

CIRCULAR

22 DECEMBER 2017

CIRCULAR 17/207 AMENDMENTS TO ICE BRENT INDEX CALCULATION METHODOLOGY

CATEGORY

Trading

ATTACHMENTS

Worked example of ICE Brent Index calculation under the proposed new methodology

The purpose of this Circular is to notify members and their customers of changes to the methodology for the compilation of the ICE Brent Index, **with effect from the expiry of the November 2018 ICE Brent Futures Contract (which takes place on 28 September 2018)**.

The calculation of the ICE Brent Index will be amended to be the average of five values, with one value to be calculated at each of the points during the day matching the times used currently for the ICE Brent Index methodology. These will subsequently be averaged into a single figure for the final ICE Brent Index figure from the five standalone valuations at each of the sampling points.

- Each of those five figures will be calculated by averaging the sum of:
 1. the volume weighted minute marker for the second month ICE Brent Futures contract at the sampling time; and the sum of a weighted average of full cargo second month EFP trades and a weighted average of full cargo spread trades (between first and second months) in the Cash BFOE market, in the 30 minute period concluding at the sampling point in question; and
 2. that same volume weighted minute marker to the sum of the straight averages of the independent assessment(s) specified in the Index methodology for the second month EFP value and the spread between the first and second month Cash BFOE markets at the sampling point; and
 3. a weighted average of any full cargo first month Cash BFOE trades (if any) in the 5 minute period concluding at the sampling point in question.

Should trades occur in only one of the component markets of section 1 above, the missing trade-derived value will be replaced in the calculation above by an independent assessment of that component market at that time, but only where no trade in that component market has occurred. Should trades occur in neither component market during the 30 minute period in question, then the value for that sampling time will be calculated as per paragraphs 2 and 3 only, i.e., on the basis of independent assessments and any full cash cargoes only.

Should no trades occur in component market 3, then the value for that sampling time will be calculated as per paragraph 1 and 2 only, i.e. on the basis of independent assessments and/or any EFP and/or spread trade only.

Members and their customers wishing to submit feedback on any aspect of the changes to the methodology for the compilation of the ICE Brent Index, either in writing or verbally, may do so via the contact persons detailed at the end of this Circular.

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If you wish to request confidentiality of feedback, please ensure that the response is clearly marked "Confidential response".

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



Patrick Davis
Company Secretary

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