

Mare Forum, Athens October 2012

*Jeremy Penn
Chief Executive
The Baltic Exchange*



Our word **our bond**

Markets, Indices and FFAs

- Baltic index production process (vs LIBOR)
- Use of indices and FFAs to avoid credit risks in today's world
- Protecting bank finance with period cover



Baltic Indices

- Why not based on actual transactions
- EU consultations
- Value of panellist system
- Independence and integrity



Credit

- Avoiding credit risk, getting paid
- Index linked period TC
- Understanding the index and what it will reflect
- Fixing the return using FFAs
- Clearing and what it achieves
- Taking credit risk is free, there is always a cost to avoiding it



The Baltic Exchange



Our word **our bond**