

FAQ on ICE Futures Abu Dhabi (“IFAD”) and Murban Crude Oil Futures

What is ICE Futures Abu Dhabi?

IFAD is an exchange in Abu Dhabi Global Market (“ADGM”), which ICE established with the support of Abu Dhabi National Oil Company (“ADNOC”) and nine of the world’s largest energy traders. ICE launched IFAD and the world’s first futures contracts based on Murban crude oil on March 29, 2021.

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 supported ICE to launch IFAD.

What products trade on IFAD?

The ICE Murban Futures are 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 are complemented with a range of cash settled derivatives and Interexchange Strategies which IFAD has launched. The full list of cash-settled 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; and
- Naphtha Crack - Naphtha C+F Japan (Platts) vs Murban 1st Line Future Contract (in Bbls).

The Interexchange Strategies are listed below with details of them found [here](#):

- Murban Crude/Brent Crude Futures Spread;
- Murban Crude/WTI Futures Spread;
- Murban Crude/Permian WTI Futures Spread;
- Murban Singapore Marker 1st Line/Brent Crude Futures Spread; and
- Low Sulphur Gasoil/Murban Crude Futures Crack Spread.

How do I trade the Murban Crude/Brent Crude Futures 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.

How do I apply to become a member of IFAD?

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

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.

Does IFAD have a new MIC code?

Yes, the new MIC code is IFAD.

Where do IFAD contracts clear?

Contracts traded at IFAD are cleared at ICE Clear Europe, a leading energy clearing house, and 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@ice.com.

Who regulates IFAD?

IFAD is regulated by the Financial Services Market Authority (FSRA) in Abu Dhabi Global Market (ADGM). IFAD has received approval as a Foreign Board of Trade (FBOT) in the United States; a Recognised Market Operator in Singapore; a Recognised Overseas Investment Exchange in the United Kingdom; and a Foreign Trading Venue in Switzerland. The Bank of England has also granted approval for ICE Clear Europe to clear contracts traded on IFAD.

In addition, IFAD can also permit direct access to its markets from a range of jurisdictions including the Netherlands, France, Norway, Australia, Japan and South Korea. The full list of jurisdictions can be found [here](#).

Where does physical delivery occur?

Physical delivery of the Murban Crude Oil Futures contract occurs 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 11 of ICE Clear Europe's Delivery Procedures (available [here](#)). 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 the ICE Help desk.

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@ice.com.

Does ICE support Trade at Settlement in Murban?

Yes, ICE supports the 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 Prevailing 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 has the relevant regulatory status for WebICE screens to be used to access trading in a number of [jurisdictions](#). In the absence of WebICE, ISV or API access, execution via an onboarded CM is also possible.

Will spreads against other benchmarks be legged or implied?

The spreads will have their own Market type e.g. Murban Crude/Brent Crude Futures Spread market will be configured to 'imply out' to Murban. The Murban Crude/Brent Crude 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 is subject to the Regulatory Reporting requirements put in place by the FSRA.

IFAD products, such as the Murban Crude Oil Futures contract, are not 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 Interexchange Strategy 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 Interexchange Strategies (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 is included in all of our clearing report outputs where Exchange Codes are available today. IFAD is included in the existing energy Match-off File. There is 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 many 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 further information please contact the relevant contacts below:

Business Contact - IFAD	Contact for general business inquiries	Gary King - gary.king@ice.com Francois Lepart – francois.lepart@ice.com
Business Contact - IFEU	Contact for general business inquiries	Jeff Barbuto – jeff.barbuto@ice.com Deborah Pratt – deborah.pratt@ice.com Julius Foo - Julius.foo@ice.com Wayne Hick – wayne.hick@ice.com
Business Contact - ICEU	Contact for general business inquiries	icesales.otcfinancial@theice.com
Membership	Enquiries about IFAD and ICEU membership	Membership-AbuDhabi@ice.com
Trading Platform API Integration	Customers who need to schedule exchange conformance testing	conformancesupport@ice.com
Market Making Programs	More details surrounding IFAD's performance-based incentive programs	Vincent Martin – vincent.martin@ice.com
Production User Set-Up	ICE company, user, and account set up	iceuseradministration@ice.com
Participant Agreements	ICE Participant Agreements	accountservices@ice.com
Datacenter and Connectivity	SFTI, Colo and Hub connectivity to Production and DR sites (Basildon, Chicago, Atlanta)	ICEglobalnetwork-info@ice.com
WebICE Training	ICE functionality and requests for training on WebICE and other tools for trading participants.	icehelpdesk@ice.com
Compliance/Reporting	Regulatory reporting and compliance	compliance-ifad@theice.com