



Index Governance and Administration Policy

SGX LNG Index Group

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1 Introduction

- 1.0.1 The SGX LNG Index Group ("Sling") is a set of indices created by Energy Market Company ("EMC") and Singapore Exchange Limited ("SGX") and is designed to represent the spot price of spot Liquefied Natural Gas ("LNG") cargoes at select locations.
- 1.0.2 This document provides an overview of the policies for the governance and administration of the Sling. A copy of this document is available on the Sling website at www.emcsg.com/sling.
- 1.0.3 EMC is the benchmark administrator for the Sling as defined by Principle 1 of the International Organization of Securities Commissions ("IOSCO") Principles for Financial Benchmarks ("PFB") published in July 2013. Presently, the administration of commodity benchmarks is not subject to any regulatory requirement in Singapore. If and when such regulatory requirements are applicable, the index governance and administrative policies shall be amended accordingly.
- 1.0.4 The Sling comprises the following indices:

Location	Description
Singapore	Assessment of a fair mid-price for LNG cargoes in the vicinity of Singapore as a proxy of central Asian seaborne spot LNG
North Asia	Assessment of a fair mid-price for LNG cargoes delivered ex-ship ("DES") to all ports in Japan, Korea, Taiwan and China

2 Principles

2.0.1 EMC will aim to voluntarily adhere to the relevant IOSCO PFB published in July 2013 (as may be amended from time to time) until such time any directive, law, legislation or regulation that governs the Sling is issued.

2.0.2 EMC recognizes that extending the IOSCO PFB to the Sling, which is a physical commodity benchmark, may not always be feasible or practical, given that physical energy market benchmarks are confronted by specifics that may be distinct from financial benchmarks.

2.0.3 Benchmarks need to change with their underlying interest and with general markets. EMC cannot anticipate every eventuality, in case the relevant Sling policies do not cover or do not fully cover a specific event or development, EMC will determine the appropriate treatment by consulting the Index Advisory Committee (“IAC”). In case the event or development requires an immediate action, EMC may make a preliminary decision and consult the IAC as soon as reasonably practical.

2.0.4 According to Principle 1 of the IOSCO PFB,

“The administrator should retain primary responsibility for all aspects of the benchmark determination process. Examples of such aspects of the determination process include:

- Development: The definition of the Benchmark and Benchmark Methodology;
- Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;
- Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and
- Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.”

2.1 Other relevant EMC Policies

2.1.1 For avoidance of doubt any issue, practice or procedure not already covered in this document will adhere to any relevant existing EMC policy or guidelines with adaptations where necessary.

3 Index Governance

3.0.1 This section details overall management, oversight and accountability of the index.

3.1 Index Oversight

3.1.1 Oversight of all aspects of the Sling will be performed by the Index Governance Committee ('IGC').

3.1.2 Responsibilities of the IGC include:

- Approval of all Sling policies and documentation.
- Benchmark definition and methodology.
- Regular reviews of relevant processes and policies.
- Reviewing suspected manipulation and breaches of the Code of Conduct¹.
- Reviewing the Sling administration team's adherence to the published methodologies.
- Review, challenge and pass judgement on the above mentioned articles.

3.1.3 Ongoing operations of the Sling index including regular benchmark determination and calculation will be performed by the Sling administration team, separate from the IGC.

3.1.4 The Sling IAC will be formed as an external committee to provide non-binding advice and/or recommendations to the IGC.

3.1.5 Details to the composition and qualification of the personnel involved in Sling including the IGC, IAC and Sling administration team are detailed in the Sling Personnel and Conflicts Policy document.

3.2 Oversight of Third Parties

3.2.1 EMC does not currently outsource any part of its duties as administrator of the Sling. Should EMC in the future decide to outsource or otherwise involve third parties in the administration of the Sling, it will adopt appropriate oversight policies.

3.3 Integrity and Quality of Index Determination

3.3.1 EMC will monitor the changes of the Sling from period to period, and will compare it to historically observed changes. If there is any notable anomalous occurrence, EMC

¹ The Code of Conduct provides general rules, and the appendices provide specific rules and procedures for Sling. Participants shall comply with this Code of Conduct.

will check whether there is an explanation for such a change. If no reasonable explanation can be identified, EMC will investigate the change and will publish any findings.

3.3.2 EMC has established a queries, complaints and appeals process, additional information on this can be found in the Sling Queries, Complaints and Appeals Policy document available the Sling website at www.emcsg.com/sling.

3.3.3 EMC as a member of the SGX group of companies is subject to the SGX Whistleblowing Policy, additional details can be found in the Sling Whistleblowing Guide available on the Sling website at www.emcsg.com/sling.

3.4 Surveillance

3.4.1 To ensure that the Sling business is properly and consistently monitored to detect potential anomalous or suspicious activities, certain information must be reported regularly to the IGC.

3.4.2 Once every quarter of the year, the following information will be reported to the IGC:

- Sling's movement trend and how often it has stayed within the acceptable range during the reporting period;
- the frequency with which a Participant² has had its submission excluded from Sling determination;
- rate of submission of data by Participants for Sling determination;
- comparison of Sling with other similar indices;
- industry updates; and
- any other information deemed necessary by the IGC for the purpose of monitoring the Sling business.

3.4.3 Once a year, the following information will be reported to the IGC:

- all the information mentioned in paragraph above;
- distribution of the prices provided by Participants for Sling determination; and
- profile of Participants that had participated in the year.

3.4.4 The form of the above reports will be as agreed with the IGC, provided always that sensitive information may be anonymised or redacted before reporting if necessary to prevent conflict of interest or protect confidentiality but without affecting the usability of the information by the IGC.

² A group of panellists appointed by the administrator based on the rules laid out in Section 4 of Sling Index Methodology v1.1.

- 3.4.5 Based on the above reports, the IGC is empowered to make a call on whether a Participant's participation should be terminated and whether any activity or phenomenon ought to be reported to the relevant authority or law enforcement agency.

3.5 Data Confidentiality, Ownership and Intellectual Property

- 3.5.1 EMC pledges not to reveal to third parties the confidential data that it receives from Participants, nor the source of any price information, nor will it reveal the parties involved in any transaction except to the extent that it is authorised or legally required to do so as described in the section entitled "Cooperation with regulatory authorities."
- 3.5.2 Only staff and management involved in the administration of the Sling will have access to the confidential data submitted. Those personnel with access to the data are required to abide by written confidentiality pledges restricting use to the purposes of evaluation, compilation, and editorial review of the Sling.
- 3.5.3 EMC will keep all submitted data, including but not limited to the following, confidential and not share it outside relevant members of the Sling Administration and IGC:
- Participant Assessments, with the exception that anonymised distribution plots can be disseminated to the Participants with the intent of increasing transparency and improving stability of the index; and
 - Participant company names and individual identities.
- 3.5.4 Once uploaded into EMC's system via secure web upload or received via email, Submissions are Intellectual Property ("IP") of EMC.
- 3.5.5 EMC reserves the right to use, publish and/or sell, in aggregated form only and without disclosing the source thereof, Sling information; in particular all averaged or otherwise aggregated outputs of the Sling Determination for the purpose of settling financial instruments against them, or other uses. EMC retains all rights to the Sling data, methodology and marks.

4 Index Administration

- 4.0.1 This section details policies on the operational aspects of the index, excluding aspects which affect the actual benchmark issuance, determination and dissemination.
- 4.0.2 Aspects which affect the actual benchmark issuance, determination and dissemination can be found in the Sling Index Methodology.

4.1 Periodic Review of Index Interest

- 4.1.1 There will be a formal review of all Sling Policies, Methodologies and documentation review every 12 months, to ensure they are relevant and up to date.
- 4.1.2 EMC continuously monitors the spot LNG market to determine whether it undergoes structural changes that will necessitate changes or allow for improvements to the Sling (such as increased liquidity, new sources of information, reduced liquidity). EMC will consider the necessity of such changes and effect all required changes through the defined change process.

4.2 Consultation Process for Benchmark Evolution and Methodology Changes

- 4.2.1 EMC will consult stakeholders at the regular Sling IAC meeting or through publically issued consultation papers to improve the Sling. The changes will be initiated by EMC, and they will be notified to stakeholders through appropriate media. EMC endeavours to notify stakeholders at least three (3) months prior to any change taking effect.
- 4.2.2 Inputs and suggestions pertaining to the Sling, which are not formal appeals can be made outside the formal consultation process by any stakeholders through email or other means, and will be addressed through EMC's standard processes.
- 4.2.3 EMC may make changes to its policies by way of adding Amendments to it, which shall be published through its website and will then form a part of the relevant policy document. EMC will seek to consult Participants and potentially other stakeholders on such changes, and EMC will seek to reach consensus in the Participant group where feasible on any such changes. EMC will then seek to give Participants sufficient advance notice of any such changes. Should a Participant disagree with such changes, the Participant can leave the Participant group at any time after notifying EMC.

5 Benchmark Cessation

- 5.0.1 In case of a termination of the Sling or a sub-index of the Sling, EMC will endeavour to inform stakeholders of such termination as early as possible through appropriate media. EMC will endeavour to suggest an alternative index to transition to, based on the differential to the relevant index as well as the extent that the alternative index will meet the needs of stakeholders.
- 5.0.2 EMC will endeavour to continue the Sling for at least three (3) months from the date of notification of its termination to stakeholders, so that Stakeholders have time to transit to an alternative index (if available) or to adjust and renegotiate any instruments, contracts or obligations.
- 5.0.3 EMC hereby notifies users of the Sling that it is possible that factors, including external factors beyond the control of EMC, may require changes to, or termination of, the Sling or any of its indices. For this reason, financial contracts or other financial instruments that reference the Sling must be able to withstand, or otherwise address the possibility of changes to, or termination of, the Sling.
- 5.0.4 A number of factors will be considered before reaching a decision to decommission the index:
- Supply of data
 - Quality of data
 - Relevance of index

6 Audit

- 6.0.1 EMC will appoint an independent external auditor to periodically review and report on EMC's adherence to the stated relevant rules and procedures for the Sling.
- 6.0.2 EMC may further request any auditor to conduct additional reviews and reports as deemed necessary or useful by EMC. EMC may publish the results of such audits at its own discretion.

6.1 Audit trail and data retention

- 6.1.1 EMC will retain records in suitable form of the following for at least five (5) years in compliance with the IOSCO PFB:
- Assessments by Participants and any other data and information sources (if any) relied upon for Sling determination;
 - The exercise of judgment made by the Administrator in determining a Sling determination, in case such exercise of judgment should be introduced in the future into the Sling methodology;
 - Any other changes in or deviations from standard procedures and methodologies, including those made during periods of market disruption or market stress;
 - The identity of each person involved in producing a Sling determination;
 - The identities of persons submitting or otherwise generating the above information; and
 - Any queries or responses relating to assessments
- 6.1.2 EMC will abide by the provisions of all applicable data and information protection laws, including the Personal Data Protection Act ("PDPA")³, for the time being in force in Singapore.

6.2 Cooperation with regulatory authorities

- 6.2.1 EMC will make available to the relevant Singapore regulatory authorities all documents and information as required by law or such authorities to assist such authorities in carrying out their regulatory or supervisory duties. EMC, before so disclosing a Participant's data in any such required disclosure, shall to the extent legally permissible notify the Participant prior to making such disclosure in order to permit the Participant an opportunity to seek an appropriate protective order or other appropriate remedy to prevent the disclosure or limit the extent of the disclosure.

³ The PDPA establishes a data protection law that comprises various rules governing the collection, use, disclosure and care of personal data.

7 Policy review

- 7.0.1 This policy will be reviewed by the IGC at least every 12 months.
- 7.0.2 The review process will include consultation on any proposed changes with the IAC.