



## **FIS welcomes clearing for Container Freight Swaps**

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For immediate release

London. The launch of an OTC Clearing Service for Container Freight Swap Agreements (CFSA) by LCH.Clearnet represents the next important milestone in the evolution of this emerging market. Leading Forward Freight Agreement (FFA) brokerage Freight Investor Services has welcomed the development, which will facilitate easier trading of container derivatives in what promises to be an exciting new area for freight swaps.

John Banaszkiwicz, Managing Director of FIS, said: "Containerized exports from the Far East to the USA and Europe (the routes cleared by LCH) account for nearly 25.2 million containers, around 20% of global trade, with an estimated value of over \$40 billion this year. Despite the unprecedented volatility witnessed in the market over the last two years, there have been no risk management tools available, until now. Container derivatives are the missing link in an already vibrant FFA market. Judging by the success of FFAs in other sectors, the potential is massive."

Mr Banaszkiwicz added that the birth of this new market was another demonstration of the value that brokers can add to traditional freight business, by working with principals and innovative index providers. He urged other market players to join FIS in helping to make it a success.

"We're very pleased with LCH.Clearnet's latest launch and FIS is looking forward to participating. We applaud the efforts of other broking houses such as Clarksons, who have joined us in the drive to develop innovative new products that create real value for market participants. It's just a shame that the Baltic Exchange, which already publishes the indices for dry and wet freight swaps, has missed the golden opportunity to add the container sector to its portfolio of assessments and indices."

"In contrast to the bulk markets, containers are easy to grasp and far more in line with the general public's perceptions of shipping. With the launch of container swaps, my wife can finally understand what I'm on about when I bore her over dinner."

The CFSA will be settled against the Shanghai Containerized Freight Index, published by the Shanghai Shipping Exchange. The Exchange will provide a role similar to that of the Baltic Exchange in FFAs, collecting and disseminating route assessment data from a panel of 15 carriers and 15 service providers. It will also be responsible for dispute resolution, creating special panels in case of market disruption.

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## **Notes to editors**

### **About FIS**

FIS is a leading provider of impartial and accurate risk management advice to customers in freight, iron ore and fertilizer derivative markets and also provides physical commodity and shipbroking services. Founded in 2002, FIS has enjoyed sustained growth in each year of its operation and has expanded via its network of trading associates and branch offices to offer coverage in the United States, Greece, Japan and Singapore. The company is registered and regulated by the Financial Services Authority (FSA) in UK. Learn more about FIS at: [www.freightinvestor.com](http://www.freightinvestor.com). Follow us on Twitter: <http://twitter.com/freightinvestor>

### **About the Shanghai Containerised Freight Index**

The SCFI reflects the spot rates of Shanghai's export container transport market, which includes freight rate assessments of 15 individual shipping routes and a comprehensive index. The freight indices show the ocean freight and surcharges of individual shipping routes on the spot market on shipping routes covering all trade routes from Shanghai to the Mediterranean, US west coast, US east coast, Persian Gulf, Australia/New Zealand, West Africa, South Africa, South America, West Japan, East Japan, Southeast Asia, Korea, Taiwan and Hong Kong. For more information, please see <http://en.chineseshipping.com.cn/html/scfi.asp>.