

RULES OF THE EUROPEAN BULK OIL TRADERS' ASSOCIATION

1. GENERAL

1.1 Name

The Association shall be called the European Bulk Oil Traders' Association ("the Association").

1.2 Objects

The objects of the Association shall be to engage in any activities with respect to matters of mutual interest relating primarily to the bulk international trading within the European Economic Area ("EEA") and importation into the EEA from outside the EEA of crude oil, refined petroleum products, petrochemicals, biofuels, liquefied natural gas, liquefied petroleum gas, polyolefins, condensates, and/or their feedstocks, derivatives, related organic compounds and/or emissions ("European Bulk Oil Trading"), including but not limited to:

1.2.1 supporting, protecting and representing the interests of Members;

1.2.2 consulting among the membership, advocating the membership's position and lobbying legislators, policy makers and other relevant organisations (such as government bodies, inter-governmental and other national and international organisations) in the United Kingdom, the European Union and elsewhere, in relation to issues, decisions, legislation and/or regulations affecting, or with potential to affect, the membership;

1.2.3 conducting studies, undertaking research, and obtaining advice in relation to such matters;

1.2.4 from time to time, and in the Association's absolute discretion, informing Members of legislative, regulatory or other developments or proposals which could affect them; and

1.2.5 providing a panel of arbitrators and framing arbitration rules for the resolution of commercial disputes between Members.

1.3 Nature of business

The Association is a voluntary association of independent companies engaged in European Bulk Oil Trading. It is not a commercial business and shall conduct no operational activities. It shall not engage in any activity which is in contravention of the laws of England, any provision of EU law or any other law which may be applicable.

1.4 Confidentiality

All Members of the Association shall respect the confidentiality of any information provided to the Association by a Member on a confidential basis. All matters discussed and views expressed at any meeting of the Council, the Association or any Working Group, shall be

confidential and all Members agree that they shall under no circumstances report any such matters or views to the Media.

1.5 **Competition**

All Members of the Association acknowledge that the formation of their Association may potentially give rise to concerns regarding competition or anti-trust. All Members of the Association confirm that they have no intention to act in contravention of any competition or anti-trust legislation which may be applicable to them, or to create any cartel or barrier to trade. All Members agree to comply with the Anti-Trust Guidelines set out at Appendix 1.

2. **MEMBERSHIP**

On joining the Association, each Member expressly agrees to be bound by the Rules as they may be amended from time to time.

2.1.1 Eligibility for Membership

- (a) Full membership of the Association shall be open to any independent firm, company or other organisation, wherever it may be incorporated, which is engaged in European Bulk Oil Trading, and has been so engaged for at least two years or such other period as may be prescribed from time to time by the Council and which also satisfies the additional criteria for membership set out at Appendix 2, provided its trades within the EEA each year amount to a minimum value of US\$50 million.

2.1.2 Associate membership shall be open to any independent firm, company or other organisation, wherever it may be incorporated, which provides a service to European Bulk Oil Trading (including but not limited to technical consultants, insurance companies and law firms), and has been doing so for at least two years or such other period as may be prescribed from time to time by the Council and which also satisfies the additional criteria for membership set out at Appendix 2.

2.1.3 The Council shall have discretion to invite an organisation to become, and to decide whether or not it should be elected as, either a Full or an Associate Member.

2.2 **Application for Membership**

2.2.1 Application for membership shall be made in writing to the Secretary for reference to the Council. Candidates for membership shall be proposed and seconded by two existing Members, who must be independent of the Applicant. The names of the Applicant, Proposer and Secunder shall be notified to Council members at least 5 days prior to the date on which the meeting to consider the application for membership is to take place.

2.2.2 The Council shall in its discretion decide whether to approve the election of the Applicant for membership, having regard to such factors as the nature of the Applicant's business, the length of time it has been involved in, or has provided services to, European Bulk Oil Trading and its financial soundness. The Applicant shall be elected as a Member of the Association if a simple majority of Council

members present at the meeting shall so determine. In the event of an equality of votes, the Chairman of the Council shall have a casting vote in addition to his own.

2.2.3 If the election is not approved, the Secretary shall provide reasons to the Applicant and the Applicant shall have a right of appeal as set out in Rule 2.10.

2.3 **Affiliated Companies**

Only one company within any group of affiliated companies may be a Member of the Association and shall represent the interests of that group. An "affiliated" company means a company, more than 50% of whose voting stock is owned directly or indirectly by another company.

2.4 **Duration of Membership**

2.4.1 The membership year shall run from 1 January to 31 December each year.

2.4.2 Membership shall be for the current membership year only and shall become effective only after payment of both the Joining Fee (if any) and the Annual Subscription in respect of the year during which the Member is elected. However, Members shall be automatically admitted to Membership during the succeeding year without re-election, subject to payment of the Annual Subscription and unless otherwise directed by the Council.

2.4.3 All Members who have not given written notice of their wish to resign from the membership prior to the end of any membership year shall be deemed to have applied for renewal of their membership for the following membership year and shall become automatically liable to pay the Annual Subscription for that membership year.

2.5 **Joining Fee and Annual Subscription**

2.5.1 Each Full and Associate Member shall pay an initial Joining Fee (for the first membership year only), the amount of which shall be fixed by the Council from time to time.

2.5.2 Each Member shall also pay an Annual Subscription, payable on 1 January each year, the amount of which shall be fixed by the Council from time to time and not later than the last Council meeting before the end of each membership year. The Council may fix a different Annual Subscription for Full and Associate members.

2.5.3 The Council shall in its discretion allow a discount to the amount of the Annual Subscription payable in the first year of membership by a new member elected to membership part way through any membership year.

2.5.4 Upon payment of the Joining Fee and Annual Subscription, each Member shall be issued with a certificate acknowledging its membership of the Association for the current year only.

2.5.5 Any Member who fails to pay the Annual Subscription within thirty days after receipt of an invoice shall be sent a written reminder, setting out the provisions of this

clause. If after thirty days from the date of such reminder the Member has still failed to pay, its Membership of the Association shall automatically cease, but it may be re-elected by Council Members, who may in their absolute discretion ask such Member to re-apply for membership, in which case the procedure set out at Rule 2.2 shall apply.

2.5.6 Any deficit in the Association's balance sheet shall be made good by equal contributions from all Members, such contributions to be payable to the Council on demand. The Council shall immediately inform the Members where any such deficit arises, or it becomes clear that there is a risk it will do so, and shall provide a full explanation, including reasons. The Council shall adopt a policy of full transparency in reporting the reasons for any such deficit or risk of deficit.

2.6 Register of Members and voting rights

2.6.1 The Secretary shall keep a register of Full and Associate Members, which shall be open for inspection and conclusive as to the Full Members' right to vote and Full and Associate Members' right to attend meetings of the Association.

2.6.2 Each organisation registered as a Full Member shall have one vote. An organisation registered as an Associate Member shall have no vote.

2.6.3 Any authorised representative of a Full Member may vote at a meeting, but should personal representation be impossible, the Full Member shall be permitted to vote by proxy. A proxy shall be lodged with the Secretary or the Chairman of the Council and shall be available only for the meeting which it specifies (or for an adjournment of such meeting).

2.7 Change in circumstances

Any change in the corporate name, status, ownership, control or authorised representatives of a Member shall be notified by that Member to the Secretary and, should members of the Council consider it necessary, a fresh election shall be held. In the event of the Member not being re-elected, its membership shall cease, subject to a right of appeal in accordance with the membership appeal procedure as outlined in Rule 2.10 below.

2.8 Resignation

Any Member may on not less than 14 days' written notice to the Secretary resign from Membership, but in those circumstances, no part of the Annual Subscription shall be reimbursed to the resigning Member, unless the Council in its discretion determines otherwise.

2.9 Suspension or Revocation of membership

2.9.1 The Council may at any time and in its absolute discretion suspend or revoke any Member's membership of the Association. The Secretary shall give to the Member concerned not less than 14 days' written notice of the Council's intention to suspend or revoke membership and its reasons for such action.

- 2.9.2 The Member concerned shall have the right to respond to the notice and state its case in writing against such action before the Council reaches any decision to suspend or revoke its membership. If the Member fails to respond to the Council's notice, the Council may nevertheless proceed with its decision whether to suspend or revoke membership.
- 2.9.3 The decision of the Council shall be advised to the Member and, in the event that its membership is suspended or revoked, it may appeal against such decision in accordance with the membership appeal procedure. The Member may also at any time make an application to the Council for re-instatement. The decision whether to re-instate a Member shall be in the absolute discretion of the Council.
- 2.9.4 In the event of a Member having its membership suspended or revoked and any appeal having been unsuccessful, the Council may in its absolute discretion, and in such manner as it thinks fit, notify the other Members of the Association. This Rule shall operate as irrevocable leave to the Association and to the Council to publish and circulate such notification. No action or other proceedings shall in any circumstances be maintainable by the Member concerned against the Association, the Council or any person publishing and circulating such notification.

2.10 Membership appeal procedure

2.10.1 In the event that the Council

- (a) does not approve the election of an Applicant for new membership under Rule 2.2;
- (b) does not re-elect a Member under Rule 2.7; or
- (c) suspends or revokes membership under Rule 2.9

then the Applicant or ex-Member concerned shall have the right to appeal against such decision, provided it gives notice that it wishes to do so within 14 days following the date of the decision. The appeal shall be to an independent person appointed by agreement between the Applicant or ex-Member concerned and the Council. In the absence of agreement, the independent person shall be appointed by the President for the time being of the Energy Institute.

- 2.10.2 The independent person so appointed shall act as expert and make his determination (and a discretionary award of costs if appropriate) as he sees fit, such determination to be final and binding upon the parties.

3. THE AFFAIRS OF THE ASSOCIATION

3.1 The Council

- 3.1.1 The day-to-day running of the Association shall be managed by a Council of not more than five Full Members, elected annually by the Association in General Meeting ("the Council"), and each represented on the Council by an authorised representative. No Full Member company shall have more than one representative serving on the Council at any time. Any vacancy on the Council which may occur

from resignation or other cause during the year may be filled by a simple majority vote of the Association.

- 3.1.2 Two Council members shall form a quorum and shall be entitled to conduct meetings. The Council members shall annually elect a Chairman and a Vice-Chairman, who shall have authority to convene and conduct meetings of, and manage other matters connected with, the Council and Association. If neither the Chairman nor the Vice-Chairman is present at a meeting, a chairman shall be elected to preside at that meeting only.
- 3.1.3 Meetings of the Council may be conducted by means of such telephone, video conference, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such a meeting.
- 3.1.4 Two Council members shall retire annually in rotation but shall be eligible for re-election. The Council members to retire shall be those who have been longest in the office since their last appointment or reappointment, but between Council members who were last appointed or reappointed on the same day, those to retire shall be chosen by lot, unless they agree otherwise between themselves. The election of two Full Members of the Association to fill the places of those retiring shall be held at the AGM.
- 3.1.5 An authorised representative of a Member of the Council may with the Council's approval appoint a person to represent him on the Council during any period for which he is unable to act. During such period the alternate representative shall be entitled to attend and vote at meetings of the Council.
- 3.1.6 No person may serve on the Council as an authorised representative of a Full Member unless he has insurance at an appropriate level covering him to act in such capacity.

3.2 **Voting procedure**

Each Council member shall have one vote, except the Chairman, who shall have a casting vote in addition to his own. Voting shall be on the basis of a simple majority, unless otherwise provided.

3.3 **Council Working Groups**

The Council may in its discretion delegate any of its powers to sub-committees or working groups consisting of such Council members, Full and Associate Members as it thinks fit, provided that each working group shall consist of a minimum of two Council members. Sub-committees may be formed to deal with areas of particular interest or topical concern (including, but not limited to, sustainability obligations under the UK Renewable Transport Fuel Obligation ("RTFO") and Directive 2009/28/EC on the promotion of the use of energy from renewable sources ("RED"), and EC Regulation 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH")).

3.4 **Appointment of Arbitrators**

The Council shall have power to draw up arbitration rules and/or to appoint a Panel of Arbitrators, drawn from among the Directors, Partners or Staff of the Members to hear and determine commercial disputes between Members.

3.5 **The Secretary**

The Secretary shall be responsible for various day-to-day tasks including, but not limited to, dealing with applications for membership, maintaining the Register of Members, preparing certificates of membership, issuing invoices and reminders for Joining Fees and Annual Subscriptions, issuing Notices of General Meetings and keeping minutes of meetings.

4. **GENERAL MEETINGS**

4.1 A minimum of one General Meetings of the Association shall be held during each membership year. No business shall be transacted at any General Meeting unless a quorum of Full Members is present at the time when the meeting proceeds to business. Three Full Members present by their authorised representatives shall be a quorum.

4.2 Meetings of the Association may be conducted by means of such telephone, video conference, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such a meeting.

4.3 **Annual General Meeting**

An Annual General Meeting ("AGM") of the Full Members of the Association shall be held once in every calendar year to receive and consider the Annual Report and Accounts of the Association, to elect authorised representatives of Full Members to the Council in place of those retiring by rotation and to consider any other matters of which at least 10 days' written notice has been given to the Secretary for inclusion in the Agenda.

4.4 **Extraordinary General Meeting**

The Chairman or Vice-Chairman of the Council shall have power to convene an Extraordinary General Meeting ("EGM") of Full Members should the need arise and shall be bound to do so within 10 days after receipt of a written request from not less than 5 Full Members.

4.5 **Notice requirements for AGM and EGM**

At least 21 days' notice of an AGM shall be given to the Full Members, specifying the time and date of the AGM and items on the Agenda. Any failure to give such Notice, or non-receipt of such Notice by any Full Member, shall not invalidate any resolution passed at, or proceedings of, the AGM. An EGM may be convened on shorter notice than 21 days and in such manner as the Full Members think fit.

Provision for altering Rules of the Association

The Rules of the Association may be altered, or added to:

- 4.5.1 by the Association at its AGM by a simple majority; or
- 4.5.2 by the Council on giving not less than 21 days notice in writing of any proposed amendment or alteration to every Full Member. Any proposed amendment shall become operative on the date nominated, unless the Secretary receives, before the expiry of the 21 day notice, a written protest from not less than 5 Full Members of the Association. In that case, the Chairman of the Council shall be bound to call an Extraordinary General Meeting which shall have powers by simple majority to confirm, amend or reject the Council's proposal.

4.6 Minutes of Meetings

Minutes of meetings shall be kept by the Secretary and circulated to all Full Members.

5. PROVISION FOR DISSOLVING THE ASSOCIATION

No resolution to dissolve the Association, or to alter this Rule, shall be effective, except by the decision of not less than 75% of the Full Members attending an Extraordinary General Meeting of the Association. Such a decision must be confirmed by a simple majority of the Full Members at a Second Extraordinary Meeting to be held after an interval of not less than 21 days.

6. FINANCE

- 6.1 All cheques or bank transfers shall be signed or authorised either
 - 6.1.1 by the Secretary and a Council member; or
 - 6.1.2 by two Council members.
- 6.2 The Council shall annually elect a minimum of two of its members to form a Finance Committee, which shall have powers (in addition to, but not to the exclusion of, those of the Council) to deal with the financial affairs of the Association. The Chairman of the Council for the time being shall, unless otherwise decided by the Council, be elected Chairman of the Finance Committee.
- 6.3 The Finance Committee shall collect all Joining Fees and Annual Subscriptions; have the custody of all monies belonging to the Association on behalf of all Members of the Association; keep an account of all sums received and paid by them on account of the Association; and prepare a Balance Sheet prior to the Annual General Meeting.
- 6.4 The Finance Committee shall have power to approve payment from Joining Fees and Annual Subscriptions on individual projects, (such as legal or technical advice to be given to the Association concerning REACH or RED implementation) or on ongoing expenditure

(such as a retainer payable for third party monitoring of relevant forthcoming legislation or directives). The Finance Committee shall also have power to levy additional funds from Members for specific projects. Where an individual project benefits only one section of the Full Members (for example, biofuels traders), the Finance Committee shall have power to levy funds to cover the cost from that section of Full Members only. The Finance Committee shall also have power to approve payment of an annual fee to the Secretary of the Association to perform his tasks as set out at Rule 3.5.

7. INDEMNITY

Members of the Council, the Secretary and other officers for the time being of the Association shall be entitled to be indemnified by the Association against all costs, damages, losses, expenses and liabilities incurred by them in the lawful execution and discharge of their duties undertaken on behalf of the Association, save to the extent that the same arises from their own wilful neglect or default.

8. GENERAL PROVISIONS

8.1 Time shall be of the essence in relation to any period of time specified in these Rules.

8.2 Notice may be given to a Member by personal delivery or ordinary prepaid post to the address appearing on the Register of Members or by email to an address for the time being notified to the Association by the Member.

8.3 A notice shall be deemed to be given at the expiry of 48 hours after the envelope posting it was posted or, in the case of a notice sent by email at the expiry of 48 hours after the time it was sent.

9. GOVERNING LAW AND JURISDICTION

These Rules shall be governed by and construed in accordance with English law. Any dispute arising out of or in connection with the Rules shall be referred to the English High Court, which shall have exclusive jurisdiction.

Appendix 1

EUROPEAN BULK OIL TRADERS' ASSOCIATION: COMPETITION LAW / ANTITRUST GUIDELINES

These guidelines are prepared for use by Members of the Association. They are designed to avoid activities that might create or increase a risk of raising competition law concerns either through inappropriate information sharing between competitors at the same level of the market or by acting as a "hub" or conduit for inappropriate information sharing between participants at a different level of the market. In these guidelines "Members" shall be deemed to include "Full" and "Associate" Members.

- Contact with actual/potential competitors or other third party market participants should be limited to discussing concerns of general interest relating to the development of the market and should not involve any exchange of commercially sensitive information. Commercially sensitive information includes:
 - Current/recent (i.e. within one year) pricing information;
 - Current/recent (i.e. within one year) customer information;
 - Future pricing intentions;
 - Future customer strategy;
 - Current/recent (i.e. within one year) margin information;
 - Current/recent (i.e. within one year) input/supply costs and staff salaries; and
 - Any confidential information obtained by virtue of board membership of a third party or private meeting with a third party.

[Note: The time when the data becomes historic is likely to be shorter if the data is aggregated rather than individual, and if the data is aggregated to an appropriate level such that individual traders cannot be identified from the data. The frequency of exchange of information is another factor which should be taken into account. Ideally, to avoid potential competition difficulties, data which is exchanged should be at least one year old, aggregated, anonymised and collated and disseminated by an independent person.]

- The Association should not serve as a "hub" by which competitively sensitive information is exchanged or collusion is facilitated between third parties.
- Common problems and challenges of a general, administrative or logistical nature can be discussed as long as the purpose of the discussion is not to encourage uniform action and the elimination or restriction of competition. Similarly, it is lawful to discuss non-commercial matters such as government or regulatory policy on the industry, health, safety and environmental issues, regulatory changes and tax issues and to lobby on such issues.

- Detailed written agendas should be prepared for all meetings. Participants at the meeting should adhere strictly to the agenda.
- Discussions at the meeting should not involve the disclosure by any participant of matters not in the public arena. For example, there should be no discussion about individual business strategies, demand forecasts or price curves.
- While it is generally acceptable to discuss industry standards and practices, it is not permissible for Members to resolve to adopt certain common practices or, for example, discipline Members for not following certain practices without specific competition/anti-trust guidance.
- If an inappropriate topic is ever raised during a meeting, the discussion should be terminated immediately. The termination of the discussion should be noted in the minutes.
- Should the discussion continue, despite protest, it is advisable that Members leave the meeting, and this should be recorded in the minutes.
- Secret or "rump" meetings held at the time of the regular meeting should be strictly avoided. Such meetings may enhance the opportunity for the discussion of illegal activities, and, accordingly, they may seriously jeopardise legitimate organisation activities.
- Members should not be coerced in any way into taking part in organisation activities. There should be no policing of the industry to see how individual Members are conducting their business.
- If there is any doubt about a proposal or subject of discussion, Members should check with the Chairman and Secretary. Members may also wish to consult with their in-house counsel and this is encouraged.
- Members should carefully consider to whom information on, and Minutes of, meetings of the Association should be disclosed. In the interest of competition/anti-trust law compliance, it is recommended that disclosure should be on as small a scale as possible and on a need to know basis only.
- Governance documents setting out the functions and purpose of the Association should be tabled and circulated to all Members. Such documents should make clear that the purpose of meetings would be to discuss industry developments generally. The rationale for the establishment of the Association should not be solely to discuss participant responses to a particular regulatory inquiry. However, a common submission can legitimately be formulated by a representative association, absent any anti-competitive exchange of confidential information or conduct.
- While working on industry standards or best practices can be pro-competitive, any arrangement to adhere to such standards, including standard contract terms or standard forms, may contravene competition/anti-trust rules, and such arrangements should not be entered into (or given effect) without obtaining specific competition/anti-trust advice. Similarly, standard forms can be regarded as anti-competitive where there is an understanding or tacit agreement on uniform prices or conditions of sale.

- The following topics are some of the main ones which should not be discussed at meetings of the European Bulk Oil Traders' Association:
 - Do not discuss profit levels;
 - Do not discuss pricing related issues;
 - Do not discuss supply costs;
 - Do not discuss individual trading terms;
 - Do not discuss credit terms;
 - Do not discuss allocating markets or customers;
 - Do not discuss salary or wage rates;
 - Do not discuss refusing to deal with a company.
- Examples of topics that should not be discussed without obtaining specific competition/anti-trust advice include:
 - Denial of membership to an applicant;
 - Conduct of a standardisation and/or certification programme;
 - Conduct of a joint research programme.
- Each Member will ensure that its representative(s) at meetings of the Association have been trained in compliance with competition/anti-trust law with particular reference to dealings with competitors and trade associations, including exchange of information, and have reviewed these guidelines. Each Member will ensure that such training will be refreshed at least annually. Each Member will procure that its internal legal team certifies annually that each such representative has been trained in compliance with anti-trust law, and has agreed to comply with these Guidelines. In the absence of such certification, each Member will make its representative(s) available for such training by the Association and will procure that its representative(s) agree in writing to comply with these Guidelines.
- The senior management of each Member will be responsible for monitoring its own compliance and the compliance of its representatives with competition/anti-trust law in the context of the Association.
- At the start of any meeting of the Association, the Chairman will read out a message to attendees explaining that the meeting should not in any way form the basis of any anti-competitive exchange of information or anti-competitive conduct.
- The Association will keep under review its compliance with competition/anti-trust law. This may involve asking its competition/anti-trust lawyers to vet in advance agendas for meetings, and potentially to attend meetings. Members are recommended regularly to self-assess their compliance with competition law with reference to their involvement with the Association.

- Any attempt by a Member or a Member's representative to use a meeting of the Association or resources of the Association to engage in any anti-competitive activity is likely to lead to disciplinary measures, including expulsion of that Member.

Appendix 2

EUROPEAN BULK OIL TRADERS' ASSOCIATION: ADDITIONAL CRITERIA FOR MEMBERSHIP

In relation to each Applicant for Membership:

- (a) the Association shall have discretion to request references and publicly available evidence of financial status, including but not limited to the most recent published financial accounts;
- (b) the Association shall have discretion to suspend membership if a company's financial problems lead to failure to pay margin calls or to suspension from trading on certain platforms;
- (c) each Applicant agrees to observe high standards of integrity, fair dealing and market conduct (as reflected in the Financial Services Authority Policy Statements and Guidance Notes);
- (d) each Applicant shall organise and conduct its internal affairs in a responsible manner, keep proper records and make adequate arrangements to supervise and train its staff.