To: Clearing Member Firms
    Brokers
    Customers
From: CME Clearing Europe Limited (the Clearing House)
Advisory No.: 11 - 64
Notice Date: 23rd December 2011

Tanker Freight Products: 2012 Flat Rate Adjustments

1 Flat Rate Changes

1.1 Worldscale Association (London) Limited and Worldscale Association (NY) Inc have published flat rates for tanker routes for 2012. This advisory describes the impact on tanker freight contracts cleared by CME Clearing Europe. Please note that flat rates normally change annually.

2 Tanker Forwards

2.1 With effect from 1 January 2012, forward contracts will have their contract value factor adjusted to reflect the new rate. For example, if the flat rate is changed from $27.26 to $31.95, the contract value factor will change from 272.60 to 319.50.

2.2 All trades in forward contracts are held at original trade price. These trade prices – representing a percentage of the Worldscale flat rate – will not be adjusted. At expiry of 2012 contract months, the new flat rate will be used to establish cash settlement amounts, i.e both Floating Value and Traded Value, in accordance with the contract rules, subject to any subsequent changes to 2012 Worldscale flat rates.

2.3 Changes to contract value factors will result in a variation margin requirement, which will be collected on 4 January 2012 based on margin calculations for 3 January 2012.

2.4 Tanker forward contracts affected are: EFC2, EFC4, EFC5, EFC6, EFT3, EFT5, EFT7, EFB9 and EFDD.

3 Tanker Swaps

3.1 Tanker swaps are priced in US$ per metric ton. No adjustment will be made to prices in these contracts to reflect the change in flat rate.

3.2 At expiry of 2012 contract months, the new flat rate will be used to establish cash settlement amounts, i.e. the Floating Price in respect of swaps, in accordance with the contract rules, subject to any subsequent changes to 2012 Worldscale flat rates.

3.3 Tanker swaps contracts affected are: ETG, ETM, ETJ, ETH, ETL, ETI, ETK, ETN and ETO
4 Further Information

4.1 For further information please contact Clearing Support on +44 (0)20 3379 3131 or email: ClearingSupport@cmeclearingeurope.com