAD will require ICE Murban Crude Oil Futures positions to be reported to the Exchange. These positions should be included in each reporting firm's daily Electronic Large Trader File ("LTR") under Exchange Code "AD".

What are the specifics around the spread mechanics, i.e. exact expiry time, process - if the spread is against Brent, which is cash-settled, and Murban, which is physically settled, how exactly will that work across two different exchanges?

The Inter-Exchange Spread (Murban vs Brent; Murban vs WTI and others) will result in two separate positions in each of the legs. The delivery procedure and all other settlement aspects of each individual leg will then follow on their respective Exchanges in the usual way.

Will there be any new clearing reports pertaining to IFAD products, or will they be incorporated into existing reports?

The IFAD MIC will be included in all of our clearing report outputs where Exchange Codes are available today. IFAD will be included in the existing energy Match-off File. There will be a new set of delivery reports produced for physically delivered products on IFAD along with some separate invoices in the billing report section.

Why is Murban a good price marker?

It has stable, high production volumes from numerous long-term concession and production partners, including: Total, BP, PetroChina, INPEX, ZhenHua, GS Caltex. Murban has a large number of international buyers and users. It is currently transported to refineries globally, and imported into almost every country in North, Far East, South East, and South Asia (top destinations: South Korea, India, Thailand, Japan and Singapore).

For More Information

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Market Making Programs	More details surrounding IFAD's performance based incentive programs	Vincent Martin: vincent.martin@theice.com
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