



## **JSC Zarubezhneft sold three Urals cargoes for 4Q2020 delivery out of Primorsk using SPIMEX's online auction platform in Russia's first time experience**

JSC Zarubezhneft sold 300,000 tonnes of crude oil for export at an auction platform of the Saint Petersburg International Mercantile Exchange (SPIMEX). As a result of the auction, three Urals cargoes (100 thousand tonnes each) will be delivered to a customer ex-Primorsk in 4Q2020.

Zarubezhneft has been using tendering services offered by SPIMEX since December 2014 and during that period the company has organized 27 export crude oil tender procedures with a total volume of over 8.8 million tonnes. The previous tender procedures at the e-platform of the Exchange involved only a collection of bids from a closed range of customers.

This time however and for the first time in Russia, the auction procedure was enhanced by the second open stage in real time, where participants anonymously bid to improve price premiums for the best offer received at the first stage of the auction.

The second stage was held in the format of an electronic auction, i.e. participants could place their bids and see the competitors' bids. At the same time, the participating companies' names remained anonymous for traders.

The auction witnessed intense competition between nine buyers and twelve steps were taken to improve the prices. As a result, the received premium has risen by 50%.

Auction participants included the world's largest physical traders and trading arms of international oil companies. They noted maximum openness and transparency of the SPIMEX crude oil auction procedure.

Export crude oil auctions on the e-platform of SPIMEX demonstrated high efficiency in achieving fair pricing for the production of Russia's energy sector. The auction was held using the software developed by the Exchange, which provide all the necessary features for real-time trading, and transparent and fair pricing for crude oil and refined products, optimizing time and labor costs.

*"The first Russian experience of holding an auction for export Russian crude on the Exchange's e-platform has shown its effectiveness in forming fair market pricing," says **Denis Maksimov, Deputy General Director of Zarubezhneft**. "We hope that it will be a new step towards setting independent national price indicators for the main types of Russia's fuel and energy products."*

*"The Exchange continues to develop mechanisms to improve the efficiency of Russian companies. We are glad that our proposals to use online auction tools for Russian oil export have been successfully implemented in a joint project with Zarubezhneft. Price formation for physical crude oil cargoes at electronic auctions and based on real transactions' data, is an important step in the development of a pricing system in the global oil market, where Russia is one of the key participants", emphasizes **Aleksei Rybnikov, SPIMEX CEO**.*

**Zarubezhneft JSC** is a Russian oil and gas company of strategic importance having rich history and unique 50-years long experience of external economic activities. Its projects include operations offshore Vietnam in the framework of the joint venture Vietsovetpetro, development of fields in the Nenets Autonomous Area in the framework of the joint company RUSVIETPETRO and Kharyaga field PSA, application of technologies for the development of fields in Cuba and activities in the downstream segment in the Republic of Srpska (Bosnia and Herzegovina).

**The Saint Petersburg International Mercantile Exchange (SPIMEX)** is Russia's largest commodity exchange offering a wide range of products traded both in its Commodities Section (refined oil products, crude oil, natural gas, LPG, timber and construction materials, fertilizers) and in its Derivatives Section. The Exchange's key task is to operate a transparent, fair and efficient price formation mechanism for Russian commodities. SPIMEX was founded in 2008.