

# METHODOLOGY AND SPECIFICATIONS GUIDE

## Steel, ferrous scrap

(Latest Update: March 2012)

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## PLATTS METHODOLOGY GUIDES

Platts publishes a methodology guide for each of the markets in which it produces price assessments. The guides are intended to provide market participants with the general and specific criteria that underpin the Platts assessments.

Methodology guides are updated periodically to reflect changes in the market and in trading practice. Platts stays in close touch with market participants and values feedback on any aspect of its assessment methodology.

Platts recognizes that markets are constantly evolving and it seeks to ensure that its assessments keep in step with evolving market requirements. Changes to the methodology and/or specifications are typically advised in Subscriber Notes published on the Platts website [www.platts.com](http://www.platts.com) and in its electronic and print publications. Such changes are subsequently incorporated in periodic updates to the methodology guides. Each guide is dated and bears an issue number for reference purposes.

Platts is completely impartial and independent in its role as a market observer, and welcomes dialogue with all sides of the market including sellers, buyers and any intermediaries.

Platts steel, ferrous scrap, and iron ore assessments are published in Platts Market Data, SBB Steel Markets Daily, SBB Price Analyzer and SBB Daily Briefing

For any questions or comments relating to Platts steel, ferrous scrap and iron ore assessment methodology please contact the Metals group Editorial Director Joseph Innace Email: [joe\\_innace@platts.com](mailto:joe_innace@platts.com) Tel: +1 212 904 .

## STEEL & FERROUS SCRAP ASSESSMENT HISTORY

### SBB NORTH AMERICAN PRICE ASSESSMENTS ADOPT PLATTS METHODOLOGY MARCH 1, 2012

Clearly defined and transparent methodologies are the backbone of the Platts price assessment processes. Platts methodologies provide detailed descriptions and explanations of how Platts reporters assess the market value of commodities so that customers and the market-at-large understand those processes. The Platts practice is to publicly post such documentation by commodity and region for all published price assessments and indices.

Platts acquired the Steel Business Briefing Group July 1, 2011. The acquisition gave Platts more than 250 existing and established SBB price series. To serve our markets properly and consistently, the goal is to harmonize and integrate the Platts and SBB series of prices. For example, with some steel/scrap product prices, there is overlap, and we intend to avoid duplication.

Following a period of industry feedback, Platts decided that all price series listed below for the North American steel and scrap markets be assessed as per methodologies published in this guide, effective March 1, 2012. These prices, previously published independently by the Steel Business Briefing Group (SBB) are currently published in the price analyzer tool at <http://www.steelbb.com>, and used in price stories, market commentaries and tables published in various Platts-SBB publications.

## ASSESSMENT PRINCIPLES

### OBJECTIVE: CONVERGENCE WITH MARKET VALUE

Platts assessments reflect the traded or transactable value of products and commodities traded in the open market. Platts objective is to publish assessment values that converge with market values for the product or commodity types reflected.

As a publisher owned by McGraw-Hill, independence and impartiality are at the heart of what Platts does. Platts has no financial interest in the price of the products or commodities on which it reports. Platts aim is to reflect where the actual market level is.

To ensure the assessments are as robust as possible, Platts editorial systems are backed by a strong corporate structure that includes managerial and compliance oversight.

### TRANSACTION-BASED

Platts assessments are based on actual transactions, and/or on specific and firm bids and offers in the market.

Platts aim is to determine the full circumstances surrounding each deal, including details of quality specifications, order sizes, dimensions, lead times, and any locational and loading/delivery information, and to use that objective information to determine a typical and repeatable market level for an iron & steel commodity type.

Platts bases its assessments on deals, bids and offers in the market, and reflects the traded or tradeable value at the market close.

Platts monitors activity throughout the day and uses the information gathered in its assessments. It should be noted, however, that Platts assessments do not reflect an average of the deals reported over the day.

In general, volume-weighted averages can be distorted by the pattern of trading over the day, the parameters of individual deals submitted for assessment, and by statistical aberrations relating to sample size, for instance if there is a lack of disclosure of all deals done over a particular day.

### NORMALIZATION/EFFECTIVE PRICING

Markets can be heterogenous in nature, and transactable values are determined by many factors including the quality and the dimensions of materials, the size of the order, timing and delivery terms, and options held by the seller or buyer relating to the deal parameters.

In the steel industry, many mills define a base standard for steel products and add in extras to this base price for different specifications. Likewise, the iron ore industry also defines a base price around the Fe content of the ore and differentiates value accordingly.

Platts where possible seeks to align its assessment processes with industry practice. Platts takes bid, offer and deal information and relates these to the base standard reflected in its assessments. These base standards are defined under each individual assessment (see below).

Platts actively seeks to align the disparate information provided on individual transactions to determine the true and accurate market value of a product and/or commodity type reflected, and will strip out any aberrations caused by unusual optionalities or restrictions.

For further details of how Platts normalizes prices for quality and dimensions, trade size, location and delivery terms, timing and other parameters, see the section in this guide on normalization.

### TIME SENSITIVE ASSESSMENT

Platts recognizes that price is a function of time, and that prices change constantly. All Platts assessments are time-stamped, to provide a consistent price basis even at times of volatility in the market. Platts time-stamps its assessments to reflect market value at the close of business in each trading zone.

Platts considers in its assessments all the information provided to it over the day regarding deals, bids and offers in the market, but the value reflected in its assessment is the traded or tradeable value prevailing at the market close.

Platts does not reflect in its assessments one-off deals at off-market levels.

### TRANSPARENCY

While levels of transparency vary per market and region, Platts recognizes the reality that some markets are opaque while other markets are transparent. Platts bases its assessments on the information that is most transparent and therefore most fully verifiable.

Typically, markets go through a three-stage evolution before full transparency is achieved.

**Phase 1:** First-tier players are identified and coverage is achieved through phone surveys of all willing market participants. In this stage, Platts publishes daily assessments, time-stamped to the close of day, but initially it is likely that some intra-day or contractual verification information may be lacking in details.

**Phase 2:** In this stage, detailed verification and traceability systems are put in place. Market activity is published in real time, and this allows transparency to emerge. Contact with the full range of first-tier players has been achieved, and contact with next-tier players begins.

**Phase 3:** Assessment windows are introduced. Market participants are named, firm bids and offers are published on the Platts electronic screens in real time, which are open to the market at large. Price formation is achieved in real time, and a defined audit trail emerges allowing full verification of deals, as well as access to relevant deal documentation if required. Such a system is performance (transaction) based, and the full circumstances of deal activity are available.

This is important because, when Platts considers deal information, it seeks not only to confirm the details of a deal, but also examines the context in which a deal took place, including the time of day, and the market relationships that prevailed at that time of day.

### MARKET ON CLOSE

Platts has defined rigorous procedures for bidding and offering in a transparent manner in its Market on Close process (see Appendix I and II).

These procedures define strict time cutoffs for entry of bids, offers and deals information. These are designed to ensure that bids and offers which are used in the assessments are executable, and that an orderly process is followed to establish that each market level is tested by the market at large, and that deals resulting from these bids and offers are repeatable.

As stated above, Platts preference is to assess value based on a Market on Close process with full transparency. A brief guide to the concepts behind MOC is carried in Appendix I of this guide, and a detailed explanation of the procedures for bidding and offering in Platts MOC windows is contained in Appendix II.

### VERIFICATION PROCEDURES

Platts seeks to confirm all information on deals, bids and offers provided to it. Platts will check deal information with the seller, the buyer, any intermediary, and the market at large. Platts transparency standards require that all information submitted to Platts for assessment purposes be fully verifiable.

Platts bases its assessments on information from sources deemed reliable. Where Platts has doubts about the reliability of information provided by a market source, it may exclude that information from its assessment processes.

### SPREADS

When Platts considers deal information, it seeks not only to confirm the details of a deal, but also examines the context in which a deal took place. Platts monitors spreads between the different specifications/grades of product reported and uses these in the alignment of its assessments.

### DATA CODES

Each Platts assessment is identified using a unique 7-digit data code. Platts assessments are identified in this methodology guide using these data codes. These codes can be matched up with Platts published symbols directories to identify price history for specific assessments in Platts price databases.

## GENERAL TERMS AND CONDITIONS

### GT&CS

Platts assessments reflect trades in the steel market concluded under INCOTERMS. Where companies express bids or offers, these are understood to be on INCOTERMS unless otherwise stated. Platts use of terms such as FOB, CFR, CIF, EX-WORKS and so on are based around definitions provided by the International Chamber of Commerce which publishes the INCOTERMS.

Definitions of such terminology are available through the following web link:

<http://www.iccwbo.org/incoterms/>

Please note that the text of INCOTERMS in whole or in part is subject to ICC's copyright. Other related ICC publications, in printed or electronic form, are also subject to copyright.

## TIME OF ASSESSMENT

Platts steel, ferrous scrap and iron ore assessments aim to reflect the latest range in which a standard repeatable transaction takes place or could take place at arms length. Platts monitors market activity through the day and deal, bid and offer information submitted to it through the day may be used in its assessments. Where there is evidence of intraday volatility, this is incorporated in the assessment which reflects the normalized value at the market close.

Platts European assessments reflect the transactable value prevailing at 16.30:00 London time. The assessment methodology reflects values on a market-on-close basis\* (see Appendix). Trading activity, including bids/offers and transactions, is covered during the typical operating hours of the European markets with market values determined precisely at 16.30:00 London time.

Platts US assessments reflect the transactable value prevailing at 16.30:00 New York time. The assessment methodology reflects values on a market-on-close basis\* (see Appendix). Trading activity, including bids/offers and transactions, is covered during the typical operating hours of the American markets with market values determined precisely at 16.30:00 New York time.

Platts tracks outright and spread levels through the day between 08.30:00-16.30:00 London/New York time and these levels may have a bearing on final assessment levels, depending on transparency and the patterns of liquidity over the day. Transactions and activity in physical or derivatives markets before 08.30:00 and after 16.30:00 are not taken into account.

Platts Asian steel assessments reflect the transactable value prevailing on Thursdays at 16.30:00 Singapore time. The assessment methodology reflects values on a market-on-close basis (see Appendix). Trading activity, including bids/offers and transactions, is covered during the typical operating hours of the Asian markets during the proceeding week, with market values determined precisely at 16.30:00 Singapore time on Thursdays. These assessments can be brought forward by 24 – 48 hours in case of public holidays in Singapore, upon prior notice.

Platts IODEX iron ore assessments reflects the transactable value prevailing at 18.30:00 Singapore time. The assessment methodology reflects values on a market-on-close basis\* (see Appendix). Trading activity, including bids/offers and transactions, is covered during the typical operating day with data cut off for inclusion in the assessment precisely at 18.30.00 Singapore time.

All market activity is viewed in light of its market relevance, repeatability and transparency. Transactions between related parties or transactions that do not meet Platts high standards for transparency, verifiability and repeatability may not be taken into account.

## QUALITY

Platts assessments are based on prime specifiable material. Platts aim is to reflect market values for the commodity types covered in its assessments. Standard quality parameters reflected are defined under the individual assessments, and are listed below.

No distinction in principle is made in terms of the origin of the material. Platts recognizes that market practice distinguishes between different material of similar specifications from different sources, and includes this in the normalization process.

Platts will monitor differentials in prices for similar commodities between these various mill types and may exclude from its assessments deals or offers from mills that are regarded by the market as offering non-prime material or service levels. But Platts aim is to reflect commodity value based on the fitness of a commodity in terms of the quality and delivery standards.

## PRICE UNITS

All units for assessments are stated below for each individual data code, with a minimum fluctuation price of one unit. Iron Ore assessments however will have a minimum fluctuation of US\$0.05

## CREDIT/PAYMENT TERMS

Payment terms are as per standard commercial practice which is typically prompt payment for ex-mill material and within up to 60 days of delivery for imported material. Unless otherwise stated below.

Payment terms reflected are specified under each individual data code. Wherever greater credit is given this will be allowed for in the assessment process. Where a seller is prepared to discount the price for prompt payment, this will also be factored into the assessment.

Where transactions are reported with non-standard credit terms, Platts normalizes these based on prevailing commercial interest rates and typical credit payment terms in the industry at the time of the transaction.

## QUANTITY/ORDER SIZE

Platts seeks to reflect bids/offers and transactions typical of each of the markets it reflects. Platts defines a typical order size or shippable quantity for each of its assessments. Deals reported that differ from the standard may be normalized if market structures indicate there is a price differential with the standard.

Offers or bids on non-standard terms that Platts determines to be restrictive, in the sense of making a deal logistically difficult to execute, may be disregarded in the assessment process. Bids or offers that contain too wide optionalities for either the buyer or seller may likewise be disregarded.

## TIMING

Assessments reflect typical loading and delivery schedules for each market assessed. The standard loading and delivery windows are specified under the individual data codes.

Please note that Platts will not reflect in its assessments any loadings or deliveries that are distressed in nature, that is, when a seller has left it too late to sell or a buyer has left it too late to buy within lead times that can typically be met by mills in the normal course of business.

Platts assessments fully take into account any backwardation or contango in the marketplace. The assessments thus reflect the value after taking into consideration the difference in prices prevailing along the time curve assessed by Platts.

Typically, Platts assesses to the middle of the loading/delivery window specified for each market. Backwardation and contango is factored into all assessments. Where

deals are done for loading or delivery outside the date ranges specified by Platts, the deal may be disregarded in the assessment process.

### EMBEDDED OPTIONS

Platts overall objective is to reflect the transactable value of the commodity assessed. In cases where the apparent value of the commodity includes extra optionalities, the intrinsic value of the commodity may be masked.

In such cases, Platts may use its editorial judgement to factor out such extraneous elements from the value of the commodity, or it may decide not to use the bid, offer or transaction in its assessment process.

Optionalities that typically mask the value of the commodity include loading or delivery options held by the buyer or seller, volume option tolerances exercisable by the buyer or seller or quality specifications among others.

As an example, typical volume tolerance in steel transactions is plus or minus 5% of the stated order size. If a buyer or seller requests a wider optionality of say 10% or 20% of the stated order size, that would need to be factored into the assessment, depending on which party held the option.

In the above example, the price may be normalized down if the buyer held the larger-than-usual volume tolerance option and vice-versa if the seller held that option.

### LOADING/DELIVERY LOCATION

Platts defines base locations in its price assessments but these act as a pricing basis point, and differentials may be assessed off these when deals or bids/offers are reported on a different basis.

Platts typically defines a range of approximately 500 miles (800 kilometers) around the base location in which trade reported will be considered in its assessments.

### FREIGHT DIFFERENTIALS

Platts may take into account prevailing sea freight and/or logistics rate levels in establishing ex-works (EXW), FOB and/or CIF/CFR values. Where a market has become illiquid, Platts may determine the FOB value from the CIF value and vice versa. Where there is limited local demand but longer-range arbitrage opportunities emerge, the FOB value may rise relative to the CIF value and may at times be assessed at parity or even above the CIF value.

## NORMALIZATION PROCEDURES

### QUALITY

Platts defines a base specification for each commodity-type assessed and normalizes these when deals or bids/offers are reported on terms that differ from the Platts base standard.

Platts uses the same broad standards as the iron & steel industry in making this adjustment for quality. The steel industry has long published base prices which are then adjusted according to specific quality parameters.

Such 'extras' are typically published on a mill-by-mill basis, and are applied to the base sum charged as a fixed differential over a period of time. Because Platts aim is to publish a representative base value, such adjustments for a specific quality are stripped out of the price.

In general, Platts bases its normalization on list extras. Where the list differential differs from market differentials, Platts will make its evaluation based on prevailing market differentials.

### QUANTITY/ORDER SIZE

Assessments are based on typical shippable quantities or order sizes as stated under each individual data code.

Platts assessments reflect the quantity specified under each data code and where discounts are available for larger volumes, these are stripped out of the price reflected in the assessment.

Similarly, where a buyer is ready to pay a higher price to secure a smaller volume, this will be factored into the assessment.

### DIMENSIONS

Platts reflects published dimensions for each product-type assessed and normalizes these when deals or bids/offers are reported on terms that differ from the standard.

Platts uses the same broad standards as the steel industry in making this adjustment for dimensions. The steel industry has long published base prices which are then adjusted according to specific dimensions.

The differentials are typically published on a mill-by-mill basis, and are applied to the base sum charged as a fixed differential. Because Platts aim is to publish a representative base value, such adjustments for a specific quality are stripped out of the price.

Where the list differential differs from market differentials, in general, Platts will make its evaluation based on market differentials.

### TIMING

Platts reflects repeatable trade between willing counterparties that is conducted at arms length. Platts will not reflect one-off or distressed trades where either the buyer or seller has left it too late to transact within lead times that can be typically met by suppliers in the normal course of business.

Platts assessments seek to be inclusive of the various types and time frames of trade within markets. Any transactions that are negotiated within the framework of longer-term contractual arrangements (term deals) will be excluded from the assessments.

Platts assessments fully take into account any backwardation or contango in the marketplace. The assessments thus reflect the value after taking into consideration the difference in prices prevailing along the time curve assessed by Platts.

Typically, Platts assesses to the middle of the loading/delivery window specified for each market. Backwardation and contango is factored into all assessments.

\* Platts seeks to apply the principles of MOC price discovery in all its assessments in all market sectors, appropriate to the level of transparency.

## HOT-ROLLED COIL

### STHRE00 HRC EX-WORKS RUHR

**Quality:** Prime Hot Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10025-2:2004. Grade: S235JR or equivalent. Other specifications of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Standard order sizes of 100 mt per size per order are reflected with other quantities normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions:

Width 1200-1500mm; Thickness 2-15mm. Platts will normalize to a standard of 1200-1500 mm in width and 3-4 mm in thickness.

Dimension tolerances will be based on European Norm EN10051:1997. Other grades of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Location:** Ex-works Ruhr, pricing information from other EU locations will be normalised back to this location.

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Prompt payment upon delivery from mill.

**Other:** Units for assessment are Euro per metric ton.

### STHRA00 HRC CIF ANTWERP

**Quality:** Prime Hot Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10025-2:2004. Grade: S235JR, or equivalent. Other specifications of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Typical shippable quantities of 500 mt minimum and up to 5,000 mt as full- or part-cargo (seller's option) are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions:

Width 1200-1500mm; Thickness 2-15mm. Platts will normalize to a standard of 1200-1500 mm in width and 3-4 mm in thickness.

Dimension tolerances will be based on European Norm EN10051:1997. Other grades of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Location:** CIF Antwerp, pricing information from other locations will be normalised back to this location.

**Timing:** 6 - 12 weeks lead time from date of publication.

**Payment terms:** Typically at sight

**Other:** Units for assessment are Euro per metric ton.

### STHRB00 HRC FOB BLACK SEA

**Quality:** Prime Hot Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10025-2:2004. Grade: S235JR, or equivalent. Other specifications of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Typical shippable quantities of 2,000-3,000 mt are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions:

Width 1200-1500mm; Thickness 2-15mm. Platts will normalize to a standard of 1200-1500 mm in width and 3-4 mm in thickness.

**Location:** FOB Black Sea port. Pricing information from other locations including CIF where appropriate can be normalized back to this location.

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Typically at sight.

**Other:** Units for assessment are US dollars per metric ton.

### STHRI00 HRC EX-MILL INDIANA

**Quality:** Chemical and dimensional tolerances will be based on ASTM A 1011-06a Commercial Type B. Other specifications of HRC will be normalized back to this grade based on prevailing market extras.

**Quantity:** Standard order size of 1,000-2,000 st is reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Platts will normalize its assessments of hot-rolled coil to the following:

Width 48-60 inches; Thickness 0.083-0.37 inches

**Location:** Assessment is Ex-mill Indiana.

**Timing:** Lead times: 3-8 weeks.

**Payment terms:** Net 30 days after delivery.

**Other:** Units for assessment are US dollars per short ton.

**STHRG00 HRC CIF USGC**

**Quality:** Chemical and dimensional tolerances will be based on ASTM A 1011-06a Commercial Type B. Other specifications of HRC will be normalized back to this grade based on prevailing market extras.

**Quantity:** Typical shippable quantities of 1,000-2,000 st full or part cargo at seller's option are reflected. Other sizes will be normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Platts will normalize its assessments of hot-rolled coil to the following:

Width 48-60 inches; Thickness 0.083-0.37 inches

**Location:** Assessment is CIF basis Houston. Southern US prices will be normalized back to basis CIF Houston using current typically applied freight differentials.

**Timing:** Lead times: 3-8 weeks.

**Payment terms:** Net 30 days after delivery.

**Other:** Units for assessment are US dollars per short ton.

**STHRZ02 HRC FOB CHINESE PORT**

**Quality:** Prime Hot Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on Export specifications normalised to Chinese GB/T912 grade Q235 A or equivalent. Other specifications of HRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Typical shippable quantities of 5000 mt minimum are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions:

Width 1200-1500mm; Thickness 3-4mm. Platts will normalize to a standard of 1,200-1,500 mm in width and 3-4 mm in thickness but will monitor trading activity of thicknesses of between 2-15mm.

**Location:** Location: FOB Main Chinese port. Pricing information from other locations including CIF where appropriate can be normalized back to this location. Shanghai is used as the basis port.

**Timing:** Up to twelve weeks lead time from date of publication.

**Payment terms:** Typically at sight.

**Other:** Units for assessment are US dollars per metric ton.

**COLD-ROLLED COIL****STRE00 CRC EX-WORKS RUHR**

**Quality:** Prime Cold Rolled Steel coil of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10131:2006. Grade: DC01 or equivalent. Other specifications of CRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Standard order sizes of 100 mt per size per order are reflected with other quantities normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions: Width 1000, 1,250mm; Thickness 0.7-3.0mm. Platts will normalize to a standard of 1000 or 1250 mm in width and 0.7-3.0 mm in thickness. Dimension tolerances will be based on European Norm EN10131:2006, or equivalent, other dimensional tolerances of CRC will be normalised back to this.

**Location:** Ex-works Ruhr. pricing information from other EU locations will be normalised back to this location.

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Prompt payment upon delivery from mill.

**Other:** Units for assessment are Euro per metric ton.

**STRA00 CRC CIF ANTWERP**

**Quality:** Prime Cold Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10131:2006. Grade: DC01. Other specifications of CRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Typical shippable quantities of 500 mt minimum and up to 5,000 mt as full- or part-cargo (seller's option) are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions: Width 1000, 1,250mm; Thickness 0.7-3.0mm. Platts will normalize to a standard of 1000 or 1250 mm in width and 0.7-3.0 mm in thickness. Dimension tolerances will be based on European Norm EN10131:2006, or equivalent, other dimensional tolerances of CRC will be normalised back to this.

**Location:** CIF Antwerp, pricing information from other locations will be normalised back to this location.

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Typically at sight

**Other:** Units for assessment are Euro per metric ton.

**STRRB00 CRC FOB BLACK SEA**

**Quality:** Prime Cold Rolled Steel Coils of new manufacture, chemical and mechanical tolerances will be based on European Norm EN10131:2006. Grade: DC01, or equivalent, other specifications of CRC will be normalised back to this grade using current market extras typically applied in the industry.

**Quantity:** Typical shippable quantities of 500 mt minimum and up to 5,000 mt as full- or part-cargo (seller's option) are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions: Width 1000, 1,250mm; Thickness 0.7-3.0mm. Platts will normalize to a standard of 1000 or 1250 mm in width and 0.7-3.0 mm in thickness. Dimension tolerances will be based on European Norm EN10131:2006, or equivalent, other dimensional tolerances of CRC will be normalised back to this.

**Location:** FOB Black Sea port. Pricing information from other locations including CIF where appropriate can be normalized back to this location.

**Timing:** Typically 6 - 8 weeks lead time from date of publication.

**Payment terms:** Typically at sight.

**Other:** Units for assessment are US Dollars per metric ton.

**STRRI00 CRC EWX INDIANA**

**Quality:** Chemical and dimensional tolerances will be based on AISI grades C1005 to C1008, the base-grade range of commercial-quality cold-rolled coil.

Other commercial grades such as C1015 – C1030), drawing steel (DS) grades, structural steel (SS) grades such as ASTM A606, high-strength low alloy (HSLA) grades such as Gr45, Gr50, Gr55, Gr60 and Gr70, ASTM A606 grade and others will be normalized to the base grade based on the prevailing market extras.

**Quantity:** Standard spot-market order size of 1,000 st is reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/-5% at seller's option.

**Dimensions:** Platts will normalize its assessment of cold-rolled coil to the following: in thickness between 0.0260 inches and 0.1000 inches and 48 inches to 62 inches wide.

**Lead times:** 4-12 weeks

**Payment terms:** Net 30 days after delivery

**Locations and Price Assessments:** Ex-works, Indiana. Delivered prices and loaded-truck prices will be normalized back to ex-works Indiana mill using prevailing typically applied freight differentials.

**Other:** Price assessments are in US dollars per short ton. Price references in CWT will be normalized to short ton.

**STRRG00 CRC CIF HOUSTON**

**Quality:** Chemical and dimensional tolerances will be based on AISI grades C1005 to C1008, the base-grade range of commercial-quality cold-rolled coil.

Other commercial grades such as C1015 – C1030), drawing steel (DS) grades, structural steel (SS) grades such as ASTM A606, high-strength low alloy (HSLA) grades such as Gr45, Gr50, Gr55, Gr60 and Gr70, ASTM A606 grade and others will be normalized to the base grade based on the prevailing market extras.

**Quantity:** Standard spot-market order size of 1,000 st is reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/-5% at seller's option.

**Dimensions:** Platts will normalize its assessment of cold-rolled coil to the following: in thickness between 0.0260 inches and 0.1000 inches and 48 inches to 62 inches wide.

**Lead times:** 4-12 weeks

**Payment terms:** Net 30 days after delivery

Locations and Price Assessments: CIF Houston

Delivered prices and loaded-truck prices will be normalized back to CIF Houston using prevailing typically applied freight differentials.

**Other:** Price assessments are in US dollars per short ton. Price references in CWT will be normalized to short ton.

**PLATE****STPRA00 CIF ANTWERP**

**Quality:** Prime Carbon steel plate of commercial quality equivalent to EN10025 S235 JR. All other grades to be normalized to this grade using current and prevailing market extras.

**Quantity:** Typical shippable quantities 500mt minimum and up to 5,000mt as full or part cargo (sellers options) are reflected with other specifications normalized to this one where appropriate. Tolerance is +/- 5% at seller option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions: 15 – 40mm upto 2500 width and 12000mm lengths. Other sizes to be normalized back to this range.

**Lead times:** 8 – 16 weeks or next available delivery.

**Payment:** Typically at sight

**Location:** CIF Antwerp, pricing information from other locations will be normalised back to this location.

**Other:** Units for assessment will be Euro per metric ton

**STPRE00 EXW RUHR**

**Quality:** Prime Carbon steel plate of commercial quality equivalent to EN10025 S235 JR. All other grades to be normalized to this grade using current and prevailing market extras.

**Quantity:** Typical shippable quantities 100mt per size per order. Tolerance is +/- 5% at seller option.

**Dimensions:** Assessment is normalized to the following benchmark dimensions: 15 – 40mm upto 2500 width and 12000mm lengths. Other sizes to be normalized back to this range.

**Lead times:** 8 – 16 weeks or next available delivery.

**Payment:** Typically 60 days after delivery

**Location:** EXW Ruhr, pricing information from other EU locations will be normalised back to this location.

**Other:** Units for assessment will be Euro per metric ton.

**STPRI00 HRP EXW US SE**

**Quality:** Chemical and dimensional tolerances will be based on ASTM A36/A36M, structural steel plate or equivalent All Other grades to be normalized to this grade using current and prevailing market extras.

**Quantity:** Standard order sizes range from 5 short tons (10,000 lbs) and above.

**Dimensions:** In thickness between 0.375 inches and 2 inches and cut as discrete plate in dimension up to 96 inches wide and lengths up to 240 inches (8-feet x 20-feet), also referred to as cut-to-length (CTL). Other sizes to be normalized back to this range.

**Lead times:** 4-12 weeks

**Payment terms:** Net 30 days after delivery

Locations and Price Assessments: Ex-works - US Southeast US Midwest delivered prices and loaded truck prices will be normalized back to ex-works Southeast mill using current typically applied freight differentials.

**Payment:** Price assessments are in US dollars per short ton. Price references in CWT will be normalized to short ton.

**Scrap surcharge:** included in price assessment.

**Other:** Price assessments are in US dollars per short ton. Price references in CWT will be normalized to short ton.

**STPRG00 HRP CIF US GULF**

**Quality:** : Chemical and dimensional tolerances will be based on ASTM A36/A36M, structural steel plate or aqivalent All Other grades to be normalized to this grade using current and prevailing market extras.

**Quantity:** Standard spot-market order size of 1,000 st is reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/-5% at seller's option.

**Dimensions:** In thickness between 0.375 inches and 2 inches and cut as discrete plate in dimension up to 96 inches wide and lengths up to 240 inches (8-feet x 20-feet), also referred to as cut-to-length (CTL). Other sizes to be normalized back to this range.

**Lead times:** 4-12 weeks

**Payment terms:** Net 30 days after delivery

Locations and Price Assessments: CIF – Houston US Midwest delivered prices and loaded truck prices will be normalized back to CIF Houston using current typically applied freight differentials.

**Other:** Price assessments are in US dollars per short ton. Price references in CWT will be normalized to short ton.

**REBAR****STCBE00 REBAR EX WORKS NWE**

**Quality:** Platts will normalize its assessment to B500B carbon content which is the specification that is the most widely recognised industry benchmark. Platts will normalize other specifications such as B500C if any price differential exists.

**Quantity:** Standard parcel size of 100 mt is reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment reflects rebar in diameter range of 16-20mm and in 12 m lengths. This range has been identified as trading at one price. Other sizes will be normalized back to this range using current, typically applied mill extras.

**Location:** Ex works North West Europe, pricing information from other EU locations will be normalised back to this location.

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Prompt payment upon delivery at mill.

**Other:** Units for assessment are Euro per metric ton.

**STCBB00 REBAR FOB TURKEY**

**Quality:** Platts will normalize its assessment to B500B/C carbon content which is the grade that is the most widely recognised industry benchmark. Type C indicates that the rebar is suitable for seismically active locations in Italy, Greece, Spain. Platts will normalize to grade B, but currently there appears to be no price differential between B and C grades.

**Quantity:** Typical shippable quantities of 2,000-3,000 mt full or part cargo at seller's option are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment reflects rebar in diameter range of 16-20mm and in 12 m lengths. This range has been identified as trading at one price. Other sizes will be normalized back to this range using current, typically applied mill extras.

**Location:** FOB Turkey. Pricing information from other locations will be normalised back to basis Turkey using current, typically applied freight differentials

**Timing:** Six to eight weeks lead time from date of publication.

**Payment terms:** Net 60 days after bill of lading.

**Other:** Units for assessment are US dollars per metric ton.

### STCB100 REBAR EX-WORKS SOUTHERN US

**Quality:** Chemical and dimensional tolerances will be based on ASTM A 615 / A615M Other grades of rebar will be normalized to this grade based on the prevailing market extras

**Quantity:** Standard order sizes of 1,000-2,000 st are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Platts will normalize its assessments of rebar to the following: Length 20-ft; Diameter range: 0.750-1.41 inches.

**Location:** Ex-works US Southeast.

**Timing:** Lead time is 4-12 weeks.

**Payment terms:** Net 30 days after delivery.

**Other:** Units for assessment are US dollars per short ton.

### STCBG00 REBAR CIF US

**Quality:** Chemical and dimensional tolerances will be based on ASTM A 615 / A615M Other grades of rebar will be normalized to this grade based on the prevailing market extras

**Quantity:** Typical shippable quantities of 1,000-2,000 st full or part cargo at seller's option are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Platts will normalize its assessments of rebar to the following: Length 20-ft; Diameter range: 0.750-1.41 inches

**Location:** CIF basis Houston. Southern US prices will be normalized back to basis CIF Houston using current typically applied freight differentials.

**Timing:** Lead time is 4-12 weeks.

**Payment terms:** Net 30 days after delivery.

**Other:** Units for assessment are US dollars per short ton.

### STCBZ02 REBAR FOB CHINESE PORT

**Quality:** Prime carbon steel reinforcement bars of new manufacture to Chinese specification GB1499-1998 grade HRB400. All other export specifications to be normalised back to the this grade.

**Quantity:** Typical shippable quantities of 5,000mt minimum full or part cargo at seller's option are reflected with other sizes normalized to this standard where appropriate. Volume tolerance is +/- 5% at seller's option.

**Dimensions:** Assessment reflects rebar in diameter range of 16-20mm and in 12 m lengths. This range has been identified as trading at one price. Other sizes will be normalized back to this range using current, typically applied mill extras.

**Location:** FOB Chinese for export outside the ROC. Pricing information from other locations will be normalised back to basis China using current, typically applied freight differentials.

**Timing:** up to twelve weeks lead time from date of publication.

**Payment terms:** at sight via bank system

**Other:** Units for assessment are US dollars per metric ton.

## STEEL BILLET

### STBLB00 BILLET FOB BLACK SEA

**Quality:** Steel billet specifications are to be normalized to a base standard of 125x125 mm square, lengths 11,700 mm, grade GOST 380-94, 5sp/ps.

**Quantity:** Typical export quantities 5 000 – 20 000 mt, full or part cargo at seller's option.

**Location:** Assessment is FOB Black Sea port; pricing information from other locations including CFR where appropriate can be normalised back to this location.

**Timing:** Lead times 2-6 weeks

**Payment:** At sight

**Other:** Units for assessments are in US dollars per metric ton.

## FERROUS SCRAP

### FERDD00 HMS FOB ROTTERDAM

**Quality:** Heavy Melting Scrap, Grade I and II in mix 80/20. All other grades will be normalized back to this grade based on prevailing market extras.

**Quantity:** Typical 'deep sea' seaborne quantities, full or part cargo at seller's option.

**Location:** Assessment is FOB Rotterdam; pricing information from other locations including CIF where appropriate can be normalized back to this location.

**Timing:** Lead times 4 - 6 week

**Payment:** At sight

**Other:** Units for assessments are in US dollars per metric ton

#### FERBSD00 HMS FOB BLACK SEA

**Quality:** Heavy Melting Scrap according to GOST A3 2787-75 or equivalent. All other grades to be normalized back to this grade.

**Quantity:** Typical shippable quantities of minimum 1000mt minimum, full or part cargo at sellers option +/- 10% seller option.

**Location:** Assessment is FOB Black Sea port. Pricing information from other locations including CIF where appropriate can be normalized back to this location.

**Timing:** Lead time 4 – 6 weeks

**Payment:** At sight

**Other:** Units for assessment are in US dollars per metric ton

#### FERBSD00 HMS CFR TURKEY

**Quality:** Heavy Melting Scrap, Grade I and II in mix 80/20. All other grades will be normalized back to this grade based on prevailing market extras.

**Quantity:** Typical 'deep sea' seaborne quantities of 25,000 mt, full or part cargo at seller's option.

**Location:** Assessment is CFR Turkish port; pricing information from other locations where appropriate can be normalized back to this location.

**Timing:** Lead time 2 – 6 weeks

**Payment:** At sight

**Other:** Units for assessment are in US dollars per metric ton

#### FERMWD00 SHREDDED DEL US MIDWEST

**Quality:** Shredded steel scrap according to ISRI 211 classification or equivalent, specifying homogeneous and magnetically separated iron and steel scrap originating from automobiles, unprepared No. 1 and No. 2 steel, and miscellaneous baling and sheet scrap, with an average density of 70 lbs/square foot. Other grades of steel scrap can be normalized to ISRI 211 where appropriate.

**Quantity:** Standard spot-market order size of 1,000 long tons, with other sizes normalized to this standard where appropriate.

**Timing:** Lead times, 1-12 weeks

**Payment terms:** Net 30 days after delivery

**Locations and Price Assessments:** US Midwest, composite range, delivered-mill. Ex-yard prices and loaded-truck/railcar FOB prices will be normalized back to US Midwest delivered-mill prices using prevailing typically applied freight and handling differentials, where appropriate.

**Other:** Price assessments are in US dollars per long ton (2,240 lbs). Price references are in long tons.

#### FEECD00 SHREDDED DEL US EAST COAST DOCKSIDE

**Quality:** Shredded steel scrap according to ISRI 211 classification or equivalent, specifying homogeneous and magnetically separated iron and steel scrap originating from automobiles, unprepared No. 1 and No. 2 steel, and miscellaneous baling and sheet scrap, with an average density of 70 lbs/square foot. Other grades of steel scrap can be normalized to ISRI 211 where appropriate.

**Quantity:** Standard spot-market order size of 1,000 long tons, with other sizes normalized to this standard where appropriate.

**Timing:** Lead time within 30 days of order.

**Payment terms:** Net 30 days after delivery.

**Locations and Price Assessments:** US East Coast Dockside, composite range, delivered-East Coast Dock. Delivered Quay prices and Free on truck/railcar prices will be normalized back to Free Alongside (FAS) prices using prevailing and typically applied handling differentials where appropriate.

**Other:** Units for assessment are in US dollars per long ton.

#### FEETCH00 HMS DEL US EAST COAST DOCKSIDE

**Quality:** Heavy Melting Scrap, ISRI 201 classification or equivalent, specifying wrought iron and/or steel scrap ¼ inch and over in thickness. Individual pieces not over 36 x 18 inches (charging box size) prepared in a manner to insure compact charging.

**Quantity:** Standard spot-market order size of 1,000 long tons, with other sizes normalized to this standard where appropriate.

**Timing:** Lead time within 30 days of order.

**Payment terms:** Net 30 days after delivery.

**Locations and Price Assessments:** US East Coast Dockside, composite range, delivered-East Coast Dock. Delivered Quay prices and Free on truck/railcar prices will be normalized back to Free Alongside (FAS) prices using prevailing and typically applied handling differentials where appropriate.

**Other:** Units for assessment are in US Dollars per long ton.

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## APPENDIX I: OVERVIEW OF MARKET ON CLOSE ASSESSMENT

### MARKET ON CLOSE: PLATTS ASSESSMENT PROCESS

Platts' Market on Close assessment process is a structured system of information-gathering that allows transparent and fully verifiable market information to form the basis of daily price assessments reflecting market values at the close of the business day. The objective is to publish a price evaluation that is in full convergence with the actual market price of a material. This enables buyers and sellers to have a price reference that reflects demonstrably real market values.

The basics of MOC are fairly simple. Price is established at a specific point in time in an open and transparent process where companies communicate the prices at which they are prepared to buy and sell commodities. Bids and offers are firm and companies stand firm behind a specific volume they are ready to trade.

Rather than taking price information on trust, companies bid and offer in real time with full transparency. The bids are open to any counterparty with the proper financial wherewithal. Because price is a function of time, market assessments reflect values at a defined point in time, allowing both outright and spread values to be accurately reflected. Because the system is based on performance rather than opinion, assessments and market levels converge.

This system works well across markets, whether these are liquid or illiquid, whether they are commoditized or non-commoditized. In complex physical markets such as the steel market, Platts aligns the divergent and segmented market dimensions to those defined in the Platts assessment. This process is called normalization. Normalization enables Platts to consider in the assessment process a cross section of transactions and determine the value of the 'normalized' commodity.

Specification parameters are defined in Platts specification guides, editorial guideline documents and subscriber notes, which are published on [www.platts.com](http://www.platts.com) and in the individual Platts publications.

Platts has used the MOC assessment process for more than 10 years in the oil markets and in recent years has applied it in tailored form across a range of other commodities including petrochemicals and metals. These daily price assessments are used directly or indirectly in pricing billions of dollars of energy and commodities each day.

The MOC has strict parameters that allow bids and offers to be tested by the market at large. Bids and offers carry the name of the company issuing them and must be as complete as possible; time cut-offs are applied after which a new bid or offer will not be put on the screen, to ensure it is logistically executable; price changes must be incremental to ensure that markets are not "gapped" higher or lower; and once trade occurs, they are tested to establish repeatability and a set of verification procedures is carried through.

Full transparency is required. Secondary checks are carried out periodically in which Platts will request documentation for deals done, which may include contract copies and other supporting documents such as loading and inspection documents; if this is not forthcoming, it may raise questions about that company's reliability as a data source. Platts bases its assessments on fully verifiable market information.

Platts has pioneered transparency standards in commodities market reporting. Over time, Platts has witnessed a move across market segments where market participants welcome increased transparency and verifiability standards.

For a market to work effectively, it needs effective pricing mechanisms that are transparent and open to scrutiny, so often there is a synergy between Platts' goals and the needs of the market. But ultimately delivering transparency and effective market assessment requires independence and leadership rather than consensus.

Markets operate more efficiently with participants able to make well thought out critical decisions in an open and transparent environment where information is widely and rapidly available.

## APPENDIX II: MARKET ON CLOSE PROCEDURES

### BIDS/OFFERS

Platts considers transactions, bid/offer levels and market indications that are reflective of typical conditions and originating from sources deemed reliable.

Details of bids/offers and deals for steel will be carried on Platts electronic screen service Platts Metals Alert on PMA700. Bids and offers must in principle be open to any reputable and creditworthy counterparty.

Platts will exclude transactions, bids/offers or any market indications when these appear to be unrepresentative of the market, or unrepeatable. Deals done below the level of prevailing bids or above the level of prevailing offers (i.e., selling through the bid or buying through the offer) will not be reflected.

### EXECUTABILITY

Platts only takes into account bids and offers where trading participants have demonstrated that those bids and offers are firm and executable.

For the purposes of its assessments, Platts will only consider in its assessment process bids and offers that have been communicated to reporters/price specialists before 18.30 Singapore time. Any new bid/offer submitted later than these cutoffs will not be considered in the assessment process.

Please note that Platts applies the timing deadlines strictly. For the purposes of clock synchronization, market participants may find the following internet link to be helpful: <http://www.time.gov>. This link offers an atomic clock reading for US time zones.

Platts considers in its assessment incremental price changes made to applicable bids or offers up to but no later than 18.30 Singapore time, after which only deals will be considered.

Platts takes into account bids/offers that are executable under normal circumstances. Where provisions in the bid or offer make it difficult or impossible to execute, the bid or offer will not be considered in the assessment. Such provisions may include, for instance, non-standard nomination procedures and charter party or loading options outside the normal range of supply locations considered as standard in each market.

## PERFORMANCE

Platts' editorial guidelines governing its assessment process require it must consider only those transactions, bids or offers where market participants perform under typical contractual terms.

Platts accepts that individual companies may have trading limits with counterparties and that national legislation may prevent companies from dealing in materials of certain origins. Such counterparty issues will be dealt with on a case-by-case basis.

Participants intending to sell should not offer when there is a known and distinct possibility that loading/delivery may be delayed. If congestion or delays prevent performance under the contractual terms, the seller should make reasonable and timely efforts to supply from an alternative source, or the seller should engage in other measures to alleviate the buyers' exposure.

Equally, a buyer should not over-commit and then aggregate nominations in a way that makes it logistically impossible for the seller to perform.

Platts will take appropriate steps to ensure the integrity of its assessments if issues of non-performance should arise.

## INCREMENTABILITY

Price changes to bids and offers will be considered in the assessment process only if the improvements in the price of bids and offers are incremental in nature.

Typically the increments considered would be of a maximum of \$1/st or 1 Euro/mt but this varies according to market conditions. Price changes made very rapidly, that do not allow a counterparty to execute, may be disregarded.

Where related futures markets exhibit unusual volatility, Platts may increase the level of increment accepted without prior notice. Platts will typically advise such increment changes on PMA700.

Please note that market participants may withdraw bids/offers at any point, provided no counterparty has expressed an intention to execute the bid/offer. Also market participants may back away from the price non-incrementally.

## REPEATABILITY

Bids, offers and transactions are viewed against the broader supply/demand generated by those bids/offers and transactions. Hence if a low price offer generates too much demand, Platts may determine in its editorial process that the market value is higher than the level offered. Likewise if a high bid generates too much supply and the buyer is unable to buy all the volume that is offered, Platts in its editorial process may determine that the market value is lower than the level bid.

## NOMINATION PROCEDURES

Typical nomination processes gives the seller the right to nominate the delivery laycan in a CFR deal and the buyer the right to nominate the loading laycan in a FOB deal. Platts reflects normal nomination practices and where deals, bids or offers with specific nomination requirements are reported, Platts may normalize or disregard the deals or bids/offers.