



Shanghai Ganglian E-Commerce Holdings
Co., Ltd's 2021 Annual Compliance
Statements for the Coal and Coke price
Index Based on the IOSCO Principles for
Financial Benchmarks

23rd May 2022

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Section I Disclaimer and Scope of Assurance

1. Disclaimer

Shanghai Ganglian E-Commerce Holdings Co., Ltd's (hereinafter referred to as "Mysteel") is committed to complying with IOSCO Principles for Financial Benchmarks (hereinafter referred to as "principles"). Throughout 2021, Mysteel has focused on improving the internal systems and processes in order to provide the highest standards of IOSCO compliance for the Coal and Coke indices Mysteel administers. Mysteel is committed to the continuous improvement of the indices across the business for all of the Principles.

Redistribution, reproduction and/or photocopying in whole or in part of this report are prohibited without written permission. All information provided by Mysteel is impersonal and not tailored to the needs of any individual, entity or group of persons. The past performance of an index is not a guarantee of future results. These materials have been prepared solely for informational purposes.

The content is provided on an 'as is' basis. In no event shall Mysteel be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the indices. Mysteel and its respective employees, affiliates and partners hereby exclude, to the extent permitted by applicable law, all liability in connection with the use of this document.

2. Scope of Assurance

The Coal and Coke Price Index of Mysteel evaluated in this report reflects the price benchmark prepared by Mysteel for the coal and coke spot market, and it reflects the transaction prices among coal mines, coking plants, steel plants, large traders, and other end users. This set of indices includes.

In total, twelve Coal and Coke Price Indices are included in the assurance of compliance for the IOSCO Principles by December 31st, 2021. We listed them as below:

No.	Benchmark	Symbol
1	PLV Seaborne Spot Index	MCCSDEX
2	PMV Seaborne Spot Index	MCCSDEX
3	HCC 64 Mid Seaborne Spot Index	MCCSDEX

No.	Benchmark	Symbol
4	Semi-Soft Seaborne Spot Index	MCCSDEX
5	Low Vol PCI Australia Seaborne Spot Index	MSPDEX
6	Mid Tier PCI Australia Seaborne Spot Index	MSPDEX
7	Low Vol PCI Russia Seaborne Spot Index	MSPDEX
8	Rizhao Portside Metallurgical Coke Index (Ex-Warehouse): Quasi First Grade Metallurgical Coke	MCPDEX
9	Rizhao Portside Metallurgical Coke Index (Ex-Warehouse): First Grade Metallurgical Coke	MCPDEX
10	Rizhao Portside Metallurgical Coke Index (FOT): Second Grade Metallurgical Coke	MCPDEX
11	Rizhao Portside Metallurgical Coke Index (FOT): Quasi First Grade Metallurgical Coke	MCPDEX
12	Rizhao Portside Metallurgical Coke Index (FOT): First Grade Metallurgical Coke	MCPDEX

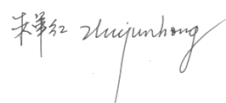
Section II Management's Statement

We confirm that we have designed and implemented specific activities (the 'Relevant Activities') to adhere to the "Principles for Financial Benchmarks" (the 'Principles') published by the International Organization of Securities Commissions for the Mysteel Coal and Coke Index.

In our attached report, we set out a description of the relevant frameworks and control procedures together with the related control objectives which are operated by Shanghai Ganglian E-Commerce Holdings Co., Ltd (Mysteel) between January 1st, 2021 to December 31st, 2021. We confirm and commit that:

- (1) The description of the report is fair and objective. Details of the IOSCO Principles for Financial Benchmarks together with the Relevant Activities in Section VI of the Report have been implemented by Mysteel with the identified exception in the operation of Relevant Activities listed in Section III of the Report;
- (2) Mysteel has designed complete control procedures based on IOSCO principles. The strict implementation of these procedures will enable Mysteel's benchmark operation to meet a series of target requirements including IOSCO principles.
- (3) In 2022, we will continue to improve our control procedures to ensure robust and transparent benchmarking. Mysteel will run all control procedures with sufficient effectiveness to achieve control objectives.

Our management is and shall be, responsible for the Statement and the design and operation of the Relevant Activities referred to in the first paragraph above. Specifically, management is responsible for establishing appropriate internal controls to ensure continued compliance with the Statement.



Signed on behalf of Shanghai Ganglian E-Commerce Holdings Co., Ltd (Mysteel)

Zhu Junhong, Chairman

23rd May 2022

Section III Identified Exceptions

This section describes the exceptions identified by Deloitte Touche Tohmatsu Certified Public Accountants LLP (referred to in this chapter as 'Deloitte' or 'we') in Deloitte's assurance for the period January 1st, 2021 to December 31st, 2021 in respect of Mysteel compliance with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks (July 2013). The specific contents include 'Principles Reference', and 'Identified Exceptions and Mysteel's Response'. In the 'Identified Exceptions and Mysteel's Response' column, Deloitte describes the discovery and explanation of the exceptions by comparing the IOSCO financial benchmark principle with the current situation of Mysteel. At the same time, Mysteel states its mitigation or improvement measures for exceptions in the Mysteel's Response section.

No.	Principles Reference	Identified Exception	Management Response
1	<p><u>Principle 4 Control Framework for Administrators</u></p> <p>4.1.b Integrity and quality of Benchmark determination</p> <p>i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with Principles 6 to 15 on the quality of the Benchmark and Methodology;</p> <p>ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources;</p> <p>iv. Providing robust infrastructure, policies, and procedures for the management of risk, including operational risk.</p>	<p>In accordance with the relevant requirements of IOSCO Principle 4 for Control Framework for Administrators, Mysteel formulated the flow chart of index benchmark determination, so as to ensure that employees understand the whole process of index compilation and find solutions when problems arise. At the same time, Mysteel has established a complete review process to ensure the accuracy of data input, including data submission, calculation and review before release, and there are corresponding professionals and reviewers</p> <p>However, in the compliance review in 2021, it was found that Mysteel had some risks,</p>	<p>Management response:</p> <p>In 2022, the Mysteel coal and coke price team will strictly follow the IOSCO principle to compile the compliance related indexes whereby:</p> <ol style="list-style-type: none"> 1.Regularly train relevant personnel in methodology and calculation ; 2.Add pre-review post between calculator and reviewer ; 3.Standardize the price index calculation table and strengthen the control through mechanisms such as formula control ; 4.Mark the whole process and store it on a secure cloud disk

No.	Principles Reference	Identified Exception	Management Response
		such as incomplete traces left in the audit process, incomplete data used in index calculation, and lack of pre-trial posts between the calculator and the auditor, which may lead to abnormal calculation results.	

No.	Principles Reference	Identified Exception	Management Response
2	<p><u>Principle 18 Audit Trail</u></p> <p>18.1 Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <p>(a) all market data, Submissions, and any other data and information sources relied upon for Benchmark determination;</p> <p>(b) the exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination;</p> <p>(c) other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption;</p> <p>(d) the identity of each person involved in producing a Benchmark determination; and</p>	<p>For the IOSCO Principle 18, requirements on the Audit Trail, Mysteel Coal and Coke Price Index team has been retaining all its market data and information sources relied upon for benchmark determination since 2019. Also, Mysteel Coal and Coke Price Index team has retained changes in or deviations from its standard procedures and Methodologies.</p> <p>However, there are still deficiencies in the records of the following other information since 2019, including:</p> <p>(i) the exercise of Expert Judgement made by the Administrator in reaching a Benchmark determination;</p> <p>(ii) the identity of each person involved in producing a Benchmark determination; and</p> <p>(iii) any queries and responses relating to data inputs;</p>	<p>Mysteel started IOSCO compliance in September 2019 and since then, the Index team has made great improvements in policies, procedures, and record-keeping. However, four conditions (as listed in the Identified Exceptions column) cannot be backdated to 2019.</p> <p>Mysteel is committed to ensuring that benchmark-related work is excellent and that all processes and procedures are in compliance with IOSCO standards. All three exceptions will be addressed and from February 2022, these exceptions will be recorded under standard procedures. Details are as follows:</p> <p>(i) Expert judgment is used by the manager in determining the benchmark.</p> <p>At the end of the index determination process, Mysteel records the use of any expert judgment daily. The senior analyst responsible for checking the indexing process would collect information about expert judgments. Data files are stored on a secure cloud drive.</p> <p>(ii) The identity of each person involved in the process of the benchmark determination.</p>

No.	Principles Reference	Identified Exception	Management Response
			<p>Mysteel records the identity of each person involved in the benchmarking process daily. This includes the analyst responsible for the index and the senior analyst who checks and approves the benchmark before publication. Data files are stored on a secure cloud drive.</p> <p>(iii) Records of interactions (by various means) that occur during the data submission and data collection process. Mysteel records all interactions with data submitters through all methods of communication (such as phone calls, email, or individual/commercial WeChat). WeChat conversations take place only on the company's phones and accounts and are downloaded and stored monthly. Emails are stored in a private and secured inbox. Phone calls are recorded and logged by analysts on a secure internal system and checked regularly by senior personnel.</p>



Section IV Independent Assurance Report

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO SHANGHAI GANGLIAN E-COMMERCE HOLDINGS CO., LTD (HEREAFTER 'MYSTEEL') IN RESPECT OF THE MYSTEEL'S RESPONSES TO THE IOSCO PRINCIPLES FOR FINANCIAL BENCHMARKS FR07/13

Deloitte's Engagement in the Assurance and Report Use

Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereafter 'Deloitte' or 'we') has been engaged to perform testing procedures and carried out a limited assurance in accordance with our terms of reference as for our engagement in the process of assurance. Our assurance report is made solely for the use of the directors, as a body, of Mysteel, and solely for the purpose of reporting on the internal controls of Mysteel, in accordance with the terms of our engagement in the process of assurance. Our limited assurance engagement focused on Mysteel's consolidated control policies and procedures disclosed in Section VI of this report during 2021.

We have fully performed our profession and responsibilities through the process of assurance. Our assurance does not contain any assessments related to the quality of service provided by Mysteel or whether the service meets the requirements of Mysteel's customers. Meanwhile, any verbal responses provided by Deloitte are also subject to the confidentiality restrictions of our terms of reference as the independent practitioner of this assurance. However, we do not assume any obligation or responsibility (including but not limited to negligence) related to such verbal responses.

Without Deloitte's written permission, our assurance report is not allowed to be used or edited, in any circumstances. In addition to the internal use of our assurance report, if Mysteel intends to disclose or reproduce this assurance report in whole or in part in any forms (including electronic format or other media), or in addition to citing the name of the DELOITTE in any documents (including electronic formats other than internal reports, articles, communications or other media), Mysteel should:

- (i) Provide and submit a draft of the documents which Mysteel intends to publish to Deloitte;
- (ii) Obtain written permission from Deloitte to publish, before publishing, copying, or referring to relevant information mentioned above.

Our assurance report is not allowed to be recited or referred to in whole or in part in any other document nor made available, copied, or recited to any other party, in any circumstances. We

agree that with Deloitte's written permission, Mysteel shall provide a copy of the report to its stakeholders to read-only if it is necessary to understand, provided that relevant stakeholders agree not to disclose, present, copy, distribute or provide information covered in this report to any other party without getting the written permission from Deloitte.

We agree to provide a copy of the report to the user entity (or 'user unit') of Mysteel to read-only with Deloitte's written permission. The user entity shall abide by and agree not to disclose, edit or re-edit our assurance report in whole or in part without getting the written permission from Deloitte. In addition, the user entity cannot provide our assurance report in whole or in part to any other party. We do not assume any responsibility or obligation to the user entity.

For any disclosure mentioned above, it is required to get Deloitte's written permission as a necessary condition.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mysteel, for our work, for this report, or for the limited conclusions we have formed.

Our Approach

Through the whole process of our engagement in the assurance, we complied with International Standard on Assurance Engagement (ISAE) 3000 (Revised). Our criteria against which the control policies and procedures were evaluated are the internal control objectives as set out in the ISAE 3000 (Revised). We applied two approaches through our assessments, including:

(i) **Approach I**

Our assessments are based upon obtaining copies of policies for control procedures as described in Mysteel's Approach to implementation of the IOSCO Principles for Financial Benchmarks of Section I of this report, and reviewing and evaluating these policies for control procedures to a point so as to form our conclusions for Policy Review (PR) in the Deloitte's assessments of Section VI of this report;

(ii) **Approach II**

With the purpose of inspecting evidence about Mysteel's effective implementation of control procedures, we also conducted our assessments by obtaining and testing samples of specific control procedures to form our conclusions for Process and Implementation Check (PIC) in Deloitte's assessments in Section VI of this report. Samples we obtained include working files, meeting notes, training documents, the sample of data, and so on, which are indicated and detailed in Deloitte's assessments for Section VI of this report.

The nature, timing, and extent of the procedures we applied and the criteria against which we conducted our assessments on Mysteel's control procedures are also detailed in Section VI of this report.

Inherent Limitations

Based on our research, the objective of IOSCO Principles is to create an efficient and general framework of Principles that applicable to various financial markets. IOSCO Principles are generally for the financial benchmarks and mostly do not specify the requirements at an industry level. Some of the Principles may not accommodate certain features of the coal and coke industry practice subject to our assurance, such as range and average price indicated in Principle 9. For this case, we investigated a certain extent on the coal and coke market and observed that for range and average price indicated in Principle 9, compliance with this specific IOSCO Principles for Coal and Coke Price Index assessments is constrained by the industry-inherent characteristics of the coal and coke market.

Our consideration for testing the validity and reliability of the benchmark is dependent on two major types of information:

- (i) Inputs submitted to Mysteel Index Administrator, for which their submitters are solely responsible;
- (ii) Control Procedures conducted by the Mysteel Index Administrator to analyze information mentioned above.

This report is made for the assurance subject to Mysteel, therefore, submitters of information mentioned as the above are not directly subject to the IOSCO Principles and we are not responsible for commenting on the source data submitted by these parties, except for the situation where inputs are submitted by internal resources of the Mysteel. To fully perform our responsibilities as the practitioner of assurance, we reviewed not only Mysteel's control policies and procedures over their internal system but also those on their interactions with external resources to check the compliance with each principle to a point.

With respect to inherent limitations, including collusion or management override, errors, irregularities, and serious errors caused by fraud are not included in the scope of this assurance. In particular, for some control procedures, including which has dependencies on authority directives, inherent trust, or other intended purposes, it is not advised to guarantee protection against a hidden, sudden, or fraudulent collusion, which would be unable to detect during our assurance. As we mentioned above, our conclusion is based on historical information collected by December 31st, 2021. Therefore, we are not responsible for and do not recommend creating any projection based on information and conclusions in this report to any future periods.

Basis for Qualified Opinion

Our basis for the qualified opinion is specifically associated with exceptions indicated in Section III of this report. Based on our review and testing, through the implementation of control procedures, exceptions indicated in Section III of this report have not been operated by the Mysteel to a certain extent that the IOSCO Principles required by 2021. However, we noticed

that Mysteel is working on designing some specific procedures as mitigation measures corresponding to these exceptions.

Limited Assurance Conclusion

Based on the results of our conducted procedures, nothing has come to our attention to indicate that Mysteel's responses to the Principles in section VI during 2021 are not fairly stated in all materials respects.



Deloitte Touche Tohmatsu Certified Public Accountants LLP
China

23rd May 2022



Section V Updated/New Control Measures for Assurance Period

No.	Subject	Description	Description of Updated or New Control Measures ¹	Nature		Impact on Compliance		
				Upda. ²	New	Posi. ³	Nega. ⁴	Neut. ⁵
1	Training	Enhanced range, intensity and frequency on price-assessing works.	Related Description: In order to regulate the price-assessing works to conform to the Measures for Administration of Price Index Behavior by NDRC and IOSCO compliance requirements, we enhanced the range, intensity and frequency on price-assessing works for all data&information editors, and standardized and strengthened the management and control measures of the price-assessing process, as well as the accuracy of the price assessments. Compliance Impact: Positive for IOSCO compliance requirements.	Update		Positive		
2	Compliance	Added audited price indices to run in compliance with IOSCO requirements.	Related Description: Managing the price indices that with no need for IOSCO compliance, such as Yan'an Gas Coal Index, to run in line with the IOSCO requirements. We require all aspects of price-assessing works to run in compliance with the IOSCO compliance		New	Positive		

¹ The change control measures are divided into two types: renewal control measures and new control measures. Compared with the time point on December 31, 2020, the updated control measures are changes to the existing control measures, and the new control measures are increased on the basis of the existing control measures.

² Update

³ Positive

⁴ Negative

⁵ Neutral

No.	Subject	Description	Description of Updated or New Control Measures ¹	Nature		Impact on Compliance		
				Upda. ²	New	Posi. ³	Nega. ⁴	Neut. ⁵
			requirements, developing a good working habits in the future. Compliance Impact: Positive for IOSCO compliance requirements.					
3	Auditing	Added the function of issuing and reviewing price indices in the background.	Related Description: Planning to add the background issuance and review function for price indices to make sure of the accuracy and control the error rate. Compliance Impact: Positive for IOSCO compliance requirements.		New	Positive		

Section VI Principles and Responses

Types of Approaches	Description
Policy Review (PR)	For Policy Review (PR) detailed below, Deloitte checked and reviewed the content of Mysteel's control policies corresponding to the IOSCO Principles from January 1 st , 2021, to December 31 st , 2021.
Process and Implementation Check (PIC)	For Process and Implementation Check (PIC) detailed as the below, Deloitte obtained samples or investigated daily process and operation of Mysteel's control procedures and relevant activities corresponding to the IOSCO Principles from January 1 st , 2021 to December 31 st , 2021.

In addition, Deloitte Touche Tohmatsu Certified Public Accountants LLP conducted the following types of tests to determine whether Mysteel effectively implemented the control measures based on the IOSCO financial benchmark Principles from January 1st, 2021, to December 31st, 2021.

Types of Tests	Description
Inquiry	Conducted detailed interviews with relevant personnel to obtain evidence that the control was in operation during the reporting period and is accompanied by other procedures noted below that are necessary to corroborate the information derived from the inquiry.
On-Site Observation	During the whole assurance period, the implementation of relevant control measures was observed and inspected on-site to prove the effective implementation of relevant special control activities.
Examination of Documentation / Inspection	If the performance of the control is documented, inspected documents and reports indicating the performance of the control.
Re-performance the Calculation	The input test case, manually calculated expected results and compared actual results of processing to expectations.

We interviewed the Chairman, Vice Chairman, member of Mysteel Index Management Committee, team member of the Coal and coke Index. At the same time, the records of email and communication with members of the coal and coke price index team are also archived as our working papers.

According to the frequency of control implementation, we take samples to check whether the control measures in internal monitoring, methodology change, compliance training, audit file preservation and salary independence of the Index Management Committee are effectively implemented; we take samples of index calculation data for recalculation and check the accuracy of index preparation. The sample is used as the supporting document for our assessment.

Principle 1 - Overall Responsibility of the Administrator

IOSCO Principle 1	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should retain primary responsibility for all aspects of the Benchmark determination process.</p> <p>For example, this includes:</p> <p>1.a Development: The definition of the Benchmark and Benchmark Methodology;</p> <p>1.b Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark;</p> <p>1.c Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of the absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors; and</p>	<p><u>Context</u></p> <p>Mysteel retains the primary responsibility for all aspects of the benchmark determination process. Including the definition of the benchmark, decision-making and communication, operations, governance, and other aspects of responsibility.</p> <p><u>Relevant Activities</u></p> <p>1.a Mysteel's internal and external Coal and Coke Price Index methodology explain in detail the definition of price index, the content of benchmark, data collection, sample collection, index calculation, index release, and internal and external supervision.</p> <p>1.b Mysteel's index calculation policy and index methodology clearly define the compilation, dissemination, and promotion of the index. All major indexes are published on Chinese and English websites at 17:30 every day.</p>	<p><u>Policy Review (PR)</u></p> <p>For 1.a, we obtained the latest copy of the published Mysteel Coal and Coke Price Index Methodology and mysteel internal Coal and Coke Price Index Methodology. We observed that definitions of all benchmarks are clearly described in the published Coal and Core Price Index Methodology, and the benchmark methodology is introduced in the internal Coal and Coke Price Index Methodology.</p>

Principle 1 - Overall Responsibility of the Administrator

IOSCO Principle 1	Mysteel's Response	Deloitte's Assessment
<p>1.d Governance: Establishing credible and transparent governance, oversight, and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance, and operation of the Benchmark.</p>	<p>1.c Mysteel's extreme event management policy includes managing insufficient data input, market pressure or market disruptions, other critical infrastructure failures or any other emergency situations. Mysteel's internal methodology also instructs analysts responsible for index how to manage each situation, including a flow chart for performing index calculations in times of market pressure. A detailed description can also be found in the index training documentation. In addition, supporting documentation regarding the extreme event, the resolution and the names of those responsible for each segment are documented, and Mysteel issues an appropriate announcement to the market as soon as the extreme event is resolved, detailing the nature of the event and the actions taken to resolve it; if the extreme event occurred for some reason known to the market (e.g., due to a holiday resulting in a market closure), then Mysteel may choose not to issue an announcement, or may indicate the original reason in the Index Daily.</p>	<p>For 1.b, we reviewed the latest published Coal and Coke Price Index Methodology and internal Coal and Coke Price Index Methodology. We observed that Mysteel has detailed policies for implementing the accurate and timely compilation, publication, and distribution of the benchmark.</p> <p>For 1.c, we obtained a copy of the Managing Extreme Events Policy. We observed that in the Managing Extreme Events Policy, Mysteel clearly defines extreme events (including the absence of or insufficient inputs, market stress or disruption, and failure of critical infrastructure), and introduces corresponding procedures for dealing with extreme events and policies of publishing announcements to the market.</p>

Principle 1 - Overall Responsibility of the Administrator

IOSCO Principle 1	Mysteel's Response	Deloitte's Assessment
	<p>1.d Mysteel has established the Index Management Committee which is made up of senior managers from across the company that is not directly involved with the day-to-day management of the index. This group will meet at least quarterly to provide oversight of the Index. Mysteel has also set up an external complaint mailbox, which is managed by a specially assigned person to receive any complaint information against the Mysteel index. Mysteel has also formulated a complaint policy and a complaint handling process.</p>	<p>For 1.d, we obtained a copy of the Control Framework for Index and Benchmark Administration. We observed that in the Control Framework for Index and Benchmark Administration, Mysteel clearly describes its oversight function, which includes the Index Management Committee (IMC), Coal and Coke Price Index team, and their corresponding responsibilities.</p> <p><u>Process and Implementation Check (PIC)</u></p> <p>For 1.b, we observed that Mysteel's process of compilation, calculation, publication, and distribution of its benchmark and reviewed the record-keeping of the preparation process of Mysteel Coal and Coke Price Index, as well as the benchmark publishing time on the official website. We have observed that the preparation, release, and publication of the Mysteel benchmark are accurate and timely.</p>

Principle 1 - Overall Responsibility of the Administrator

IOSCO Principle 1	Mysteel's Response	Deloitte's Assessment
		<p>For 1.c, we observed that for each usual and extreme scenario, Mysteel has its corresponding calculation procedures. We also obtained 28 Coal and Coke Price Index calculation spreadsheets and found that Mysteel took expert judgment measures under extreme events without market data.</p> <p>For 1.d, we reviewed the IMC's quarterly meeting notes and observed that during meetings, the IMC discussed the development, issuance, and operation of the benchmark to perform its responsibilities on the governance, oversight, and accountability of the benchmark determination. The IMC members will perform their duties to ensure the governance, oversight, and accountability of the benchmark determination.</p>

Principle 2 – Oversight of Third Parties

IOSCO Principle 2	Mysteel's Response	Deloitte's Assessment
<p>Where activities relating to the Benchmark determination process are undertaken by third parties - for example, collection of inputs, publication, or where a third party acts as Calculation Agent - the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that:</p> <p>2.a Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with;</p>	<p><u>Context</u></p> <p>Mysteel is aware that if any of the benchmark determination processes is undertaken by a third party, Mysteel should maintain appropriate oversight of such third parties and should consider adopting proper policies and procedures to manage such third parties. Currently, there is no third party involved in Mysteel index determination. If the possibility of a third party arises in the future, Mysteel has already established a third-party management policy following IOSCO principles.</p> <p><u>Relevant Activities</u></p> <p>2.a Currently Mysteel does not have any third party involved in the index determination. In preparation for the possible involvement of a third party in the future, Mysteel has already established a dedicated policy which defines clearly the management of the third parties involved in or responsible for any Mysteel Coal and Coke Price Index determination process, such as data collection, index calculation, etc. The policy also establishes the standards or criteria Mysteel expects third parties to comply with, such as a solid commercial reputation and experience in implementing related benchmarking processes, etc.</p>	<p><u>PR</u></p> <p>We obtained a copy of the Third-Party Management Policy, and observed that for any activities relating to the benchmark determination process are undertaken by third-parties, Mysteel will supervise and monitor through the whole process and make sure that third parties will conduct related activities based on Third Party Management Policy and corresponding standards.</p> <p>For 2.a, we have obtained the Third-Party Management Policy, which specifies the management methods for the third-party participating in or responsible for any process of determining the Mysteel Coal and Coke Price Index, such as data collection, index calculation. The policy also sets out standards or guidelines that Mysteel expects third-parties to adhere to, such as a solid business reputation and experience in implementing relevant benchmark procedures.</p>

Principle 2 – Oversight of Third Parties

IOSCO Principle 2	Mysteel's Response	Deloitte's Assessment
<p>2.b Monitor third parties' compliance with the standards set out by the Administrator;</p> <p>2.c Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process; and</p> <p>2.d Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process. This principle does not apply concerning a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p>	<p>2.b Currently Mysteel does not have any third parties involved in index determination. In order to prepare for possible future third party involvement, Mysteel has developed a specific third party management policy for third party monitoring. Mysteel will regularly monitor third parties to check that they meet the standards set by Mysteel, including experienced personnel, infrastructure, rigorous internal control systems, high quality and regular internal training mechanisms and appropriate internal and external audit policies.</p> <p>2.c: Mysteel does not currently engage a third party in any of the index determination process. If there is a third-party engaged in the future, Mysteel will promptly provide stakeholders and relevant regulatory agencies (not applicable now) with the identity and specific role of the third-party participating in the benchmark determination process, as defined in the current Mysteel third-party management policy.</p>	<p>For 2.b, we have obtained the Third-Party Management Policy, which clearly describes that Mysteel will regularly supervise the third-parties to check whether they meet the standards set by Mysteel, including experienced personnel, sounded infrastructure, strict internal control system, high-quality and regular internal training mechanism and appropriate internal and external audit policies.</p> <p>For 2.c, we observed the index determination process on-site and took index calculation samples to recalculate the index decision-making process. The Coal and Coke Price Index decision-making process was participated by members of the Mysteel Coal and Coke Price Index Team, not involving the participation of third-parties. In the event of third-party involvement in the future, Mysteel undertakes to disclose to stakeholders and any relevant regulators the identity and role of third-parties involved in the benchmark decision-making process</p>

Principle 2 – Oversight of Third Parties

IOSCO Principle 2	Mysteel's Response	Deloitte's Assessment
	<p>2.d Mysteel does not currently engage a third party in any of the index determination process. If a third-party is engaged in the future, Mysteel has already established contingency plans for the monitoring of the third party in the supervision section of the Mysteel third-party management policy. Mysteel has prepared for the foreseeable issues, however, concedes that if the situation arises that the company engages a third party, there may be new issues that arise. If this situation occurs Mysteel will complete the due diligence necessary to prepare for and mitigate any emergencies and establish relevant contingency plans to avoid any operational risk associated with the specific third party. Mysteel will continue to strengthen the supervision and take reasonable steps according to the actual situations and is dedicated to continuous improvement to ensure the benchmark is at IOSCO defined standards.</p>	<p>For 2.d, we have obtained the Third-Party Management Policy, which clearly describes the emergency plan of Mysteel monitoring the third-party. At present, Mysteel does not employ a third-party in any index determination process, and there is no need to start the emergency plan. Mysteel maintains all documents and records designed by the third party, including valid contracts, business plans, risk analysis, due diligence and supervision activities, and retain documents related to dispute resolution for a period of five years.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
<p>To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation, or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate. Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority if any.</p> <p>3.1 The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure:</p>	<p><u>Context</u></p> <p>To protect the integrity and independence of the benchmark, Mysteel has developed policies and procedures for documenting, implementing, and identifying, communicating, managing, mitigating, or avoiding conflicts of interest, reviewing, updating our strategies and program, and informing Mysteel users of all important conflicts of interest (Relevant regulatory authority not applicable).</p> <p><u>Relevant Activities</u></p> <p>3.1: Mysteel's Conflicts of Interest Policy is appropriately tailored based on the identified current or potential level of conflict of interest and the risks posed by the benchmark:</p> <p>3.1.a: Mysteel has strict conflicts of interest policy, and updated conflicts of the interest registration form, mitigation and treatment measures, and processes. All index-related staff has signed the Conflicts of Interest Declaration. Mysteel has also implemented a gift and entertainment policy and a personal trading account policy. Mysteel will regularly check the status of the employee's trading accounts and submits the inspection materials to the IMC for review. Mysteel has adopted mitigation measures for identified conflicts of interest. The Index Management Committee regularly reviews Conflicts Register and evaluates the effectiveness of mitigation measures.</p>	<p>We obtained a copy of the Conflicts of Interest Register, the internal control process of conflicts of Interest, Gifts and Entertainment Policy, and Personal Trading Account Policy. We observed that Mysteel has documented, implemented, and enforced policies and procedures for the identification, disclosure, management, mitigation, or avoidance of conflicts of interest. We observed that these policies are reviewed and updated by administrators who mentioned the above as appropriate.</p> <p><u>PR</u></p> <p>For 3.1.a, we observed that in the Conflicts of Interest Register, the Mysteel Coal and Coke Index team has no existing and potential conflicts of interest. At the same time, Mysteel clearly stipulates in the conflict of interest registration form that if there is a conflict of interest, there will be a corresponding person in charge of the conflict of interest, and there will be corresponding prevention and mitigation policies for the conflict of interest to manage all conflicts of interest.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
<p>3.1.a Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations;</p> <p>3.1.b Personal interests and connections or business connections do not compromise the Administrator's performance of its functions;</p> <p>3.1.c Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts;</p> <p>3.1.d Adequate supervision and sign-off by authorized or qualified employees before releasing Benchmark determinations;</p>	<p>3.1.b: Mysteel has a strict conflict of interest policy that defines the categories of conflict of interest, including personal interests and business relationships. The Mysteel Index Team has trained annually on conflicts of interest and signs conflicts of interest statements. The Index Team has a clear salary structure to ensure that they are fairly compensated to avoid any conflicts of interest. Mysteel also has a personal account transaction management policy to prevent Index Team members from seeking potential economic benefits by trading index-related products, Mysteel regularly checks the status of the employee's trading accounts and submits the inspection materials to the IMC for review. Any potential or existing conflicts of interest will be recorded, and the Index Management Committee will periodically review relevant policies and reports to ensure it has properly performed its duties.</p>	<p>For 3.1.b, we observed that in the Gifts and Entertainment Policy, Mysteel clearly explains its specific standards of conduct regarding the giving and receiving of gifts, entertainment, and hospitality across the Mysteel.</p> <p>Also, we observed that in the Personal Trading Account Policy, Mysteel has already set up requirements to ensure that personal investment activities are conducted in compliance with applicable laws and regulations and that conflicts of interest related to personal investment activities are avoided or managed appropriately.</p> <p>For 3.1.c, we obtained a copy of the organizational structure and observed that Mysteel has clear segregation reporting lines. In IMC's Terms of Reference, Mysteel also clearly defines the responsibilities of each separate reporting line.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
<p>3.1.e The confidentiality of data, information, and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator;</p> <p>3.1.f Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any Benchmark determinations; and</p> <p>3.1.g Adequate remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivized by the levels of the Benchmark.</p>	<p>3.1.c: Mysteel has a strict reporting line and equity structure to avoid unnecessary or potential conflicts of interest.</p> <p>3.1.d: Mysteel records daily the work of the analyst who completed the index compilation and the senior analyst who reviewed the data entry and index calculation process and approved the index release. The senior analyst is qualified to approve these indices. Indices and daily reports will not be released to the market until the senior analyst reviews the entire process and daily index report. If the senior analyst happens to be absent, a designated Index Management Committee member will check the index and sign off. Details can be found in internal methodology and MCCDEX index work log excel spreadsheets.</p>	<p>For 3.1.d, we observed that in the Internal Coal and Coke Methodology, Mysteel clearly states that there is a review process for calculation, price index release and daily report release before the benchmark is released..</p> <p>For 3.1.e, we obtained a copy of the Submitter Code of Conduct. We observed that requirements on the confidentiality of data, information, and other inputs submitted to the administrators are captured in the Submitter Code of Conduct.</p> <p>For 3.1.f, we obtained a Conflicts of Interest Policy and observed that the policy applies to all employees involved in the management of the Mysteel Coal and Coke Price Index, which including IMC members.</p> <p>For 3.1.g, we observed that in the Conflicts of Interest Policy, the remuneration of Mysteel employees is not directly or indirectly related to the level or performance of any Mysteel index.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
<p>3.2 An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should:</p> <p>3.2.a Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates; and</p>	<p>3.1.e: Mysteel has formulated the Submitter Code of Conduct, which has clear rules on confidentiality of submissions (no data submitted is shared or published either internally or externally). All of the data, information, and other information are received via a dedicated phone and WeChat. Mysteel has a private cloud data storage area that only the Index Team has access to, and the password is strictly separated internally. Mysteel also has Non-Disclosure Agreements in place with many of the major international submitters. As part of the Submitter Agreement, Mysteel states that the information submitted will be kept confidential.</p> <p>3.1.f: To control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties. The Index Team and the spot platform team belong to different office locations, and Mysteel will ensure that the members of the Index Team are effectively separated from employees engaged in business work to avoid the index being affected. In the meantime, strict conflicts of interest policy and updated conflicts of the interest registration form are in place to avoid or mitigate existing or potential conflicts of interest and to manage the information impacting benchmark determination.</p>	<p>For 3.2, We observed that for submitters, Mysteel sets out the Submitter Code of Conduct to control the exchange of information. Also, we observed that the Mysteel Conflicts of Interest Policy introduces measures to avoid, mitigate or disclose conflicts of interest that exist and may exist between its benchmark determination business and any other businesses of the administrator or any of its affiliates.</p> <p>For 3.2.a, we obtained a Conflicts of Interest Policy and observed that the policy applies to all employees involved in the management of the Mysteel Coal and Coke Price Index and IMC members.</p> <p>For 3.2.b, we observed that in the Conflicts of Interest Policy, it indicates that 'Mysteel Index Management Committee is required to comply with the requirement to declare and manage conflicts'.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
<p>3.2.b Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority promptly.</p>	<p>3.1.g: According to the Mysteel Conflicts of Interest Policy, Mysteel's staff who participate in the benchmark determination have a fixed remuneration, the remuneration is not incentivized by the level of the index. The salary of the index group staff is composed of the basic salary and index performance. Mysteel has designed an index work standard to determine the index performance to ensure that the salary of the staff engaged in the index work is appropriate and not affected by the index value.</p> <p>3.2: Myseel developed a conflict of interest management framework to mitigate existing/potential conflicts of interest where possible.</p>	<p>PIC</p> <p>For 3.1.b, we observed that the Index Team and IMC members have signed the Conflicts of Interest Declaration Letter. We also note that mysteel has internal controls for compliance monitoring or regulatory review of individual trading accounts of Index Team members have been implemented, and the screenshots of individual trading accounts and no trading account statement are provided. We obtained the inspection records, including evidence that Index Team members have not opened trading accounts.</p> <p>For 3.1.d, we obtained a sample of Coal and Coke Price Index Performance Stats and observed that benchmark publication review procedures and daily report review procedures are being executed. We also reviewed the process of benchmark determination on-site and observed that before releasing the benchmark, senior analysts in the Index Team reviewed, supervised, and signed off the benchmark.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
	<p>3.2.a: Mysteel implemented a 'Wall' internally by creating a physical separation of the Index Team from the spot platform team or any teams that are related to commercial activities within Mysteel. Mysteel has a strict conflict of interest policy and updated the conflicts of interest register form including methods of mitigation and management measures and processes. The index IT systems and file storage systems are also divided into different permissions and cannot be accessed by non-index personnel. The highest authority in the system is controlled only by supervisors and senior analysts. Others have only normal permissions. In the background system, the data collection team and the index calculation team cannot view or change each other's file contents.</p> <p>3.2 b: The Mysteel Price Index Team reviews and identify conflicts of interest due to changes in ownership structure or managerial control. The Mysteel conflicts of interest policy require anyone to report and register promptly, and take timely mitigation measures. The conflict will be disclosed promptly.</p>	<p>For 3.1.e, we obtained a sample of a Data Submission Agreement which was emailed to the data submitters. It indicated the obligations of both parties (Mysteel and its submitters) that ensure the confidentiality of data, information, and other inputs. We also checked the access to the dedicated e-mail address for receiving inputs and access to the private cloud drive for storing inputs and observed that only Index Team members can access the e-mail and the private storage space.</p> <p>For 3.1.f, We note that the Index Team and the spot platform team belong to different office locations and are completely separated from each other physically. We also checked Mysteel's internal systems and observed that the two teams were unable to access each other's internal systems. We observed that the two teams are independent of each other.</p>

Principle 3 – Conflicts of Interest for Administrators

IOSCO Principle 3	Mysteel's Response	Deloitte's Assessment
		<p>For 3.1.g, we reviewed a sample of Index Team members' six-month salary records and observed that each Index Team member's monthly wage was composed of the basic wage, age allowance, job allowance, standard meal allowance, standard car allowance, and other elements, and was not directly or indirectly rewarded or encouraged by the benchmark value level.</p> <p>For 3.2.b, we reviewed IMC's quarterly meeting and there is no conflict of interest in 2021.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities if any. A summary of its main features should be Published or Made Available to Stakeholders.</p> <p>4.1 This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p> <p>4.1.a Conflicts of interest in line with Principle 3 on conflicts of interests;</p>	<p><u>Context</u></p> <p>Mysteel has developed and implemented an appropriate control framework for the benchmark determination/release, based on the importance of identified potential/existing conflicts of interest, the benchmarking process, or the degree of discretion in the benchmark input/output data. There should be clear documentation (relevant regulatory authorities not applicable) and a summary of its main features disclosed to stakeholders.</p> <p><u>Relevant Activities</u></p> <p>4.1: Mysteel Index Management Committee reviews the control framework periodically and updates as appropriate. The framework addresses the conflicts of interest management, quality of benchmark management, complaints management, and staff level of expertise training management.</p> <p>4.1.a: The conflicts of interest covered by Mysteel's framework are in line with Principle 3 on conflicts of interest.</p>	<p>We observed that in its control framework, Mysteel clearly describes its implementation of an appropriate control framework for the process of determining and distributing the benchmark.</p> <p><u>PR</u></p> <p>For 4.1, we reviewed IMC's quarterly meeting that the Index and Benchmark Management Control Framework was periodically reviewed by the Index Management Committee.</p> <p>For 4.1.a, we reviewed the requirements in the 'Conflict of Interest' section of the Mysteel Index and Benchmark Management Control Framework, which are consistent with the relevant requirements for conflict of interest in Principle 3. At the same time, Mysteel has formulated the internal control process and conflict of interest policy to meet the relevant requirements of Principle 3 for conflict of interest.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.1.b Integrity and quality of Benchmark determination:</p> <p>i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with Principles 6 to 15 on the quality of the Benchmark and Methodology;</p> <p>ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources;</p> <p>iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with Principles 16 to 19; and</p> <p>iv. Providing robust infrastructure, policies, and procedures for the management of risk, including operational risk.</p>	<p>4.1.b: In the benchmark determination process, Mysteel ensures integrity and quality by following the robust methodology to operate. Mysteel has a rigorous internal audit process and documentation for data input; and also established a rigorous internal oversight and external complaints mechanism that establishes accountability.</p> <p>i: Mysteel built an encrypted network disk for the Index Team. Regular staff training is also provided to assist in managing risk. Mysteel has developed a flowchart of daily index work to ensure that employees understand the entire process of index compilation and can find solutions when problems occur.</p> <p>ii: Mysteel has established a complete review process to ensure the accuracy of data input, including a review before calculation of data submission and a review of the calculation process. Also, Mysteel has developed a Submitter Code of Conduct for data submitters, and regularly reviews the data submitters' list according to Submitter Review Process Policy.</p>	<p>For 4.1.b.i, we reviewed the section 'Integrity and Quality of Benchmark Determination' in the Index and Benchmark Management Control Framework to ensure that the relevant contents for maintaining the quality and reliability of the benchmark are consistent with Principles 6 to 15 for the quality of the benchmark and methodology.</p> <p>For 4.1.b.ii, we reviewed Mysteel's Coal and Coke Price Index Methodology. In 'Review' part, Mysteel coal and coke price index team specially formulates the following internal audit process: mainly divided into calculation, price index release, daily report release, etc. And the audit process must be completed by senior staff.</p> <p>For 4.1.b.iii, we have reviewed that Mysteel has published complaint policy, audit policy, and audit documents retention policy. Those policies are consistent with requirements in Principles 16 to 19 and have established strict complaint mechanisms and accountability systems.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.1.c Whistleblowing mechanism: Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate.</p>	<p>iii: Mysteel has a strict accountability system. Any incorrect input of data or errors in the process of index compilation and release will be recorded and traced back to the responsible employee and punished according to the severity of the circumstances. Mysteel has also established a comprehensive external complaint mechanism and an external complaint e-mail box, which is managed by a dedicated employee to receive any complaint information about the Mysteel Price Index. Mysteel also sets up a complaint policy and a complaint handling process.</p> <p>iv: Mysteel has well-designed electronic facilities for encrypted storage, and each Index Team employee has different database permissions. Also, Mysteel has set up a special internal work account for the employees of the index group. Only this type of account can have the corresponding index work authority to isolate the possible operational risks.</p>	<p>For 4.1.b.iv, we observed that Mysteel has established management policies such as the Submitter Code of Conduct, Data Hierarchy and Expert Judgment Guide, and Extreme Event Management Policy. Mysteel also continues to train its employees on expertise and compliance to help manage risk.</p> <p>For 4.1.c, we also obtained a copy of the Article of Information Quality Supervision Committee and observed that in the Article, Mysteel clearly describes its requirements for whistleblowing mechanism.</p> <p>For 4.1.d.i, we have reviewed the 'expertise' section of the Index and Benchmark Management Control Framework, which requires that the Index Management Committee has the responsibility to ensure that the members of the Mysteel Index Team have the appropriate professional level and received the appropriate training.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.1.d Expertise:</p> <p>i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and</p> <p>ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel.</p>	<p>4.1.c: To set up an effective whistleblowing mechanism, Mysteel has set up the Information Quality Management Committee and developed a specific charter. This ensures that all employees are aware of the whistleblowing mechanism. Mysteel has also established a complaints email and physical postal address on both the Chinese and English external websites. Details can be found in the information quality supervision committee charter.</p>	<p>For 4.1.d.ii, we have reviewed the 'expertise' section of Index and Benchmark Management Control Framework, which explicitly requires that Mysteel provide training for Index Team members, and strictly regulate the training contents of employees to ensure that they understand and comply with internal procedures and methods.</p> <p>For 4.2.b, we obtained the Submitter Code of Conduct. We note that Mysteel has developed an appropriate system of measurement for its submitters to ensure that the submitter complies with the guidelines set out in the Submitter Code of Conduct, as well as the standards for the quality and reliability of data submission.</p> <p>For 4.2.c, we obtained the Submitter Code of Conduct. We note that the section 'Submitter Data Entry Procedures' specifies that the frequency of data submission for each trading day and that data submission is used for index decision-making.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.2 Where a Benchmark is based on Submissions: Administrators should promote the integrity of inputs by:</p>	<p>4.1.d: Mysteel ensures that all employees involved in the Coal and Coke Price Index have sufficient knowledge and experience and receive relevant training every year to ensure their professionalism and competence.</p> <p>i: The Mysteel Coal and Coke Price Index Group consists of team leaders (index reviewers), senior analysts, and analysts. The reviewers are authorized by Mysteel to ensure that he has the expertise, experience, and skills required for index review. The Index Management Committee will regularly review the suitability of the index group members to ensure that they always have professional qualifications for index work.</p> <p>ii: Mysteel has systematic training materials, a training system, and training records. Also, Mysteel has established a system for recording the daily responsibilities of employees related to index determination, clear file preservation, and backup, and provides training every year.</p>	<p>As a benchmark manager, Mysteel's Index Management Committee regularly reviews the submitted data and provides training for the submitter.</p> <p><u>PIC</u></p> <p>We noticed that Mysteel published its control framework on both its English and Chinese websites. We observed that the control framework is well documented and reviewed by the IMC periodically.</p> <p>For 4.1.b, we reviewed the process of benchmark determination and observed that before the daily benchmark release, senior analysts review the data submission, calculation and review before release, and there are corresponding professionals and reviewers..</p> <p>However, in the process of index compilation, the Coal and Coke Index team still lacks in the accuracy audit of data input, and some data still have human input errors. At the same time, there is insufficient trace in the audit process There is a lack of pre-trial posts between the calculator and the reviewer, the index calculation table is</p>

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
		not standardized and is not controlled through the formula.

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.2.a Ensuring as far as possible that the Submitter comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark;</p> <p>4.2.b Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission Guidelines, as defined in the Submitter Code of Conduct and benchmarks and the Administrators' applicable quality and integrity standards for Submission;</p>	<p>4.2.a: Mysteel has an unrivaled number of submitters in the industry, and the list contains key industry participants from a full cross-section of the industry: steel mills, traders, downstream users, and spot trading platforms which takes into account the underlying interest measuring the benchmark.</p>	<p>For 4.1.d, we obtained a copy of expertise training documents, sign sheet, and after-training test results and observed that each member of the Index Team and all related staff participated in the training, which included ethics and conflicts of interest, and continuity and succession planning for personnel.</p> <p>For 4.2.a, we obtained the index calculation table and the list of submitters and noted that the Coal and Coke Price Index has major industry participants from upstream and downstream of the industry, including steel mills, traders, downstream users, and spot trading platforms, taking into account the basic benefits involved in benchmark determination, to ensure as much as possible that the submitter includes appropriately representative market participants. However, due to the influence of national policy control and prohibition of coal import last year, many enterprises basically did not participate in coal trading. As a result, the coal and coke team did not issue submitter agreements to the full 150 data submitters.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
<p>4.2.c Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination; and</p> <p>4.2.d Establishing and employing measures to effectively monitor and scrutinize inputs or Submissions. This should include pre-compilation or pre-publication monitoring to identify and avoid errors in inputs or Submissions, as well as ex-post analysis of trends and outliers.</p>	<p>4.2.b/4.2.c: Mysteel has a complete set of documents for submitters like a Submitter Code of Conduct, which is sent to the submitters annually. The Submitter Code of Conduct defines key processes such as data submission procedures, submitters' management strategies, systems, and control procedures. This policy is also supported by a submitter review process that is updated and assessed regularly to track the performance of the submitter and whether they are trustworthy. The Index Management Committee also developed a policy review system and conducted regular reviews to ensure the suitability of the Submitter Code of Conduct.</p> <p>4.2.d: Mysteel has developed and adopted comprehensive measures to strictly follow the methodological requirements and procedures to ensure effective monitoring and review of data entry and submission materials, including pre-production and pre-submission monitoring (identification and avoidance of input data and errors in submissions) and the analysis of post submission trend and outliers. Further details can be found in Mysteel's internal and external Methodology and the employee's daily work record form. Any mistakes made during the index work will be recorded.</p>	<p>For 4.2.b/4.2.c, We note that in the daily data submission, the senior analysts of the Mysteel index team will review the corresponding submitted data in each procedure of benchmark decision-making, and at the same time, the submitters also need to comply with the Code of Conduct of the Submitters.</p> <p>4.2.d, we have noticed that the Coal and Coke Price Index Team has built a reliable encryption network disk and that the index encryption network disk improves the quality, consistency, sufficiency, and confidentiality of data. We reviewed this internal encryption network disk and found that if we want to apply for access to the internal index system, users need to obtain approval from the administrator. The administrator controls that only Index Team members have access to the internal index encrypted network disk, and the administrator regularly checks and cleans the permissions.</p>

Principle 4 – Control Framework for Administrators

IOSCO Principle 4	Mysteel's Response	Deloitte's Assessment
	<p>Mysteel coal and coke price team conducted a self-examination on the price index compiled throughout the year at the end of 2021 and found that there was a deviation in the price of 2 MCDEX and 13 MSPDEX due to non-standard calculation, but they were within the reasonable deviation range of 1.5%, which had a limited impact on the overall price. However, in case of deviation, Mysteel severely warned and corrected the relevant calculation members. At the same time, in order to avoid another deviation in the calculation of coal and coke price index in 2022, Mysteel will take the following measures to ensure the accuracy of the price index: 1. Standardize the price index calculation table; 2. Add audit and review process; 3. Strengthen the training of computing members on methodology and computing; 4. Increase the frequency of self inspection and self correction on a quarterly basis; 5. Other procedures to avoid calculation deviation; In 2022, Mysteel coal and coke price team will strengthen control over the compilation of compliance related indexes in strict accordance with IOSCO principles, leave marks throughout the process and store them on a secure cloud disk.</p>	<p>Price index calculation table samples were selected. Except for 2 MEDEX and 13 MSPDEX, the calculation of other calculation tables has no error. In view of the calculation table of 2 MEDEX and 13 MSPDEX with price deviation found by Mysteel in its self inspection due to non-standard calculation, we substituted the accurate price of the day and recalculated it in strict accordance with the requirements of index calculation methodology. It is confirmed that the calculation deviation is within 1.5%, which belongs to the range of reasonable deviation. For the specific measures taken by Mysteel to ensure the accuracy of price calculation in the future, we will focus on the following parts in the assurance in the next year.</p> <p>1 The calculation logic of the updated index calculation table is consistent with the index calculation methodology; 2. Audit and review procedure; 3. Methodology training and implementation of self inspection and self correction.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>Administrators should establish an oversight function to review and provide a challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified.</p>	<p><u>Context</u></p> <p>Mysteel has established an oversight function to review and provide a challenge on all aspects of the benchmark determination process. This includes consideration of the features and intended, expected or known usage of the benchmark and the materiality of existing or potential conflicts of interest identified.</p> <p>The oversight function is carried out by the Mysteel Index Management Committee. The oversight function and its composition are appropriate to provide effective scrutiny of the Mysteel Index Team. The Mysteel Index Management Committee's oversight functions are categorized according to the industry attributes (steel, iron ore, coal, and coke, etc.).</p>	<p><u>PR</u></p> <p>We obtained the policy which describes the Mysteel Index Management Committee's responsibility and observed that Mysteel clearly states that the Index Management Committee was responsible for supervising all aspects of the index managed by Shanghai Ganglian E-Commerce Co., Ltd., reviewing all aspects of the benchmark decision-making process and raising relevant queries.</p> <p>We obtained the policy which describes the Mysteel Index Management Committee's responsibility. In the 'Appendix 1 - Members' section, the members of the Mysteel Index Management Committee are composed of professionals from iron ore, steel, coal, and coke, non-ferrous industry. The composition of the Index Management Committee can provide an effective review of various categories of indices.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this principle.</p> <p>5.1 An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include:</p>	<p><u>Relevant Activities</u></p> <p>5.1: Mysteel develops and maintains robust procedures regarding its Index Management Committee, which is documented and available to relevant parties. According to the IOSCO financial benchmark principle, stakeholders have the right to be informed of the main features of the procedure/process. At present, the benchmarking methodology and complaint policy are available on Mysteel's website. Mysteel believes that the methodology has included the main procedures and processes of benchmarking.</p> <p>5.1.a: Mysteel has an independent Index Management Committee that specializes in the supervision and management of the index. Mysteel Index Management Committee reviews challenges and improves all aspects of the benchmarking process. The main oversight functions of the committee are divided into four aspects: overall responsibility, methodology, data submission, and governance.</p>	<p>For 5.1, we obtained the policy which describes the Mysteel Index Management Committee's responsibility. We observed that Mysteel has established strong measures to maintain the supervision function of the Index Management Committee, and we have documented the supervision function of the Index Management Committee. At the same time, we have observed that the benchmark methodology and complaint policy have been made public on the Mysteel Chinese and English website, and they all include the key points of supervision measures of the Index Management Committee.</p> <p>For 5.1.a, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and including: 'Overall Responsibility', 'Methodology', 'Data Submission' and 'Governance'. It specifically describes the supervision function of the Index Management Committee.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.1.a The terms of reference of the oversight function; 5.1.b Criteria to select members of the oversight function; 5.1.c The summary details of membership of any committee arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal, and replacement of committee members.</p> <p>5.2 The responsibilities of the oversight function include 5.2.a Oversight of the Benchmark design: i. Periodic review of the definition of the Benchmark and its Methodology;</p>	<p>5.1.b: When selecting committee members, the Index Management Committee ensures that the committee member has the expertise and skills required to perform its duties. The Index Management Committee reviews and records the skills, expertise, and experience of the members of the Committee, whether they have any conflicts, how conflicts are managed, and the tenure of each committee member. Members declare any conflicts they are aware of before accepting membership in the committee and sign a conflict declaration based on the conflict of interest policy annually.</p> <p>5.1.c: Mysteel has developed a detailed Index Management Committee Policy that includes member briefings, elections, nominations, or removals; also, all committee members have signed a conflict of interest declaration which is stored in a secure file for a minimum of five years.</p> <p>5.2: The specific responsibilities of the Index Management Committee include:</p>	<p>For 5.1.b, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and the criteria for selecting the members of the Index Management Committee is described in chapter 'Members'.</p> <p>For 5.1.c, we obtained the policy which describes the Mysteel Index Management Committee's responsibility. In the chapter 'Appendix 1 - Members', it is introduced that the members of Mysteel Index Management Committee are composed of professionals from iron ore, steel, coal and coke, non-ferrous industry; In the 'Members' section, Mysteel describes the procedures for election, nomination or removal; also, we obtained a Conflict of Interest Statement signed by all Index Management Committee members.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate);</p> <p>iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorizing or requesting the Administrator to undertake a consultation with Stakeholders were known or its Subscribers on such changes as per Principle 12; and</p> <p>iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation.</p>	<p>5.2.a: Mysteel Index Management Committee regularly monitors the definition of the benchmark, methodology, and benchmark changes, reviews and approves the procedures for terminating the benchmark and takes steps to keep stakeholders informed of the problems and risks of the benchmark. In the future, an external advisory group will be established for external review purposes. During the Index Management Committee meeting, Mysteel has conducted a detailed discussion on the oversight responsibilities in compliance with the requirements of the IOSCO Principles and has kept detailed meeting minutes.</p> <p>5.2.b: Mysteel Index Management Committee oversees the integrity of the benchmark compilation, the completeness of benchmark framework, and the management and implementation of benchmarks, including in the future if there is the possibility of any benchmark-related activities involving third parties. The Mysteel Index Management Committee considers the results of internal and external audits, and follow-up actions taken after the implementation of the remedial actions highlighted in the audit findings; overseeing Mysteel's use of expert opinions and ensuring that published methods have been adopted.</p>	<p>For 5.2, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and we observed responsibilities of the oversight function for the Index Management Committee.</p> <p>For 5.2.a, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and in the chapter 'Methodology', it describes the regular monitoring of the benchmark by the Index Management Committee, the definition of methodology and benchmark changes, the procedures for reviewing and approving the termination of the benchmark, and measures are taken to let stakeholders understand the issues and risks related to the benchmark.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.2.b Oversight of the integrity of Benchmark determination and control framework:</p> <p>i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party;</p> <p>ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits; and</p> <p>iii. Overseeing any exercise of Expert Judgment by the Administrator and ensuring Published Methodologies have been followed.</p>	<p>5.3: In order to prevent any conflict of interest arising from the ownership structure or control interest of Mysteel or other activities carried out by Mysteel and its affiliated companies or entities, Mysteel has not established or temporarily does not consider establishing an independent external oversight functional group, including stakeholders, subscribers, and contributors, to balance the relevant conflicts of interest. However, in case of any conflict of interest, Mysteel has the conditions and ability to quickly set up a supervision functional group and solve it.</p> <p>5.4: Mysteel benchmark data is generated based on submissions, therefore Mysteel has conducted appropriate monitoring and inquiries regarding the submissions in the following methods:</p>	<p>At the same time, we also reviewed the meeting minutes of four IMC quarter meeting, which recorded IMC's review of the definition and methodology of the benchmark, stakeholders' understanding of the problems and risks of the benchmark, changes in the methodology of monitoring the benchmark, and procedures for checking and approving the termination of the benchmark.</p> <p>For 5.2.b, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and in the chapter 'Governance', it describes the integrity of the Index Management Committee's monitoring benchmark preparation and the management and implementation of the benchmark. At the same time, the chapter "governance" describes that the Index Management Committee regularly organizes regular audits of Mysteel's compliance with the principles by competent internal or external auditors with corresponding experience and ability, considers the results of internal and external audits, and the follow-up actions after the implementation of remedial actions highlighted in the audit results.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.3.a Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates: the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.</p> <p>5.4. Where a Benchmark is based on Submissions: the oversight function should provide suitable oversight and challenge of the Submissions by:</p>	<p>5.4.a: The documents that strictly manage the submitter can be identified in the terms of reference of the Mysteel Index Management Committee, which includes a review of the submitter and management of the submitted data. The management method of data submitted by the submitter is clearly stated in the Submitter Code of Conduct.</p> <p>The submitter review process details the input data and submission parameters or Mysteel's challenging or sampling unusual input data or submissions.</p> <p>Also, there are detailed requirements for data entry or submission in the methodology, to minimize the impact of human operations or judgment on the benchmark.</p> <p>5.4.b: Mysteel has developed a detailed Submitter Code of Conduct for managing the conduct of the submitter. The Submitter Code of Conduct includes submission criteria, submission management, conflict of interest arrangements, policies and control management, benchmark manipulation monitoring, documentation, and cooperation with Mysteel and regulators. The Mysteel Index Management Committee will periodically review the Submitter Code of Conduct to ensure its suitability.</p>	<p>The chapter "methodological aspects" describes any changes in the monitoring benchmark methodology, including assessing whether the methodology can continue to properly measure the target interests, reviewing the changes that will or have occurred in the methodology, and authorizing or requiring the benchmark manager to consult and discuss the changes in the methodology with known stakeholders or their subscribers in accordance with the requirements of principle 12.</p> <p>For 5.3, We have reviewed the existing oversight functions of Mysteel. At present, an independent oversight department that can balance the conflicts of interest caused by the ownership structure of the benchmark manager or the interests of the controlling party, or by any entity that owns or controls the manager and other actions taken by the benchmark manager and its subsidiaries have not been established. Mysteel promises that in case of any conflict of interest, it has the conditions and ability to quickly set up a supervision functional group.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.4.a Overseeing and challenging the scrutiny and monitoring of inputs or Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analyzed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions;</p>	<p>5.4.c: Mysteel Index Management Committee exercises the oversight function over its data submitters and resolves the submitter's violation of the code of conduct in accordance with the Submitter Code of Conduct and the submitter's review process policy. Mysteel's management committee has set up a method that allows the temporary removal or permanent removal of the submitter.</p>	<p>For 5.4.a, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and in the chapter 'Data Submission', it describes the supervision responsibilities of the Index Management Committee in reviewing the submitter and submitted data. Also, we obtained the Coal and Coke Price Index Price Methodology, and there are detailed requirements for data input or submission. It also states that the impact of human operation or judgment on the benchmark is minimized through the control procedure. We tested and verified the implementation of the control procedure through the data input and submission process through on-site observation.</p> <p>For 5.4.b, we obtained the Submitter Code of Conduct, which includes submission standards, submission management, conflict of interest arrangements, policy, and control management, benchmark operation monitoring, archiving, and cooperation between Mysteel and regulators.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.4.b Overseeing the Code of Conduct for Submitters;</p> <p>5.4.c Establishing effective arrangements to address breaches of the Code of Conduct for Submitters; and</p>	<p>5.4.d: The Mysteel Submitter Code of Conduct states that the submitter should develop appropriate monitoring arrangements to detect and assess suspicious data inputs. This includes monitoring transactions and valuations to ensure the authenticity of such inputs. Mysteel has also established measures to detect potential outliers and suspicious submissions, including recording each submission that is not used in the index calculation. The submission and submitters will be reviewed to determine if there is a mechanical submission or submission selectively submitted. Also, Mysteel uses statistical methods to alleviate the impact of outliers on the benchmark. Finally, Mysteel's analysts have extensive market experience and sufficient sources of information. Their understanding of prices is also a measure to screen for abnormal or suspicious data submission. All records will be kept, including the process of filtering outliers. All these review results will be analyzed and presented to the Index Management Committee to determine the appropriate next stage of collaboration with the submitter.</p>	<p>For 5.4.c, we obtained the policy which describes the Mysteel Index Management Committee's responsibility, and in the chapter 'Data Submission ', it states that the Index Management Committee performs the supervision function on the data submitters, and establishes the procedure to deal with the violation of the code of conduct.</p> <p>For 5.4.d, we obtained the Code of Conduct for the submitter, which requires the submitter to establish appropriate monitoring arrangements to detect and evaluate suspicious data input. Mysteel has also established measures to detect potential outliers and suspicious submission data, including recording each submission data that is not used in index calculations. Mysteel used statistical methods to mitigate the impact of outliers on the baseline. All these audit results will be analyzed and submitted to the Index Management Committee.</p>

Principle 5 – Internal Oversight

IOSCO Principle 5	Mysteel's Response	Deloitte's Assessment
<p>5.4.d Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities if any.</p>		<p><u>PIC</u></p> <p>For 5.2, we reviewed the Index Management Committee quarterly meeting minutes, it fulfilled its supervisory responsibility for the benchmark decision-making and control framework. Specifically, it includes reviewing the internal and external Methodology, the use of expert judgment, the approval of adding new coal and coke indexes, errors in index publishing, reviewing and updating the control framework of index and benchmark management.</p> <p>For 5.4, we reviewed the minutes of the IMC quarterly meeting, IMC fulfilled its supervision responsibility for data submission.</p>

Principle 6 – Benchmark Design

IOSCO Principle 6	Mysteel's Response	Deloitte's Assessment
<p>The design of the Benchmark should seek to achieve and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure and eliminate factors that might result in a distortion of the price, rate, index, or value of the Benchmark.</p> <p>Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest:</p> <p>6.a Adequacy of the sample used to represent the Interest;</p> <p>6.b Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing);</p>	<p><u>Context</u></p> <p>In the design of the benchmark, Mysteel seeks to accurately and reliably reflect the coal and coke market (metallurgical coke, injection coal, and coking coal), which means that it seeks to accurately and reliably reflect the economic essence of the benchmark of coal and coke market (metallurgical coke, jet coal, and coking coal), and eliminate factors that may cause the price and index distortion of Mysteel. In designing benchmarks, Mysteel will consider a variety of characteristics and factors, such as the size and liquidity of the underlying and related markets, transaction distribution, and market dynamics.</p> <p><u>Relevant Activities</u></p> <p>6.a In the coal spot market including long-term agreements, the overall transaction volume is about 50 million tons, of which Mysteel collects most of the data. All major market participants, including representative mines in Australia, Russia, the top ten domestic coking plants, steel mills, and traders submit data to Mysteel.</p>	<p><u>PR</u></p> <p>We obtained a copy of the Overall Introduction to the Coal and Coke Market and noticed that Mysteel clearly explains its application and selection of market data, which is closely related to the benchmark design.</p> <p>For 6.a, we observed that in the Overall Introduction to the Coal and Coke Market, Mysteel introduces specific requirements for sample adequacy.</p> <p>For 6.b, we observed that in the Overall Introduction to the Coal and Coke Market, Mysteel introduces specific requirements for relevant market size and liquidity.</p> <p>For 6.c, we observed that in the Overall Introduction to the Coal and Coke Market, Mysteel introduces specific requirements for the underlying market relative size.</p>

Principle 6 – Benchmark Design

IOSCO Principle 6	Mysteel's Response	Deloitte's Assessment
<p>6.c Relative size of the underlying market concerning the volume of trading in the market that references the Benchmark;</p> <p>6.d The distribution of trading among Market Participants (market concentration); and</p> <p>6.e Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).</p>	<p>6.b: When designing the benchmark, Mysteel considered the size and liquidity of the relevant market. Mysteel takes all spots as index samples, most of which are port metallurgical coke. Due to Australian coal import restrictions, Australian PCI and coking coal samples are absent. The sample of Mysteel phones covers approximately 80% of the market, ensuring sufficient transactions to obtain observable and transparent pricing.</p> <p>6.c: When Mysteel designs the coal and coke benchmark, all circulating market spot is used as the index sample of the target coal and coke market. Mysteel collects data on most transactions in all coal spot market transactions, including repeated handover transactions. All major market participants are Mysteel data submitters, with 150 companies.</p>	<p>For 6.d, we observed that in the Overall Introduction to the Coal and Coke Market, Mysteel introduces specific requirements for trading distribution among market participants and market dynamics in the coal and coke market.</p> <p><u>PIC</u></p> <p>For 6.a, we reviewed the market data and submitter list collected by Mysteel and observed that its data included major steel mills, mines, and traders as the sample collection objects. The number of data submitters reached 150 domestic and foreign enterprises. The main market participants are all data submitters of Mysteel. Sufficient trading volume enables Mysteel to obtain observable and transparent pricing.</p>

Principle 6 – Benchmark Design

IOSCO Principle 6	Mysteel's Response	Deloitte's Assessment
	<p>6.d: Market participants are usually divided into suppliers and buyers, and the latter is divided into traders and steel mills. The main suppliers are various mines and coking plants, among which the main mines are Vale, Jieliaba, Yankuang, Michel and Xiwuyan Group, etc. The main coking plants are Yaxin Coking, Yongxin Coal Coking, Fulong Coking, And Pengfei Industry, etc. The main steel plants are Guangxi Shenglong Metallurgy, Zhuhai Yueyufeng, Guangdong Jingye, Guangdong Guoxin, Ningbo Iron and Steel, and Fujian Sangang. As far as traders are concerned, they are mainly Zhejiang Products, Jidong, Hangzhou Relian, Wandayuan, and China Coal. All major market participants-that is, all major suppliers and buyers are Mysteel transaction information submitters. Mysteel maintains frequent contact with submitters every day.</p> <p>6. e:Mysteel has developed a series of policies and procedures to ensure that all index analysts are well trained and qualified to collect data from the market and capture every detail of the market. The Mysteel Index Management Committee conducts comprehensive supervision of index releases daily and will hold quarterly meetings to evaluate index performance to ensure that it reflects the market promptly and monitors potential market changes.</p>	<p>For 6.d, We obtained some market data collected by Mysteel and observed that the data included the main steel plants, mines, and traders as sample collection objects. The number of data submitters reached 150 domestic and foreign enterprises. The trading distribution of market participants is consistent with the general introduction of the coal and coke market.</p> <p>For 6.e, we observed that Mysteel has developed an internal training plan to ensure that all index analysts are well trained and have sufficient expertise and ability to collect data and capture every detail of the market. The Mysteel Index Management Committee conducts comprehensive supervision over the index and continues to pay attention to market dynamics to ensure that the index can measure the economic essence of interests.</p>

Principle 7 – Data Sufficiency

IOSCO Principle 7	Mysteel's Response	Deloitte's Assessment
<p>The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should:</p> <p>7.a Be based on prices, rates, indices, or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable; and</p> <p>7.b Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices, or values.</p>	<p><u>Context</u></p> <p>Mysteel has developed special policies and procedures to ensure that there is sufficient data to accurately and reliably represent the coal and coke market and coal prices.</p> <p><u>Relevant Activities</u></p> <p>7.a: In the document introducing the coal and coke market, Mysteel considers the supply side (ie coal mines, coking plants, or traders) and the demand side (ie traders or steel mills), and proves that Mysteel is designing benchmarks and indexes. Its price and index are formed by the competitiveness of supply and demand. A total of hundreds of companies submit data to Mysteel to ensure that the index represents the market they seek to measure.</p>	<p><u>PR</u></p> <p>We observed that in the Overall Introduction of Shanghai Coal and Coke Market, Mysteel introduces specific requirements for the sufficiency of data.</p> <p>For 7.a, we observed that in the Overall Introduction of Coal and Coke Market, Mysteel clearly stated its sample's adequacy. According to the statistics of Mysteel, at present, the coking enterprises sample in China are close to the full coverage, and the sample data to be collected in 2021 accounted for more than 95%.</p>

Principle 7 – Data Sufficiency

IOSCO Principle 7	Mysteel's Response	Deloitte's Assessment
<p>This principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8.</p>	<p>7.b: Regarding the benchmark, the Mysteel index is based on observable transactions between buyers and sellers in the coal market. In the spot market, tens of millions of tons of coal char spots are traded between the seller and the buyer under the principle of fair trade. Mysteel observes the market transactions every day. Mysteel collects and receives transaction data submitted by dozens of companies, including major mines, coking plants, traders, and steel mills.</p> <p>To accurately reflect the market, Mysteel retains the flexibility to use non-trading data to supplement market data when there is no transaction data, such as inquiries, offers, transaction prices, etc., to supplement index samples.</p>	<p>For 7.b, we observed that in the Overall Introduction of Coal and Coke Market, Mysteel took all the current market spots as the index sample of the target coal and coke market when designing the coal and coke benchmark. Mysteel collects data on most all coal and coke spot market transactions, including repeat trades. All of the major market participants are Mysteel's data contributors, the number has reached 150 enterprises. Because the Coal and Coke Price Index is linked to the fair trade between the buyer and the seller which can be observed in the market, the Coal and Coke Price Index can be used as a reliable indicator of the price.</p>

Principle 7 – Data Sufficiency

IOSCO Principle 7	Mysteel's Response	Deloitte's Assessment
		<p><u>PIC</u></p> <p>We checked the submitters' list and observed that Mysteel's submitters are sufficient to accurately and reliably represent the interest measured by the benchmark.</p> <p>For 7.a/7.b, we also obtained a sample of submissions, and observed that these submissions are based on indices that have been formed by competitive forces of supply and demand and are anchored by observable transactions entered into are arm's length between buyers and sellers in the market for the interest the benchmark measures.</p>

Principle 8 – Hierarchy of Data Inputs

IOSCO Principle 8	Mysteel's Response	Deloitte's Assessment
<p>An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include:</p> <p>8.a Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets;</p> <p>8.b Reported or observed concluded Arm's-length Transactions in the underlying interest;</p> <p>8.c Reported or observed concluded Arm's-length Transactions in related markets;</p>	<p><u>Context</u></p> <p>Mysteel has dedicated policies and procedures in place to ensure the data hierarchy used for index determination is compliant with the IOSCO Principles. These policies and procedures are available upon request from stakeholders, like submitters.</p> <p><u>Relevant Activities</u></p> <p>8.a/8.b/8.c/8.d and 8.e: Mysteel has a data hierarchy and expert judgment policy and internal Methodology in place to cover all of the information mentioned above. The details of the data hierarchy include the submitters' transactions, transactions from trading platforms, trading prices, bids and offers, information gathered from the market in the underlying interest and related markets. To retain the flexibility of user inputs, and ensure the quality and integrity of Mysteel's indices, Mysteel has established the criteria for exercising expert judgment, which includes abnormal submissions, no transactions in the market, no bids or offers, and no quotes or indices for certain specific brands.</p>	<p><u>PR</u></p> <p>We observed that in the internal Methodology, Mysteel clearly describes its data hierarchy standard. We observed that this data hierarchy complies with IOSCO's requirements for the data.</p> <p>We also obtained a copy of the Data Hierarchy and Expert Judgement Guidelines and observed that Mysteel has a clear guideline regarding the hierarchy of data inputs and exercise of Expert Judgement used for the determination of benchmarks.</p> <p><u>PIC</u></p> <p>For Principle 8, we obtained a sample of Mysteel data input and observed that this data meets the requirements specified in the data input hierarchy and expert judgment guidance. The detailed information of the data hierarchy includes the transaction of the submitter, the transaction of the spot trading platform, the transaction price, inquiry and offer, and the information collected from the basic interest market and relevant markets.</p>

Principle 8 – Hierarchy of Data Inputs

IOSCO Principle 8	Mysteel's Response	Deloitte's Assessment
<p>8.d Firm (executable) bids and offers; and</p> <p>8.e Other market information or Expert Judgments.</p> <p>Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity, and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain the flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark.</p>		

Principle 8 – Hierarchy of Data Inputs

IOSCO Principle 8	Mysteel's Response	Deloitte's Assessment
<p>For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when an observed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non-transactional data such as bids and offers and extrapolations from prior transactions might predominate in a given Benchmark determination.</p>		

Principle 9 – Transparency of Benchmark Determinations

IOSCO Principle 9	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p>	<p><u>Context</u></p> <p>Mysteel has detailed policies and procedures, such as market introduction and internal Methodology regarding each index determination, including market description, several samples, index calculation, and index publication deadline ensuring Mysteel works to the highest level of the IOSCO Principles. The Market Introduction and internal Methodology are available for stakeholders and regulatory bodies upon request.</p>	<p><u>PR</u></p> <p>For 9.a, we observed that in the internal Methodology, Mysteel clearly describes its rationale for how the benchmark is determined, which is sufficient to facilitate a stakeholder's or market authority's ability to understand. We observed that if a stakeholder requests to know the content of the internal Methodology, Mysteel can provide it for the stakeholder with further explanation.</p> <p>For 9.b, we reviewed Data Hierarchy and Expert Judgement Guidelines, Internal Coal and Coke Price Index Methodology, and observed that Mysteel clearly describes its application of expert judgment through the daily process of benchmark determination.</p> <p><u>PIC</u></p> <p>For 9.a, we obtained a sample of raw data and observed that, at a minimum, the size of liquidity of the market is assessed. The range, average volume, and the indicative percentages of each type of market data are considered in the benchmark determination.</p>

Principle 9 – Transparency of Benchmark Determinations

IOSCO Principle 9	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p>	<p><u>Relevant Activities</u></p> <p>9.a: Stakeholders or market authorities can obtain the Mysteel methodology on the Mysteel website, and the index team can explain the index determination process and the latest release date upon request. Regarding the size and liquidity of the market, such as the number of transactions submitted, the volume of transactions, and the percentage of sample data in the total market data, it is reflected in the Excel sample table and market introduction documents. The sample table, includes transactions, translatable prices, inquiries, and offers. At the same time, Mysteel will give priority to selecting transaction samples as the index data source to ensure the fairness of prices. For each sample, collect detailed information such as seller or buyer, quantity, price, etc. For the pricing terms, there is an internal methodology as a guide, detailing the actual implementation process. Mysteel saves all index determination history records in an Excel table, which shows that unless extreme events such as market stagnation occur, the index is determined almost entirely based on transaction samples.</p>	<p>Based on the expected values of the above raw data, we sampled some calculation samples of Mysteel on site and conducted a recalculation test. We observed that the real result of the recalculation was consistent with the calculation result (expected value) of Mysteel.</p> <p>For 9.b, We obtained the sample of the index calculation table, modify the data, simulate that when there is only inquiry and offer in the market on the same day, or there is no deal but only a deal price, the index calculation table has a matching calculation formula to generate the index of the day, to help that all index analysts use the consistency of expert judgment.</p> <p>The objective of IOSCO's Financial Benchmark Principles is to develop an effective framework of general principles applicable to all kinds of financial markets. IOSCO Financial Benchmark Principles can be applied to all financial benchmarks, and in most cases, there are no corresponding requirements at the industry level.</p>

Principle 9 – Transparency of Benchmark Determinations

IOSCO Principle 9	Mysteel's Response	Deloitte's Assessment
<p>9.a A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market is assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated);</p> <p>9.b A concise explanation of the extent to which and the basis upon which Expert Judgment if any was used in establishing a Benchmark determination.</p>	<p>9.b: To guide the use of expert judgment, Mysteel has a dedicated expert judgment procedure in place. Also, Mysteel has an Expert Judgment Guide detailing the expert judgment application process in the absence of any transactions, bids, and offers, normal submission, or insufficient samples. Mysteel has also listed all appropriate scenarios that can be applied when calculating the index. It includes standard and unusual cases, such as the sample of transactions is insufficient, only has bids and offers, the inquiry is insufficient, and the market is stagnant. For each scenario, there is a matched formula to apply to ensure the consistent use of expert judgment across all index analysts.</p>	<p>All industries will formulate financial benchmark principles and decision-making methods in line with their business development, industry characteristics, and market conditions according to IOSCO financial benchmark principles.</p> <p>For the coal and coke market, we observed the data collection process of Mysteel on-site and obtained the sample data collected from the coal and coke market. We have observed that in the coal and coke market, the buyer and the seller determine the market price according to the coal and coke type. The method of interval quotation is not adopted, and the buyer and the seller do not use the average value of the price to trade in the coal and coke market.</p>

Principle 9 – Transparency of Benchmark Determinations

IOSCO Principle 9	Mysteel's Response	Deloitte's Assessment
		<p>Therefore, for the reference in 9.a of IOSCO Financial Benchmark Principles, 'relevant stakeholders or market authorities should have a full understanding of the development process of the benchmark, at least including the reference range and average value of the price', in which the requirement of 'at least including the reference range and average value of the price' is not in line with the characteristics of the coal and coke industry and does not apply to the evaluation of the Coal and Coke Price Index.</p>

Principle 10 – Periodic Review

IOSCO Principle 10	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark. The Administrator should Publish or Make available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p>	<p><u>Context</u></p> <p>Mysteel has dedicated policies and procedures in place to ensure the periodic review of the indices and methodology to maintain the quality and integrity of the indices.</p> <p>A dedicated organization named the Index Management Committee (IMC) has been established to oversee the index and related business. The IMC monitors the activity and trends in the market as well as the Mysteel Index and team performance. Mysteel holds a quarterly meeting for the IMC to assess and monitor the indices and determine if the coal and coke market has observed any structural changes, such as diminishing activity. Meeting minutes are recorded and circulated to the IMC as well as relevant stakeholders upon request. In case of a requirement to change the indices due to a change in the coal and coke market, the index transition and cessation policy address the issue and resulting process, such as introducing an alternative index or terminating an index.</p>	<p><u>PR</u></p> <p>We observed that in the IMC Terms of Reference, Mysteel clearly states that '(the IMC is) carrying out reviews of the Mysteel Coal and Coke Indices to assess whether new indices are required or that existing indices should be closed, for example, if the underlying Interest/market has diminished or non-functioning. We also observed that for dealing with changes with the methodology, Mysteel clearly describes its policies and procedures in Methodology Management Policy and Index Transition and Cessation Policy.</p> <p><u>PIC</u></p> <p>We obtained the IMC meeting minutes and observed that the IMC reviewed conditions in the underlying Interest that the benchmark measures and discussed whether there would be a need to change the methodology.</p>

Principle 11 – Content of the Methodology

IOSCO Principle 11	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p> <p>11.1 At a minimum, the Methodology should contain:</p> <p>11.1.a Definitions of key terms;</p>	<p>Context</p> <p>The Mysteel Index calculation methodology explains the sample collection, data screening, calculation, and management methods of the Mysteel Coal and Coke Price Index ("Index" or "MCCDEX"). These indexes are designed to reflect the daily changes in the price of the coal and coke spot market and provide important pricing indicators for coal and coke market participants.</p> <p>The Mysteel Coal and Coke Price Index can be used by specific stakeholders and can be used as a reference financial instrument. For more information, please refer to the published Mysteel Coal and Coke Price Index Methodology.</p> <p><u>Relevant Activities</u></p> <p>11.1.a: In Mysteel's coal and coke price index methodology, there are definitions of terms used in the coal and coke market, such as product, price type, pricing unit, and transaction process. For example, metallurgical coke, coal, port spot, forward spot, dry tonnage, wet tonnage, sample, settlement price, car board price, ex-factory price, to-factory price, CFR price, and FOB price, etc.</p>	<p>We observed that a Methodology used to make benchmark determination is documented and made available, which includes the rationale for adopting various methodologies on the Chinese and English website. We observed that information included in the published Methodology is sufficient to take holders to understand and reference.</p> <p><u>PR</u></p> <p>For 11.1.a and 11.1.b, we observed that in the published Methodology, Mysteel clearly defines key terms related to the methodology and provides sufficient details related to criteria and procedures used to develop the benchmark.</p>

Principle 11 – Content of the Methodology

IOSCO Principle 11	Mysteel's Response	Deloitte's Assessment
<p>11.1.b All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods;</p> <p>11.1.c Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations;</p> <p>11.1.d The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models);</p>	<p>11.1.b: Mysteel has developed standards and evaluation procedures for all indices.</p> <p>1. Mysteel collects transaction, inquiry, and quotation information submitted by major coal mines, coking plants, traders, and steel mills based on the Mysteel collection channel level and data level. Mysteel also collects transaction, buying, and selling price information from spot trading platforms and other market participants.</p> <p>2. The index team collects observable transactions, inquiries and quotations, and tradable prices, and listens to the opinions of market participants.</p> <p>3. In the case of abnormal submission, no transaction, inquiry, or offer, expert judgment will be used to formulate the index. This will include reference to observed changes in the relevant market, reference to similar transactions, observation of changes in spreads, etc. Only senior analysts with at least three years of industry experience or senior members of the index team can exercise expert judgment.</p> <p>4. Mysteel aims to provide a typical price evaluation for the market and accurately track daily price changes. Therefore, with sufficient submission information available, each final index is a weighted average of the number of standardized transaction samples. The index team will follow the procedures specified in the Mysteel data hierarchy and will give priority to samples with higher credibility.</p>	<p>For 11.1.c and 11.1.d, we observed that Mysteel clearly explains its policies of the exercise of expert judgment in designing its internal Methodology. We also obtained a copy of the Extreme Cases Management Policy and observed that the exercise of expert judgment would be consistent in extreme cases(including sudden changes in the environment or market, so that it is impossible to collect enough data for compiling the index, and it is impossible to find alternative input data at that time).</p> <p>For 11.1.e, we observed that in the correction part of the published Methodology, Mysteel clearly explains its procedures for dealing with error reports.</p> <p>For 11.1.g and 11.1.h, we observed that in the Methodology Management Policy, Mysteel clearly states its procedures for dealing with changes to the methodology, and potential limitations of the benchmark, including the consultation with its stakeholders, as appropriate.</p>

Principle 11 – Content of the Methodology

IOSCO Principle 11	Mysteel's Response	Deloitte's Assessment
<p>11.1.e The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable;</p> <p>11.1.f Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology;</p> <p>11.1.g The circumstances and procedures under which the Administrator will consult with Stakeholders, as appropriate; and</p> <p>11.1.h The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p>	<p>11.1.c: To improve the consistency of expert judgment. During periods of high market pressure, market disruption, low market liquidity, or abnormal submissions, Mysteel reserves the right to use expert judgment in the case of insufficient reports received, including reference to other market information, such as supply and demand fundamentals and Other factors affecting the price of coal. The detailed plan is described in the internal method of the Mysteel Coal and Coke Price Index. Only senior analysts with at least three years of industry experience or senior members of the index team can exercise expert judgment.</p> <p>11.1.d: In the case of high market pressure, interruption, or low market liquidity, the index analyst will follow the extreme event situation table in the Mysteel coal price index methodology to deal with.</p> <p>11.1.e: If an error is identified, whether caused by an incorrect submission or a calculation error, Mysteel will promptly issue a public notice to alert the market and modify the erroneous index value. This is in the "Mysteel Coal and Coke Price Index Methodology" the "Correction" section has detailed instructions, Mysteel disclosed and more detailed information is also provided in the complaint policy.</p>	<p>For 11.2, we observed that criteria for including and excluding the submitter and notice periods due to changes of criteria are included in the Submitters Review Process Policy.</p> <p>PIC</p> <p>For 11.1.b, we sampled some calculation samples of Mysteel and recalculated the samples according to the Methodology. We observed that the real result of the recalculation was consistent with the calculation result (expected value) of Mysteel.</p> <p>For 11.1.c, we reviewed that in the benchmark determination process, senior analysts in the Index Team supervised and reviewed the daily process of benchmark determination. Although Mysteel has established a complete audit process to ensure the accuracy of data input, including data submission, calculation and review before release, and there are corresponding professionals and auditors, there is no trace record for the review process, and the approval email and relevant data judged by experts are missing.</p>

Principle 11 – Content of the Methodology

IOSCO Principle 11	Mysteel's Response	Deloitte's Assessment
<p>11.2 Where a Benchmark is based on Submissions, the additional Principle also applies:</p> <p>The Administrator should establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.</p>	<p>11.1.f: If the Index Management Committee and stakeholders decide to stop issuing the Mysteel index, it should be notified at least three months in advance. When conditions are appropriate, Mysteel will also establish a Mysteel Index Advisory Group, which will meet at least once a year to provide a platform for Mysteel, Mysteel index users, and other stakeholders to improve and correct methodologies and indices. Through the guidance of external experts, Mysteel can use suggestions, opinions, and expertise to guide the development of index methodology to ensure that they reflect the coal and coke market truthfully.</p> <p>11.1.g: Changes to the Mysteel Index Methodology can be proposed by the committee, by users and stakeholders, or by any other interested party. Mysteel considers all proposals, and where it considers them to have merit, will in general consult regarding such changes with users and stakeholders. Where possible, a notice of changes will be announced in advance of their implementation.</p>	<p>For 11.1.f, we obtained the minutes of the IMC meeting and noted that the index group regularly reviewed its methodology. At the same time, IMC has discussed, revised, and reviewed its methodology.</p> <p>For 11.2, we obtained the submitters' list and observed that current submitters satisfy the criteria for being included in the submitter list. Due to the influence of national policy control and prohibition of coal import in 2021, many enterprises basically do not participate in coal trading. Therefore, Mysteel did not issue submitter agreements to the full 150 data submitters in 2021.</p>

Principle 11 – Content of the Methodology

IOSCO Principle 11	Mysteel's Response	Deloitte's Assessment
	<p>11.1.h: When proposing to terminate a Mysteel Index, Mysteel, as the index administrator, should first consider the possibility of solving the existing problems of the index, which may affect the normal update of the index, including the decline of market liquidity of the index target; the lack of some input data, such as the lack of curve points, etc.</p> <p>11.2: Mysteel established a hierarchy for submitters based on steel mills brands' market circulation, trading volume, and agent levels. Mysteel considers any issues arising from the locations of the submitter, based on the different jurisdiction requirements on Mysteel and makes it available to stakeholders.</p>	

Principle 12 – Changes to the Methodology

IOSCO Principle 12	Mysteel's Response	Deloitte's Assessment
<p>An Administrator should Publish or make available the rationale of any proposed material change in its methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes.</p> <p>Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply.</p>	<p><u>Context</u></p> <p>Mysteel publishes or provides reasons for major changes in the Methodology on the website and in the Index daily report to develop procedures for making such changes. Mysteel's procedures clearly define what constitutes a major change. Mysteel consults with index subscribers when changes are made, and notifies index subscribers to change methods and times that ensure the continuity and integrity of their benchmark decisions. When making changes, Mysteel defines the changes and when they will be applied. If Methodology changes are implemented, Mysteel has developed and will follow policies and procedures for the entire process and timely release of the relevant announcement after the change.</p> <p>Mysteel has developed stakeholder consultation procedures concerning changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the benchmark's use and the nature of the stakeholders.</p>	<p><u>PR</u></p> <p>We observed that Mysteel has systematic procedures for dealing with changes to the Methodology.</p> <p>For 12.a and 12.b, We have obtained a methodology management policy and found that Mysteel provides effective and efficient solutions to methodological changes, including early notification of stakeholders and clear schedules, and in-depth consideration of the views of their stakeholders.</p>

Principle 12 – Changes to the Methodology

IOSCO Principle 12	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should specify how changes to the Methodology will be scrutinized, by the oversight function.</p> <p>The Administrator should develop Stakeholder consultation procedures concerning changes to the Methodology that are deemed material by the oversight function, and that is appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:</p> <p>12.a Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyze and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances; and</p>	<p><u>Relevant Activities</u></p> <p>12.a: Mysteel created the methodology change management procedure, having regard to the assessment of the overall circumstances. For any Mysteel Index methodology change, Mysteel will provide one to three months' notice before the market before implementation. Mysteel provides advance notice and a clear time frame that provides stakeholders with sufficient opportunity to analyze and comment on the impact of such proposed material changes. Mysteel has provided a detailed explanation of the methodology change management procedure.</p> <p>12.b: Mysteel will summarize the comments received from users and stakeholders regarding the proposed change as well as their feedbacks. The Email address will be attached to the announcement to collect comments, and every comment will be answered. The deadline for publication was then posted on the website. Making sure there is no objection from any stakeholder by the end of the public announcement before it officially launched. (Where a commenter requested confidentiality, their comments and Mysteel's response will be removed from the public summary comments).</p>	<p><u>PIC</u></p> <p>We checked the External Methodology change of the Coal and Coke Price Index. The Methodology of the Coal and Coke Price Index has been changed seven times since it was published. Also, we checked the announcement on the change of methodology of the Coal and Coke Price Index and observed that in this statement, Mysteel clearly described the change of methodology and corresponding measures, and informed the market in advance before implementing the new methodology, and collected the market's feedback on the change of methodology.</p>

Principle 12 – Changes to the Methodology

IOSCO Principle 12	Mysteel's Response	Deloitte's Assessment
<p>12.b Provide for Stakeholders' summary comments, and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality.</p>		

Principle 13 – Transition

IOSCO Principle 13	Mysteel's Response	Deloitte's Assessment
<p>Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark.</p>	<p><u>Context</u></p> <p>Mysteel has developed clear cessation, transition policies, and procedures to address situations where the benchmark ceases or no longer represents its intended interests due to changes in market structure, product definitions, or other factors.</p> <p>These policies and procedures are proportionate to the estimated breadth and depth of contracts and financial instruments that reference a benchmark and the economic and financial stability impact that might result from the cessation of the benchmark. Mysteel considers the views of stakeholders and relevant regulatory authorities in determining what policies and procedures are appropriate for Mysteel's benchmark.</p>	<p><u>PR</u></p> <p>For Principle 13, we obtained copies of Index Transition and Cessation Policies and Procedures, and we observed that in its policies and procedures, Mysteel has clearly described:</p> <p>Mysteel, as a manager, will assess the potential impact of major changes or stop of the index on users and stakeholders, and arrange a survey feedback from users and stakeholders if circumstances permit and commensurate with the index;</p> <p>If it decides to stop publishing the Mysteel index, the index management committee should try its best to give users and stakeholders at least three months' notice. Mysteel shall publish the notice on its relevant website and shall try its best to notify the index users, providing detailed information about the nature and reasons of the change or stop, as well as the date of the change or stop of the index.</p>

Principle 13 – Transition

IOSCO Principle 13	Mysteel's Response	Deloitte's Assessment
<p>These written policies and procedures should be Published or Made Available to all Stakeholders.</p> <p>13.1 Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that:</p> <p>13.1.a Contracts or other financial instruments that reference a Benchmark, have robust fallback provisions in the event of material changes to, or cessation of, the referenced Benchmark; and</p> <p>13.1.b Stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark.</p>	<p><u>Relevant Activities</u></p> <p>13.1: Mysteel's cessation and transition policies and procedures are in place to ensure that subscribers and other stakeholders who have financial instruments that reference Mysteel indices can have robust fallback provisions in the event of material changes of the referenced benchmark.</p> <p>13.1.a: Mysteel's cessation and transition policies and procedures provide an effective and practical solution for the contract or other financial instruments that reference a benchmark when the benchmark changes significantly or ceases.</p> <p>13.1.b: When stakeholders are informed of the various factors that may require significant changes to the benchmark and the rights that they can propose to Mysteel for benchmark cessation and transition. These factors include external factors beyond Mysteel's control, including a decline in market liquidity of the index sample; a decrease in the number of sample collection channels; index sample monopoly (meaning all the index samples are held by a few major submitters); loss of sample data and so on.</p>	<p><u>PIC</u></p> <p>We checked the current situation of the Coal and Coke Price Index, IMC meeting minutes, and methodology within the scope of this assurance, and found that there was no benchmark suspension caused by market structure change, product definition change, or other factors. At the same time, the index transition and termination policies have been explained in the methodology and published to stakeholders through the Mysteel website.</p>

Principle 13 – Transition

IOSCO Principle 13	Mysteel's Response	Deloitte's Assessment
<p>13.2 Administrators' written policies and procedures to address the possibility of Benchmark cessation could include the following factors if determined to be reasonable and appropriate by the Administrator:</p> <p>13.2.a Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g., credit quality, maturities, and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation;</p>	<p>13.2: Mysteel has developed written policies and procedures that are considered reasonable and appropriate to address the possibility of benchmark cessation under the following circumstances.</p> <p>13.2.a: Mysteel has developed guidelines for selecting reliable, alternative benchmarks. According to Mysteel's Index Compilation Principles, samples that are representative, transparent, authentic, and good liquidity will be selected. The new benchmark will be designed to meet the stakeholder's asset/liability needs. It will be invested with transparent transaction data available.</p>	

Principle 13 – Transition

IOSCO Principle 13	Mysteel's Response	Deloitte's Assessment
<p>13.2.b The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark;</p> <p>13.2.c The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified;</p> <p>13.2.d In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary; and</p>	<p>13.2.b: Mysteel developed the cessation and transition policies and procedures to guarantee the practicality of parallel benchmarks. In the case of cessation and transition, when the stakeholders want to transition to an alternative index, a period of 6 months will be allowed for an orderly transition to the new index.</p> <p>13.2.c: If a suitable alternative is not found, Mysteel will follow the cessation and transition policies and procedures. Mysteel will consult with the stakeholders and issue a minimum of 6 months of cessation notice to the stakeholders on the websites and in the daily report.</p> <p>13.2.d: Mysteel Index Cessation and Transition Policy have defined a period of three to six months in which time the benchmark will continue to be produced in order to allow time for existing contracts to migrate to an alternative benchmark when the benchmark or tenor of the benchmark is to be completely terminated.</p>	

Principle 13 – Transition

IOSCO Principle 13	Mysteel's Response	Deloitte's Assessment
<p>13.2.e The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders.</p>	<p>13.2.e: When selecting alternative benchmarks, Mysteel will fully adopt recommendations from market participants and stakeholders. The stakeholders and relevant authorities will receive adequate notices including the timeframe for Mysteel starting a new benchmark.</p>	

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>Where a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>The Administrator should develop guidelines for Submitters ('Submitter Code of Conduct'), which should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders.</p>	<p><u>Context</u></p> <p>To ensure compliance with the IOSCO Principles, Mysteel developed guidelines for submitters (a 'Submitter Code of Conduct'), which is available to stakeholders and any relevant regulatory authorities.</p> <p>Mysteel considers any party that provides information in connection with the determination of the Indices to be data submitters of Mysteel Indices, and therefore subject to the requirements set out in the Code of Conduct. Such information may include but is not limited to prices, estimates, values, and rates relating to the coal and coke market.</p> <p>The submitter providing data to the Mysteel Indices should observe the requirements set out in this Code of Conduct, to ensure the integrity and quality of the data submitted to Mysteel.</p> <p>All submitters should be aware that the identity of the Mysteel submitters will be disclosed to the regulator if there is a regulatory need. As the Administrator, Mysteel is responsible for monitoring the submitters' adherence to the Submitter Code of Conduct.</p>	<p><u>PR</u></p> <p>We observed that in the Submitter Code of Conduct, Mysteel clearly describes its requirements for submitters, including:</p> <ul style="list-style-type: none"> • Submitter Data Input Procedures; • Submitter Governance Policy; • Conflicts of Interest Arrangements; • Systems and Controls Arrangements; • Benchmark Manipulation Detection Arrangements; • Record-Keeping Management; and • Cooperation with Mysteel and Regulators.

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should only use inputs or Submissions from entities that adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred.</p> <p>The Administrator's oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p>	<p>Industry participants that submit data used in the calculation of the Mysteel Indices should confirm their agreement with the code. This may be done through email or agreement form included as an appendix to the code. Mysteel records every instance that a submitter is sent the code, and every response received from a submitter, in line with the Record Keeping Policy. Mysteel requests that submitters reconfirm the agreement with the code annually. All the documents have been saved in the MSDEX secure inbox or network disk.</p> <p>Where industry participants do not confirm agreement with the code, Mysteel should consider the risks inherent in including that Submitter's data in the determination of the indices, and where possible or where the risk of inclusion is deemed high, exclude that submitter's data.</p> <p>Mysteel will send the explanation of IOSCO Principles, the purpose of the Submitter Code of Conduct, training policy, and Submitter Code of Conduct to the submitter at the same time.</p> <p>According to the Mysteel Submitter Review Process, Mysteel reviews the industry participants' suitability and reliability on an ongoing basis, to ensure the quality and integrity of their submissions, and provides a mechanism for including and excluding submitters to execute the oversight function.</p>	<p>For 14.a, we have reviewed the Submitter Code of Conduct published by Mysteel, and in the 'Submitter Data Entry Procedure' section, it is explicitly required that the submitter should provide all relevant data to Mysteel on each trading day following the relevant submission agreement. The submitter shall submit details of each relevant transaction, inquiry, or offer. The submitter shall not make an expert judgment or any price estimate. Mysteel prefers to receive data through phone calls and WeChat. When there is a problem transferring information through this method, the submitter can submit data through other methods, such as by email or text message.</p> <p>For 14.b, we have reviewed the Submitter Code of Conduct published by Mysteel. In the chapter of 'Submitter Governance Strategy', it is explicitly required that the submitter should inform Mysteel of the name, role, responsibility, and contact information of the submitter.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>The Submitter Code of Conduct should address:</p> <p>14.a The selection of inputs;</p> <p>14.b Who may submit data and information to the Administrator;</p> <p>14.c Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who reports (s) data or the information and the authorization of such person(s) to report market data on behalf of a Submitter;</p> <p>14.d Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter;</p> <p>14.e Policies to discourage the interim withdrawal of Submitters from surveys or Panels;</p>	<p><u>Relevant Activities</u></p> <p>14.a: Mysteel adheres to the data hierarchy and submitters channel hierarchy when selecting input data. The submitter should provide Mysteel with all the relevant data created on each trading day following the relevant submissions agreements. The submitter should submit the details of every relevant transaction, bid, or offer. The submitter should not exercise Expert Judgement or undertake any estimations of prices. Mysteel prefers to receive submissions of data to the index via secured electronic transmission channels. Submitters experiencing issues transferring information through this method may submit the data through alternative methods such as the telephone. Refer to Mysteel Data Hierarchy and Expert Judgement Guidelines.</p> <p>14.b: Mysteel mainly collects transaction, inquiry and offer information submitted by major coal mines, coking plants, large traders and steel plants in designated areas. To ensure the integrity, transparency, and timeliness of data, Mysteel will classify the data according to its importance. According to the content of the sample and the level of the index, it can be divided into three levels. Details are as follows:</p>	<p>For 14.c, we have reviewed the Submitter Code of Conduct published by Mysteel. In the section of 'Benchmark Operation Test Arrangement', it is required that the submitter should make appropriate monitoring to detect and evaluate suspicious data input; the submitter must report to Mysteel any suspicious behaviour that attempts to operate or has successfully manipulated any Mysteel Index; the submitter should establish a reporting mechanism when there is potential manipulation of the data submitted to calculate the Mysteel Index or any other exception occurs during the submission process, it is allowed to report to the corresponding senior staff anonymously, or report to relevant external regulators as appropriate.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>14.f Policies to encourage Submitters to submit all relevant data; and</p> <p>14.g The Submitters' internal systems and controls, which should include:</p> <p>i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies;</p> <p>ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate;</p> <p>iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements;</p> <p>iv. Record-keeping policies;</p>	<p>Hierarchy 1: major large mines, coking plants, state-owned enterprises, large iron and steel production enterprises, large trading enterprises.</p> <p>Hierarchy 2: small and medium-sized coal mines, coking plants, steel plants, and traders with high contact level, and the contact level is the purchasing director of steel plants, the general manager, or sales director of trading enterprises.</p> <p>Hierarchy 3: other small and medium-sized coal mines, coking plants, steel plants and traders, contact level for the general director or salesman.</p> <p>14.c: Mysteel has internal oversight and audit policies and procedures to control the quality of submitters. These include submitters' governance policy, conflicts of interest arrangements, systems, and controls arrangements, and benchmark manipulation detection arrangements.</p> <p>14.d: The submitter should put in place internal governance policies to ensure employees hold the appropriate expertise and competency within the submitter to submit data and are also appropriately trained.</p>	<p>For 14.d, we reviewed the Submitter Code of Conduct published by Mysteel. In the chapter 'Submitter Governance Strategy', it is required that the submitter should develop internal governance policies to ensure the employees who are responsible for submitting data are properly trained and have the necessary professional knowledge and ability.</p> <p>For 14.e, we reviewed the Submitter Code of Conduct published by Mysteel. In the section of 'Submitter Data Input Procedure', it is required that the submitter should always adhere to the submission. There are corresponding procedures to ensure the continuity of submission, and the submission will not be temporarily stopped.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs;</p> <p>vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime);</p> <p>vii. Suspicious Submission reporting;</p> <p>viii. Roles and responsibilities of key personnel and accountability lines;</p> <p>ix. Internal sign off procedures by management for submitting inputs;</p> <p>x. Whistleblowing policies (in line with Principle 4); and</p>	<p>The employees involved in the data submission are made aware of this Code of Conduct and have received appropriate training to understand both the code and best market practice. This should be extended to all employees relevant to the data submission to Mysteel.</p> <p>Adequate monitoring, audit, disciplinary, and complaint management policies and arrangements are in place. See principle 3.1 of the Submitter Code of Conduct.</p> <p>14. e: Mysteel discourages the interim withdrawal from surveys or panels used to collect submitters' data. To mitigate the risk of the interim withdrawal, Mysteel has a temporary exclusion and permanent exclusion of existing submitters' policy. Where a submitter causes concern regarding the submitter data quality or consistency, Mysteel will consider whether it is appropriate to temporarily exclude index submissions from the relevant party until an investigation is complete and finalized.</p> <p>14.f: Mysteel endeavors to collect as much data as possible, including trading volume, offers, deal price, asking price, offer price, and chemical specifications of samples. Mysteel confirms and analyzes submissions statistically, and encourages all market participants to become submitters to the Mysteel Indices, as more extensive data will ensure an index that reflects the market it serves to measure.</p>	<p>For 14.f, we reviewed the Submitter Code of Conduct published by Mysteel, and in the 'Submitter Data Entry Procedure' section, Mysteel encouraged the submitter to provide all relevant data in its best efforts generated on each trading day to Mysteel following the submission agreement.</p> <p>For 14.g, we reviewed the agreement for the submitter to submit the coal and coke price, and it requires the submitter to establish internal control procedures.</p> <p>1. In the section 'Submission Criteria' in the Submitter Code of Conduct, the submitter should provide Mysteel with all the relevant data created on each trading day following the relevant submissions agreement promptly and to a high standard.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>xi. Conflicts of interest procedures and policies, including prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or otherwise influence data inputs.</p>	<p>14.g: The submitter who provides data to the Mysteel Indices should observe the requirements set out in the Code of Conduct, to ensure the integrity and quality of the data submitted to Mysteel. Mysteel issued the Mysteel Submitter Code of Conduct, a presentation on IOSCO Principles, and a Data Submission Agreement to all of the submitters. The submitter is requested to review, sign and return to Mysteel. For the submitter that does not respond in ten business days, Mysteel will issue a second email with the same documents. In this email, it is advised that if the submitter continues to provide data to Mysteel then it will default they have accepted the terms and conditions and are conforming to the policies presented in the Submitter Code of Conduct.</p> <p>i. To collect quality data, Mysteel has a submission guideline for submitters:</p> <ol style="list-style-type: none"> 1. The submitter should provide Mysteel with all the relevant data created on each trading day following the relevant submissions agreement promptly and to a high standard. 2. The submitter should submit the details of every relevant transaction, bid, or offer. The submitter should not apply any expert judgment or undertake estimations of prices. 	<ol style="list-style-type: none"> 2. In the section 'Submission Criteria' in the Submitter Code of Conduct, the submitter should submit the details of every relevant transaction, bid, or offer. The submitter should not apply any expert judgment or undertake estimations of prices. 3. In section 'Submission Criteria' in the Submitter Code of Conduct, Mysteel prefers to receive submissions of data into the index via secured electronic transmission channels. Submitters experiencing issues transferring information through this method may submit the data through alternative methods such as via Wechat, telephone, etc. 4. In section 'Submission Criteria' in the Submitter Code of Conduct, if a submitter encounters any problems with submitting data, they can contact the Mysteel Index by phone number 0086 (21) 26093238 or email address: miodex@Mysteel.com

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
<p>(whether or not to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or any of its affiliates or any of their respective clients or customers.</p>	<p>3. Mysteel prefers to receive data via secured electronic transmission channels. Submitters experiencing issues transferring information through this method may submit the data through alternative methods such as the telephone.</p> <p>4. If a submitter encounters any problem with data submitting, they can contact the secured Mysteel Index email address: msrdex@mysteel.com</p> <p>5. If the submitter expects to suspend or terminate the provision of data for index calculation in part or a whole, he shall notify Mysteel at least 30 days in advance of the above-mentioned actions as far as possible.</p> <p>6. Mysteel expects submitters to be consistent and to have appropriate procedures to ensure continuity of submissions, and therefore not to cease submissions temporarily. See part two of the Mysteel Submitter Code of Conduct and the Data Collection Section of the Methodology.</p>	<p>5. In section 'Submission Criteria' in the Submitter Code of Conduct, submitters who foresee that they will in part or in whole suspend or terminate contributions to the calculation of the indices, should where possible notify Mysteel at least thirty days before that action takes place.</p> <p>6. In section 'Submission Criteria' in the Submitter Code of Conduct, Mysteel expects submitters to be consistent and to have appropriate procedures to ensure continuity of submissions, and therefore not to cease submissions temporarily.</p> <p>ii. In the section 'Benchmark Operation Test Arrangement' in the Submitter Code of Conduct, the submitter should put in place appropriate monitoring and surveillance arrangements to detect and evaluate suspicious data inputs. This includes monitoring of transactions and estimates, to ensure the bonafide nature of such inputs.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
	<p>ii. The submitter shall establish appropriate monitoring and monitoring arrangements to detect and evaluate suspicious data inputs. This includes monitoring transactions and estimates to ensure the true nature of such inputs. For internal trading, these indices cannot be traded directly in the coal and coke spot market. They are reference indices for pricing. As a result, there are no internal transactions.</p> <p>iii. Mysteel does not want the submitter to exercise any expert judgment or price estimates. If it is unavoidable and necessary for the submitter to use expert judgment, the submitter shall record the index submission method, including clarifying the qualified data input criteria and the use of expert judgment.</p> <p>iv. The submitter shall keep an original record of all submissions for at least five years. For more details, see the Mysteel contributor code of conduct that has been published to all of Mysteel's contributors.</p>	<p>iii. In section 'Record Management ' in the Submitter Code of Conduct, Mysteel does not wish the submitter to exercise any expert judgment or to undertake estimations of prices. If it is unavoidable that submitters must utilize expert judgment, the submitter should document the indices submission methodology, including articulating eligible data input criteria and the use of expert judgment.</p> <p>iv. In section 'Record Management ' in the Submitter Code of Conduct, the submitter shall keep the audit trail of all submissions in hard copy and electronic records, and the audit trail shall be kept for at least five years</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
	<p>v. To ensure the smooth operation and the accuracy of the Mysteel Coal and Coke Price Indices, Mysteel asks submitters to conduct pre-Submission validation of inputs and establish procedures for reviews by a senior employee to check inputs and ensure they are correct, every wrong input would be recorded in the file.</p> <p>vi. The employees in the submitter shall have appropriate professional knowledge and ability and receive corresponding training. Employees who participate in the submission of data are aware of this code of conduct and have received appropriate training to understand the code of conduct and market conditions. If relevant, this requirement should be extended to all employees.</p> <p>vii. The submitter shall establish appropriate monitoring and monitoring arrangements to detect and evaluate suspicious data inputs. This includes monitoring transactions and estimates to ensure the true nature of such inputs.</p> <p>viii. Accountability mechanisms such as a complaints process, documentation requirements, and audit reviews.</p>	<p>v. In section 'Benchmark Operation Test Arrangement' in the Submitter Code of Conduct, to ensure the smooth operation and the accuracy of the Mysteel Coal and Coke Price Indices, appropriate monitoring, and surveillance arrangements should be established by the submitters to detect and evaluate suspicious data entry. This includes monitoring transactions and valuations to ensure the true nature of such inputs.</p> <p>vi. In the section 'The Submitter Management Strategy' in the Submitter Code of Conduct, Employees hold the appropriate expertise and competency within the submitter to submit data and are appropriately trained. The employees involved in the submission of data are made aware of this Code of Conduct and have received appropriate training to understand both the Code of Conduct and the best market practice. This should be extended to all employees if relevant.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
	<p>ix. The submitter should inform Mysteel of the names, roles, responsibilities, and contact details of the senior officer responsible for the submitter's data submission process, and of any officer authorized to sign off and send the submitter's submission. For more detail refer to the Mysteel Submitter Code of Conduct which has been issued to all submitters to Mysteel.</p> <p>x. The submitter should establish a whistleblowing mechanism that allows the anonymous reporting of potential manipulation of data submitted for the calculation of the Mysteel Indices, or any other irregularity arising from the submission process, to an appropriate senior employee and where appropriate, externally to relevant regulatory authorities. For more detail refer to the Mysteel Submitter Code of Conduct which has been issued to all submitters to Mysteel.</p>	<p>vii. In the section of 'Benchmark Operation Test Arrangement' in the Submitter Code of Conduct, the submitter should put in place appropriate monitoring and surveillance arrangements to detect and evaluate suspicious data inputs. This includes monitoring of transactions and estimates, to ensure the true nature of such inputs.</p> <p>viii. In the section 'The Submitter Management Strategy' in the Submitter Code of Conduct, accountability mechanisms such as a complaints process, documentation requirements, and audit reviews.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
	<p>xi. The submitter shall make effective arrangements to manage any conflicts of interest that may arise during the submission process. Examples of arrangements that may give rise to conflicts of interest include:</p> <ul style="list-style-type: none"> - Lack of physical separation between employees involved in the submitting process and the trading desk; - Remuneration policies that might directly or indirectly incentivize employees to influence or manipulate submissions; - Segregation of duties may lead to employees inappropriately influencing the data submitted. - Employees dealing/participating in the markets from which data is submitted to Mysteel. <p>For more detail refer to the Mysteel Submitter Code of Conduct which has been issued to all submitters to Mysteel.</p>	<p>ix. In section 'The Submitter Management Strategy' in the Submitter Code of Conduct, the submitter should inform Mysteel of the names, roles, responsibilities, and contact details of the senior officer responsible for the submitter's data submission process, and of any officer authorized to sign off and send the submitter's submission. For more detail refer to the Mysteel Submitter Code of Conduct which has been issued to all submitters to Mysteel.</p> <p>x. In section 'Benchmark Operation Test Arrangement' in the Submitter Code of Conduct, the submitter should establish whistleblowing arrangements that allow the anonymous reporting of potential manipulation of data submitted for the calculation of the Mysteel Indices, or any other irregularity arising from the submission process, to an appropriate senior employee and where appropriate, externally to relevant regulatory authorities.</p>

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
		<p>xi. In section 'Conflict of Interest Arrangements ' in the Submitter Code of Conduct, the submitter should put in place effective arrangements to manage any conflicts of interest that may arise from the submission process. Examples of arrangements that may give rise to conflicts of interest include:</p> <ul style="list-style-type: none"> • Lack of physical separation between employees involved in the submitting process and the trading desk; • Remuneration policies which might directly or indirectly incentivize employees to influence or manipulate submissions; • Segregation of duties which may lead to employees inappropriately influencing the data submitted; • Employees dealing/participating in the markets from which data is submitted to Mysteel.

Principle 14 – Submitter Code of Conduct

IOSCO Principle 14	Mysteel's Response	Deloitte's Assessment
		<p><u>PIC</u></p> <p>We observed that in the daily process of benchmark determination, the Index Team conducts the validation of submissions via enterprise wechat, telephone and email. Senior analysts in the Index Team review the quality of submissions, which has been covered in Principle 15. If they find some abnormal data, they will consult with other sources and decide whether to remove these submissions.</p> <p>We obtained copies of Agreements between Mysteel and its submitters and observed that to ensure the quality of submissions, Mysteel has already sent the Submitter Code of Conduct to its submitters and observed that its submitters agreed to accept and perform requirements that set up by Mysteel. However, due to the influence of national policy control and prohibition of coal import in 2021, some original enterprises basically no longer participate in coal trading, so the data submitter agreement was not issued to such enterprises.</p>

Principle 15 – Internal Controls over Data Collection

IOSCO Principle 15	Mysteel's Response	Deloitte's Assessment
<p>When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data, and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p>	<p><u>Context</u></p> <p>Mysteel strictly controls the submissions from external sources and the data collection process, and only considers transactions, offers, and bids that follow standard contract terms. Mysteel collects the submitted trade price, and also any significant additional information, including payment, logistics, and eventual delivery timing of the product. For internal control, all index analysts involved in data collection will be provided extensive training. The daily process of collecting and documenting submissions that contribute to the index is reviewed and approved by a senior analyst to protect data integrity and confidentiality.</p>	<p><u>PR</u></p> <p>We observed that in the Submitter Code of Conduct, Mysteel clearly describes its requirements for the collection of data from any external sources.</p> <p><u>PIC</u></p> <p>We obtained a sample of data collected from external sources and observed that it complies with data requirements set up in the internal Methodology. We observed that to protect the integrity and confidentiality of the data, senior analysts in the Index Team review these data from external sources in the daily process of benchmark determination.</p>

Principle 15 – Internal Controls over Data Collection

IOSCO Principle 15	Mysteel's Response	Deloitte's Assessment
	<p>The Mysteel Coal and Coke Price Index team collects and collects transaction, offer, and inquiry data of index sample companies daily as required. These data include transaction time, sellers, buyers, indicators, quantities, delivery locations, and transaction prices. Transaction weight and other information, Mysteel will screen these data, select the transaction data that meet the requirements of the methodology, and incorporate it into the index calculation, and all processes will be tracked and saved. Also, Mysteel will verify and judge the data to alleviate the impact of abnormal transactions on the index, and all records will be saved. The Mysteel Coal and Coke Price Index team is committed to collecting data from all participants that can reflect market conditions.</p>	<p>According to the method of systematic sampling, we take the data of 84 days in 2021 for recalculation. We found that the senior analysts of the index team reviewed both the data collected from external sources and the data from internal sources.</p>

Principle 16 – Complaints Procedures

IOSCO Principle 16	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is a representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p> <p>The complaints procedures policy should:</p> <p>16.a Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process;</p>	<p><u>Relevant Activities</u></p> <p>16.a: Mysteel has established a 'Complaints' section on both the English and Chinese websites that is easy to use and accessible to all without needing to log on to the website. The complaints section provides an email address and a physical address for complaints to be made in writing. The Mysteel complaints policy is also freely available to download. Below is the text from the English website, the Chinese website has a direct translation.</p> <p>Mysteel Indices Complaints Policy Mysteel strives to provide high-quality indices to the market. We are committed to transparency, collection of high-quality data, and following our robust methodologies and procedures.</p> <p>If market participants would like to provide feedback, report an error or complaint please use the below email address. The Mysteel complaints policy is also available to download here.</p> <p>All complaints must be made in writing.</p> <p>Email: complaints@mysteel.com</p> <p>Address: 7th Floor (A65), Shanghai Ganglian E-Commerce Holdings Co., Ltd, 68 Yuanfeng Road, Baoshan District, Shanghai, 200444, P.R. China.</p>	<p>We observed that Mysteel has policies for dealing with complaints and disputes, which are made available to its stakeholders.</p> <p><u>PR</u></p> <p>For 16.a, we observed that Mysteel has set up a web link called 'complaint and supervision' on English and Chinese websites. The 'complaint and supervision' link provides an email address, which allows users to submit complaints.</p> <p>For 16.b, we obtained a complaint policy and observed that Mysteel clearly explained its procedures for handling complaints. The policy includes the procedures for receiving and investigating complaints about the index decision-making process in a timely and fair manner, isolating any person who may or may be involved in the complaints, and providing opinions on the investigation results to the complainants and other relevant persons within a reasonable period and keeping all records of the complaints.</p>

Principle 16 – Complaints Procedures

IOSCO Principle 16	Mysteel's Response	Deloitte's Assessment
<p>16.b Contain procedures for receiving and investigating a complaint made about the Administrator's Benchmark determination process on a timely and fair basis by personnel who are independent of any person who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints;</p> <p>16.c Contain a process for escalating complaints, as appropriate, to the Administrator's governance body; and</p>	<p>16.b: In the Mysteel Complaints policy there is a section titled Complaint Process and Complaint Handling which details the procedure for receiving and investigating a complaint made about the Mysteel Benchmark determination process. The complaint will be investigated on a timely and fair basis by personnel who are independent of any person who may be or may have been involved in the subject of the complaint. The independent person will advise the complainant and other relevant parties of the outcome of its investigation within a period stated in the policy and retain all records concerning complaints for a minimum of five years. If there is a change in the Indices because of the complaint this will be published on the English and Chinese websites as a 'Subscriber Note' (mysteel.net and mysteel.com). Mysteel has already established a compliance department and has recruited a compliance Manager who performs his duties as an independent employee unrelated to the benchmark determination team.</p> <p>16.c: In the Mysteel Complaints policy there is a section titled Compliant Process and Compliant Handling which details how a complaint can be escalated, as appropriate, to the administration's governance body (the Index Management Committee).</p>	<p>For 16.c, we obtained a complaint policy and observed that Mysteel clearly explained its procedures for handling complaints in this policy. The policy includes procedures to escalate complaints to management's governing body.</p> <p>For 16.d, we obtained a complaint policy and observed that Mysteel explicitly requires that all documents related to the complaint, including the documents submitted by the complainant and the records of the manager, be kept for at least five years.</p> <p>For 16.e, we obtained a complaint handling process and observed that Mysteel has stated the dispute procedures (informal complaints) of index decision-making in this policy, and the manager refers to their appropriate standard procedures for resolution.</p> <p><u>PIC</u></p> <p>For 16.a, we observed that on https://www.mysteel.com/feedback/index.html, Mysteel provides a specific e-mail address for complaints.</p>

Principle 16 – Complaints Procedures

IOSCO Principle 16	Mysteel's Response	Deloitte's Assessment
<p>16.d Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator's record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements.</p> <p>16.e Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology.</p>	<p>16.d: Following IOSCO's compliance, Mysteel will retain all documents related to the complaint, including the documents submitted by the complainant and Mysteel's records, for at least five years, subject to applicable national laws or regulatory requirements. In the Index Team shared cloud disk, there is an area named complaints and suggestions, where all documents related to complaints will be kept.</p> <p>16.e: If Mysteel receives disputes that are related to benchmarking determination, which is not formal complaints. Mysteel will refer the dispute to the Index Management Committee to be addressed regarding the Mysteel Complaints procedure. If after investigation the complaint results in a change in a Benchmark determination, Mysteel will publish a 'Subscriber Note' as soon as possible to the English and Chinese websites and the English and Chinese daily MIODEX report. Both subscribers and stakeholders will be able to access and search for the note on the website for a minimum of five years.</p>	<p>For 16.b, we obtained a complaints register and observed that all documents relating to complaints are stored in this complaints register, and an independent person who may be or may have been involved in the subject to the complaints is in charge of dealing with these complaints and queries. No complaints have been received so far.</p> <p>For 16.c, We have reviewed the policy on an escalation of complaints. The compliance manager of Mysteel is the person who manages the complaints. Through interview and email, we confirmed to the compliance manager of Mysteel. At the same time, we observed the complaint mailbox of Mysteel on site and found that there were no complaints in 2021.</p>

Principle 16 – Complaints Procedures

IOSCO Principle 16	Mysteel's Response	Deloitte's Assessment
		<p>For 16.d, Since the implementation of IOSCO compliance, started in January 2021, Mysteel coal and choke index has not received any complaint. In case of a complaint, Mysteel will save the complaint information in a secure cloud disk</p> <p>For 16.e, For disputes over benchmark decisions (not formal complaints), Mysteel records such disputes in the index questionnaire and refers the disputes to the index management committee by referring to the Mysteel complaint procedure. We have obtained the index inquiry table, and there is no record of index inquiry at present. In 2021, the coal and coke division did not receive any inquiry about the relevant price index.</p>

Principle 17 – Audits

IOSCO Principle 17	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles.</p> <p>The frequency of audits should be proportionate to the size and complexity of the Administrator's operations.</p>	<p><u>Context</u></p> <p>EXTERNAL AUDITS</p> <p>Mysteel appointed Deloitte as an external assurance provider in early 2018 to review management's compliance with its established standards and principles. Deloitte, as an assurance provider based on the IOSCO Benchmark Principle, has rich global experience in this field. The audit will be conducted by the external company on an annual basis which is proportionate to the size and complexity of the administrator's benchmark operations and the breadth and depth of benchmark use by stakeholders. The adoption of the annual audit model is also in line with the industry practice of other commodity price reporting agencies that follow the IOSCO Principles.</p> <p>The external assurance will be conducted at the end of each natural year. The self-assessment form will be sent to Mysteel to complete the assessment and release the assurance results. At the same time, the report and compliance statement will also be notified to stakeholders.</p>	<p><u>PR</u></p> <p>Mysteel has documented the internal and external periodical audit review, the corresponding frequency and timing in their audit policy.</p> <p>The newly hired Compliance Manager will work with the internal audit department to conduct the internal audit each year.</p> <p>As the compliance manager is located in Singapore and affected by the epidemic, Mysteel failed to conduct on-site internal audit this year, which affected the progress of internal audit report. The internal audit report of Mysteel was completed in November 2021 and discussed at the IMC meeting in 2021. The index team also gives feedback on the audit findings in the internal audit results, and the IMC also tracks the implementation of the remedial measures proposed in the audit results. In the future, Mysteel will complete the annual internal audit in strict accordance with the internal audit requirements.</p>

Principle 17 – Audits

IOSCO Principle 17	Mysteel's Response	Deloitte's Assessment
<p>The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles.</p> <p>The frequency of audits should be proportionate to the size and complexity of the Administrator's operations.</p>	<p><u>Context</u></p> <p>Mysteel will conduct an internal audit once a year. The scope of the audit only includes the relevant varieties with compliance certification. The manager of the internal audit department of Shanghai headquarters will be responsible for it and will report directly to the CEO of Mysteel. By reporting to the CEO, this structure ensures that the manager of the internal audit department is completely separated from the index business and is not affected. The manager of the internal audit department also has his own office, allowing the "separation wall" to ensure that they do not have access to information that may affect them, and that they can conduct private investigations and audits in a confidential manner.</p>	

Principle 17 – Audits

IOSCO Principle 17	Mysteel's Response	Deloitte's Assessment
<p>Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p>	<p>INTERNAL AUDITS</p> <p>Mysteel will conduct an internal audit once a year, and the scope of the audit will only include relevant varieties that have obtained compliance certification.</p> <p>Mysteel's compliance manager is based in Shanghai and will report directly to the CEO of Mysteel. By reporting to the CEO, this structure ensures that the compliance manager is completely separated from the index business and is not affected. Within the Mysteel Shanghai office, the compliance manager also has his own office, allowing the "Separation Wall" to ensure that they will not have access to information that may affect them and that they can confidentially conduct private investigations and audits.</p>	<p><u>PIC</u></p> <p>We have obtained the internal audit policy of Mysteel, which clearly states that the internal audit manager of Mysteel will be responsible for the internal audit of various indexes and report directly to the CEO to ensure its independence.</p> <p>We observed that the implementation of IOSCO compliance related to the coal and coke price index began in January 2021. In mid-2021, the Mysteel internal audit manager conducted an independent internal audit on the Mysteel coal and coke price index ("mccdex") of the coal and coke division and issued an internal audit report. The internal audit manager independently reviewed the internal control structure used to manage mccdex and determined that it was in line with the financial benchmark principles ("principles") issued by IOSCO.</p>

Principle 17 – Audits

IOSCO Principle 17	Mysteel's Response	Deloitte's Assessment
<p>Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.</p>	<p>The main responsibilities of the compliance manager and IOSCO audit are as follows:</p> <ul style="list-style-type: none"> • Assist and maintain IOSCO's documentation and process specifications • Lead internal departments to execute processes, implement policies, and IOSCO compliance. • Regular internal audits of IOSCO compliance, working with the index business unit to continuously improve systems and processes, advance automation and reporting • Manage relationships between regulators and auditors, keep abreast of the latest situation, and advise on business regulatory changes • Lead development and implementation of business continuity testing, disaster recovery plans, and establishment and maintenance of risk registers • Lead formal complaint investigations and manage complaint mailboxes • Provide compliance training across the enterprise • Provide advice to the Mysteel management team on major compliance issues related to Mysteel and identify the resources needed for Mysteel to develop and maintain an effective compliance program <p>Mysteel also has an independent audit department to assist compliance managers in conducting audits.</p>	

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
<p>18.1 Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <p>18.1.a All market data, Submissions, and any other data and information sources relied upon for Benchmark determination;</p> <p>18.1.b The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination;</p> <p>18.1.c Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption;</p> <p>18.1.d The identity of each person involved in producing a Benchmark determination; and</p>	<p><u>Relevant Activities</u></p> <p>18.1.a: All Market data, submissions, and any other source information relied upon for Benchmark determination are stored on the secure cloud drive set up specifically for the Index Team. All submissions submitted to Mysteel via email go to a secure inbox - miodex@mysteel.com and the emails will be kept for a minimum of 5 years. Any other information supplied to the Index Team by phone is recorded in a secure note-taking system. Any submissions submitted by WeChat will be recorded and the WeChat conversations will be downloaded and stored every month for record-keeping and audit purposes.</p> <p>18.1.b: The use of expert judgment is recorded in a special record file called the MCCDEX index work log every day for review. It is submitted to IMC at IMC regular meeting to evaluate and track the performance of the Index Team and can track the decision in the whole index calculation in the daily calculation table. The index log records information about using statistical analysis to delete any data exceptions and excluding data if the correct delivery time is exceeded. The whole process and every decision can be repeated.</p>	<p><u>PR</u></p> <p>For 18.1, we obtained a copy of policies for Record Keeping and Audit Trail, and observed that Mysteel clearly states its requirements on audit trails of the below items: in its chapter 'Data Submission Process', Mysteel explicitly requires to keep records of all market data, submissions and any other data and information sources used for index determination for at least five years; in its chapter 'Data Filtering, Data Normalization and Use of Expert Judgment', Mysteel explicitly requires to keep applications of expert judgment for at least five years; in its chapter 'Records and Audit'; in its chapter 'Scope of the Records and Audit Traceability Framework', Mysteel explicitly requires the preservation of any changes or departures from standard procedures and methodologies, including information on any other changes made under market pressure or during interruptions, for at least five years;</p>

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
<p>18.1.e Any queries and responses relating to data inputs.</p> <p>If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.</p>	<p>18.1.c: As stated in the Mysteel Managing Extreme Events policy. In a situation where there is market stress or market disruption, the Mysteel policy: Mysteel Managing Extreme Events Template must be used. The template defines the documenting and recording of the event throughout the process, including the issue, the solution proposed and date and time in which each decision was made and the names of persons responsible for the decision should be recorded. This procedure will be followed and all details will be recorded in the template. The internal Methodology details the process the Index Team will follow in calculating the index in times of market stress or disruption or whether it is necessary to republish the previous day's index. All times of incidents/actions, people involved and decisions will be recorded throughout.</p> <p>18.1.d: The identity of the person involved in producing the benchmark, as well as the senior analyst that checks and approves the index determination is recorded daily in the MCCDEX index log.</p>	<p>in its chapter ' Scope of the Records and Audit Traceability Framework ', Mysteel explicitly requires the preservation of everyone involved in benchmarking decisions; in its chapter ' Scope of the Records and Audit Traceability Framework ', Mysteel explicitly requires that any queries and responses related to the input data be kept for at least five years.</p>

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
<p>18.2 When a Benchmark is based on Submissions, the following additional Principle also applies: Submitters should retain records for five years subject to applicable national legal or regulatory requirements on:</p> <p>18.2.a The procedures and Methodologies governing the Submission of inputs;</p> <p>18.2.b The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator;</p> <p>18.2.c Names and roles of individuals responsible for Submission and Submission oversight;</p>	<p>18.1.e: All queries and responses related to data inputs or any other query related to the Index are recorded in the 'MCCDEX Performance Stats' which is stored on the shared drive for a minimum of 5 years. Each of the queries is given a unique ID so that Mysteel can track the query and the response, ensuring it was resolved clearly and transparently.</p> <p>18.2.a: The Submitter Code of Conduct, Data Submitter Agreement, training presentation are all applicable to the input submitted to Mysteel. All documentation is stored on the secure cloud drive for a minimum of 5 years. All communication with submitters related to the procedures and Submitter Code of Conduct is stored in the private email inbox: miodex@mysteel.com.</p>	<p>For 18.2.a, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of the procedures and methodology for managing the submission of input data for at least five years.</p> <p>For 18.2.b, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of the identity of the person who submitted or integrated data to the manager for at least five years.</p> <p>For 18.2.c, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of the names and roles of the personnel responsible for submission and submission supervision for at least five years.</p>

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
<p>18.2.d Relevant communications between submitting parties;</p> <p>18.2.e Any interaction with the Administrator;</p> <p>18.2.f Any queries received regarding data or information provided to the Administrator;</p> <p>18.2.g Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments;</p> <p>18.2.h Exposures of individual traders/desks to Benchmark related instruments to facilitate audits and investigations; and</p>	<p>18.2.b: The meeting record system, e-mail, WeChat, and daily calculation sheet all record the data submitted to Mysteel. All Mysteel landline calls in Shanghai are recorded so that they can be monitored for audit purposes. Mysteel is working with the IT department to improve the internal system of all communication methods to ensure accurate data recording and minimize manual operations. The internal methodology of Mysteel specifies in detail that no matter how the communication method is, the communication with the submitter must be recorded. Even if a contact has been attempted but the other party does not answer, the analyst must record the communication. The requirements are as follows:</p> <p>-The information from the e-mail is stored in the miindex@mysteel.com e-mail inbox. This is a secure inbox that only the index team can access.</p>	<p>For 18.2.d, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of relevant communication between the submitter for at least five years.</p> <p>For 18.2.e, we have obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly describes that the submitter shall keep any interaction records between the submitter and the manager for at least five years.</p> <p>For 18.2.f, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep the records of any queries received about the data or information provided to the manager for at least five years.</p>

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
<p>18.2.i Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.</p>	<p>-For WeChat conversations, Mysteel will archive these conversations monthly by downloading conversation history records and storing them on a secure shared storage hard drive.</p> <p>-Notes must include the following:</p> <ul style="list-style-type: none"> • The name, date, time, contact person, contact company, and phone details of the Mysteel analyst. The phone details include: • Any transaction, inquiry, or offer details heard; • Including varieties, brands, indicators, trading volume, and prices; • The contact's attitude towards the market; • What do the sources think about the market now; • What is the source's opinion on the price? As long as it is related to the transaction/trading product; • Whether the contact is willing to share any interesting things that happen in the market. 	<p>For 18.2.g, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of the statement of any conflict of interest and the overall disclosure of benchmark-related instruments for at least five years.</p> <p>For 18.2.h, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep the records of the traders/trading desks who contact the benchmark-related products for at least five years.</p> <p>For 18.2.i, we obtained the Submitter Code of Conduct. In its chapter 'Records Management', Mysteel clearly described that the submitter should keep records of the results of external and internal audits related to the remedial measures and implementation progress of benchmark submission for at least five years.</p>

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
	<p>18.2.c: Mysteel has a comprehensive list of all of the individuals that submit data and from which company. Mysteel Index Team meets face to face with the main submitters regularly, not only the person who submits data but also their manager/general manager of the coal and coke departments. Within Mysteel, the Senior Analysts are responsible for the daily monitoring of submitters, with oversight from the Head of Indices and the Internal Management Committee.</p> <p>18.2.d: Any communication between Mysteel and submitters is done using the miodex@mysteel.com email address - All emails will be archived annually and kept for 5 years on the secure shared drive.</p> <p>18.2.e: Any interaction with the administrator is done using the miodex@mysteel.com or SECRETARY_IMC@mysteel.com email addresses. All emails will be archived annually and kept for 5 years on the shared drive.</p> <p>18.2.f: All queries and responses related to data inputs or any other information provided to the administrator are recorded in the 'MCCDEX index diary' which is stored on the shared drive for a minimum of 5 years. Each of the queries is given a unique ID so that Mysteel can monitor the query, response, and resolution clearly and transparently.</p>	<p>PIC</p> <p>We observed that Mysteel has retained the index calculation data. Also, Mysteel retains information on changes or modifications to its standard procedures and methodology.</p> <p>We selected some calculation samples of Mysteel and tested them again. We observed that the real results obtained from recalculation are consistent with the results (expected value) of Mysteel.</p> <p>However, the written and electronic records of the following other information are still missing since 2021, and the storage of relevant information is incomplete, including:</p> <ul style="list-style-type: none"> (i) The application of expert judgment by benchmark managers in the process of benchmark decision-making; (II) Submitter's agreement distribution record retention; (III) review email before index release; (IV) relevant calculation table of new price quotation.

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
	<p>18.2.g: In the Mysteel principles for achieving compliant record-keeping audit trail, there is a section that requires the filer to declare any conflict of interest and summarize all exposures to benchmark-related financial instruments. Since the benchmark is based on the information submitted, it is necessary to communicate with the authors, who must keep a five-year record of conflict of interest. This includes registering and declaring any conflicts. If Mysteel has to investigate the author, Mysteel must record the details of the investigation on the index team's secure shared storage hard disk and store it for audit purposes for at least five years.</p>	

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
	<p>18.2.h: In the Submitter Code of Conduct which is issued to submitters annually, it states that submitters must adhere to the following:</p> <p>4.2.7 Declaration of any conflicts of interests and aggregate exposures to Mysteel Index-related instruments;</p> <p>4.2.8 Exposures of individual traders/desks to indices-related instruments;</p> <p>4.2.9 Findings of external/internal audits, when available, to submission remedial actions and progress in implementing them.</p> <p>5.1 Submitters must cooperate with Mysteel or any regulatory authority in the course of an investigation relating to the Mysteel Indices. Firms submitting data must promptly provide records upon request.</p>	

Principle 18 – Audit Trail

IOSCO Principle 18	Mysteel's Response	Deloitte's Assessment
	<p>18.2.i: Mysteel is committed to providing a high-quality service to all Index users and stakeholders and will ensure that audits are carried out regularly both internally and by an external auditor. When feedback is received from the internal or external auditors, the Index Management Committee (IMC) will meet, discuss and approve remedial actions. The Index Team will use the audit results to review their processes and procedures and improve them, taking into account all comments. Progress will be documented and presented to the IMC at the following meeting for approval and sign-off, ensuring all feedback has been addressed.</p>	

Principle 19 – Cooperation with Regulatory Authorities

IOSCO Principle 19	Mysteel's Response	Deloitte's Assessment
<p>Relevant documents, Audit Trails, and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p><u>Context</u></p> <p>The Mysteel Coal and Coke Price Index complies with the IOSCO Financial Benchmark Principles and conducts internal audits in the middle of each year, and the audit results are in line with the requirements of the IOSCO Financial Benchmark Principles.</p> <p>The Mysteel Coal and Coke Price Index is also subject to the review of the relevant state departments. Up to now, the verification materials, discussions and on-site inspections have been completed, indicating the Index basically meets the review requirements of the relevant departments.</p> <p>Mysteel stores all of the documents related to the indices compilation on a secure cloud drive that has restricted access. The indices data, policies, and any related documents are all stored in this location for a minimum of five years. If there are any situations where regulatory or supervisory authorities need to access any of Mysteel's data or policies, Mysteel will be fully cooperative and will respond promptly.</p> <p>.</p>	<p><u>PR</u></p> <p>We note that in the cooperation policy with the supervisory and regulatory authorities, Mysteel has made it clear that it will disclose to the relevant Chinese supervisory and regulatory authorities the relevant information received and generated by the company in the process of managing and operating the Mysteel Coal and Coke Price Index. In 2021, the national development and Reform Commission conducted on-site inspection on the coal and coke index, and mysteel actively provided the materials required by the national development and Reform Commission, In accordance with the Measures on Price Index-related Activities for Key Commodities and Services (for Trial Implementation) and the operation guide for the evaluation and compliance review of price index behavior, Mysteel has carried out self-evaluation on the coal related price index, which basically meets the review requirements of relevant departments. As of the release of the report, no regulatory feedback has been received.</p>

Principle 19 – Cooperation with Regulatory Authorities

IOSCO Principle 19	Mysteel's Response	Deloitte's Assessment
	<p>RECORD KEEPING AND AUDIT TRAILS</p> <p>To support the audit process written records will be retained by Mysteel for a minimum of five years, related to the indices on the following areas:</p> <ul style="list-style-type: none"> • All market data, submissions, any other data, and information relied upon for benchmark determination • The exercise of expert judgment • Other changes or deviations made by Mysteel from standard procedures and methodologies, including those made in market stress or disruption • Any queries or responses relating to data inputs • Any complaints, details of investigations, and responses by Mysteel plus remedial actions • Submitters' notes issued to the market for any reason • Declarations of conflicts of interest and any details of investigations into conflicts of interest • Any occurrence of extreme events and the management of extreme events 	

Section VII References

This section lists references for Mysteel's responses, including both policies and documents (like working files, meeting notes, samples, etc.), as shown in Section VI of this report.

Principle ID	References
Principle 1	<ul style="list-style-type: none"> • Methodology of Coal and Coke Price Index • Internal Methodology of Coal and Coke Price Index • Index and Benchmark Management Control Framework Overview • Extreme Event Management Policy • Coal and Coke Price Index training materials • Invitation letter from an external consulting group • Introduction to Mysteel Price Index Management Committee • Introduction to the terms of reference of the Mysteel external advisory group
Principle 2	<ul style="list-style-type: none"> • Third-Party Management Policy
Principle 3	<ul style="list-style-type: none"> • Conflicts of Interest Policy • Conflict of Interest Declaration Letter • Conflicts of Interest Internal Control Process • Conflicts of Interest Register • Personal Trading Account Policy • Gifts and Entertainment Policy • Submitter Code of Conduct • Organizational Structure of the Index Department • Reporting Lines of the Index Department • Screenshots of Continuity Plan and Internal Training of Continuity Plan • Data Submission Agreement • The monthly salary of Index Team members • Internal index encrypted network disk and its encrypted screenshot • Calculation Table of Coal and Coke Price Index

Principle ID	References
Principle 4	<ul style="list-style-type: none"> • Submitter Review Process Policy • Submitter Code of Conduct • Conflicts of Interests Policy • Conflicts of Interests Register • Mysteel Steel Index Internal Methodology • Mysteel Steel Index Methodology • Information Quality Management Committee Charter • Disclosure to Complainants • Complaint Policy • Complaint Handling Procedures • Control Framework for Index and Benchmark Administration • Training Documents for the Index Department • Introduction of Index Management Committee • Calculation Table of Shanghai Rebar Price Index • Calculation Table of Shanghai Hot Rolled Coil Price Index
Principle 5	<ul style="list-style-type: none"> • Introduction of Index Management Committee
Principle 6	<ul style="list-style-type: none"> • Overall Introduction to the Shanghai Rebar Market • Overall Introduction to the Shanghai Hot Rolled Coil Market
Principle 7	<ul style="list-style-type: none"> • Overall Introduction to the Shanghai Rebar Market • Overall Introduction to the Shanghai Hot Rolled Coil Market • Submitters List
Principle 8	<ul style="list-style-type: none"> • Internal Steel Index Methodology • Data Hierarchy and Expert Judgment Guidelines
Principle 9	<ul style="list-style-type: none"> • Data Hierarchy and Expert Judgement Guidelines • External Steel Index Methodology • Calculation Table of Shanghai Rebar Price Index • Calculation Table of Shanghai Hot Rolled Coil Price Index
Principle 10	<ul style="list-style-type: none"> • Index Management Committee Terms of Reference • Methodology Management Policy • Index Transition and Cessation Policy

Principle ID	References
Principle 11	<ul style="list-style-type: none"> • Steel Index Methodology • Internal Steel Index Methodology • Complaints Handling Procedures • Data Hierarchy and Expert Judgement Guidelines • Introduction of Index Management Committee • Index Transition and Cessation Policy • Methodology Management Policy • Introduction of Index Management Committee
Principle 12	<ul style="list-style-type: none"> • Methodology Management Policy
Principle 13	<ul style="list-style-type: none"> • Index Transition and Cessation Policy • Index Transition and Cessation Implementation Procedures
Principle 14	<ul style="list-style-type: none"> • Data Hierarchy and Expert Judgement Guidelines • Internal Steel Index Methodology • Submitter Code of Conduct • Submitter Review Process Policy • Conflicts of Interest Declaration Letter • Conflicts of Interest Internal Control Process • Conflicts of Interest Policy
Principle 15	<ul style="list-style-type: none"> • Conflicts of Interest Declaration Letter • Submitter Code of Conduct • Internal Steel Index Methodology • Training Documents for the Index Department
Principle 16	<ul style="list-style-type: none"> • Complaint Policy • Complaints Register
Principle 17	<ul style="list-style-type: none"> • Recordkeeping and Audit Trail Policies • Audit Policy

Principle ID	References
Principle 18	<ul style="list-style-type: none"> • Managing Extreme Events Policy • Managing Extreme Events Template • Internal Steel Index Methodology • Data Submission Agreement • Submitter Code of Conduct • Training Documents on IOSCO Principles and Submitter • Code of Conduct • Submitter Review Process Policy • Recordkeeping and Audit Trail Policies • Audit Policy • Calculation Table of Shanghai Rebar Price Index • Calculation Table of Shanghai Hot Rolled Coil Price Index
Principle 19	<ul style="list-style-type: none"> • Cooperation with Regulators and Supervisors • Audit Policy • Recordkeeping and Audit Trail Policies • Internal audit report of coal and coke price index in 2021 • Self assessment report of coal price of Mysteel in 2021

Section VIII Glossary

Glossary for IOSCO Principles

1. Benchmark

As for the Benchmark defined in the IOSCO Principles, the Benchmarks in the scope of this report are indices that are:

- (i) Made available to users, whether free of charge or for payment;
- (ii) Calculated periodically, entirely or partially based on the application of a formula or another method of calculation to, or an assessment of, the value of one or more Underlying Interests.

2. Benchmark Administrator

According to the IOSCO Principles, the Benchmark Administrator in the scope of this report is an organization that controls the creation and operation of the Benchmark Administration process, whether or not it owns the intellectual property relating to the Benchmark. In particular, it has responsibility for all stages of the Benchmark Administration process, including:

- (i) Daily calculation and determination of the Benchmark;
- (ii) Designing, applying and reviewing the Benchmark Methodology; and
- (iii) Application and dissemination of the Benchmark.

3. Expert Judgement

Referred to the definition of Expert Judgment in the IOSCO Principles, Expert Judgment in the scope of this report indicates the exercise of discretion by an Administrator or Submitter with respect to the use of data in determining a Benchmark. It includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data, such as weighting firm bids or offers greater than a specific standard.

4. Methodology

The methodology mentioned in this report specifically represents written rules and procedures designed by Benchmark Administrators that described governance and objectives of the Indices, requirements for sample collection, normalization, and calculation, Index publication, corrections, requests for data clarifications and complaints.

5. Submission

Submission in the scope of this report means prices, volumes, values, and other information that is provided by a Submitter to an Administrator so as to determine a Benchmark.

6. Submitter

As for the definition of Submitter in the IOSCO Principles, a submitter is a legal person who provides data or information to the Benchmark Administrator associated with the Benchmark determination.

Glossary for Key Terms Related to Coal and Coke Market

1. MCDEX Index

The full name is Mysteel Metallurgical Coke Index, which reflects the price level that can be traded between coking plants, steel mills and traders on the market that day. The MCDEX includes: Mysteel Metallurgical Coke Portside Spot Index and the Mysteel Metallurgical Coke Regional Spot Index, and the Mysteel Metallurgical Coke Import and Export Prices.

2. MCSDEX Index

The full name is Mysteel Coal Spot Price Index, which reflects the price level that can be traded between coking plants, steel mills and traders on the market that day. The index is divided into domestic coal spot index and brand prices and Mysteel coking coal seaborne spot index and brand prices, and includes Mysteel Domestic Coking Coal Spot Index, Mysteel Coking Coal Seaborne Spot Index and Mysteel PCI Seaborne Spot Index.

3. MyTCpic Index

The full name is Mysteel Thermal Coal Spot Price Index, which reflects the price level that can be traded between coking plants, steel mills and traders on the market that day.

4. Portside Spot

Freely traded goods at a portside.

5. Seaborne Spot

Goods that have not arrived at portside and can be freely traded in the market.

6. DMT

Abbreviation for dry metric ton. Dry ton, which is the weight after deducting moisture. $\text{Dry ton weight} = \text{wet ton weight} / (1 - \text{moisture})$

7. WMT

Abbreviation for wet metric ton. Wet ton (also called natural ton), relative to dry ton, is the weight without deducting moisture. $\text{Wet ton weight} = \text{dry ton weight} * (1 - \text{moisture})$

8. Sample

The original meaning refers to a part of individuals who are actually observed or surveyed in a study is called a sample, and the entire research object is called a sample capacity. In this article, Mysteel collects data from major market participants such as coking plants, steel mills and traders in order to reflect the mainstream price trend of metallurgical coke in Rizhao portside.

9. Inquiry

It refers to the buyer or seller asks about the terms of the transaction in order to buy or sell a commodity. In the actual business of international trade, generally the buyer takes the initiative to send an inquiry to the seller.

10. Offer

It is the seller's initiative to provide the buyer with commodity information, or a reply to the inquiry. According to the buyer's letter, the seller makes an offer to the buyer, the contents of which may include the name of the goods, specifications, quantity, packaging conditions, price, payment method and delivery period.

11. Settlement price

The average of the repeatable and tradable market price samples collected during the collection time. Mysteel aims to reflect representative market prices, track market price changes throughout the day, and prioritize highly transparent data. High transparency means that after comprehensive consideration of the data, the sample information is complete and the sample provider's credit rating is high.

12. FOT

Refers to the price at which the goods arrive at the portside and are loaded onto the ship, including all costs before boarding, that is to say the seller loads the goods on the ship, but does not pay the transaction price of sea freight.

Tax-inclusive price

including 13% VAT, cash

13. Ex-pit Price

It refers to the price at the pit for the transaction, which generally does not include the costs other than the coal price. The published pit price is the price at the pit for the transaction between the buyer and the seller, which is the bare price, and also includes the coal sustainable development fund, mine conversion development fund withdrawal and mine environment restoration and management fund.

14. Ex-warehouse price

Also known as the port pick-up price, refers to the price of goods in the port terminal warehouse transaction.

15. DDP

The price at which the seller delivers the goods to the buyer, generally so that shipping costs and losses in transit are borne by the seller.

16. CIF

Cost and Freight, the price from the port of loading to the port of destination, excluding insurance.

17. FOB

Free On Board, the price at the designated port of shipment.

18. Delayed Payment

When buying goods with a bank acceptance bill or trade acceptance bill, the bank will discount or transfer the bill in exchange for cash, because the bill cannot be immediately converted into cash. The other part will add this fee to the normal price. Namely: acceptance price = normal price + discounted interest.

19. Cash

The price at which goods are bought and delivered. Generally refers to the price at which specific goods are bought in cash on the spot market, including the price of the goods themselves and the transaction and transportation costs.

20. Letter of Credit

A letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount.

21. Transaction Price Sub-Index

The sub-index calculated according to the transaction sample that meets the requirements of the Mysteel sample and calculated according to the standardization process of Mysteel.

22. Bid Sub-Index

According to the bid samples that meet the requirements of the Mysteel sample, and the number of samples is not less than two, the sub-index calculated according to the standardization processes of Mysteel.

23. Offer Sub-Index

According to the offer samples that meet the requirements of the Mysteel sample, and the number of samples is not less than two, the sub-index calculated according to the standardization processes of Mysteel.