



## RISI Indices - FAQ

On September 30, 2014, [RISI announced the creation of RISI Indices](#)

### Contents

What is RISI Indices? .....	1
Why RISI is making this change .....	1
How and when will changes will be implemented .....	2
What will change about RISI's reported prices .....	2
Changes specific to pulp prices .....	2
Changes specific to North American graphic paper prices published in Paper Trader .....	3

### What is RISI Indices?

RISI Indices is a new business division of RISI focused solely on price and market reporting. It is separate from RISI's forecasting and other divisions. All of RISI's existing news and price reporting staff and products will be incorporated into RISI Indices. This division reports to the CEO of RISI.

RISI Indices will focus on improving RISI's price reporting methodologies.

### Why RISI is making this change

This move is being made to support key improvements to RISI's price reporting methodology with the goal of making RISI's price assessments even more reliable than they are today.

RISI Indices will adopt standards for price reporting set by the International Organization for Securities Commissions (IOSCO), as well as best practices from FOEX and other commodity price reporting agencies, including:

- Formal documentation of all price assessment methodologies
- Implementation of new quality and compliance controls
- New VP Markets & Compliance role will oversee methodology and compliance
- Price assessment methodologies will undergo external audits
- RISI Indices staff and managers will not engage in forecasting



Matt Graves will head up the new RISI Indices business with Todd Petracek taking on the crucial new role of VP Markets & Compliance.

[More on the IOSCO standards.](#)

## How and when will changes will be implemented

RISI has already implemented organizational changes that separate news and price reporting staff from forecasting.

The exception to this is a few analytical and forecasting products (e.g. World Pulp Monthly, Paper Trader) where RISI economists currently have a leading role in producing price assessments. To maintain continuity in these price assessments over time, RISI will develop a plan for migrating responsibility for these assessments from economists to RISI Indices staff. A migration plan will be announced within the next several months and implemented over the coming year.

Methodology improvements and best practices will be implemented by the end of 2014. One exception to this is carrying out external audits of our price reporting methodologies, which happen over the coming year.

## What will change about RISI's reported prices

**What will change:** The key improvements in methodology that RISI Indices involve implementation of new processes and controls to ensure that the price assessments we publish throughout RISI's products are more transparent, consistent and accurate.

**What WON'T change:** The fundamental nature of what each price series in measures and the basics of how it is measured won't change, so this won't change the continuity of the price series we report.

## Changes specific to pulp prices

Because RISI and FOEX each publish prices commonly referred to in the pulp market, the two companies have announced a closer partnership in pulp price reporting involving two elements:

**1) Market consultation to improve the system of North American pulp price reporting.** The two companies have initiated a market consultation process about price reporting in North American price, consulting with key stakeholders in the pulp market about how price indices are used, how well the system works, and how it could be improved. Based on this market consultation, our objective is to end up with price



assessments that are more reliable than either RISI or FOEX could have produced on their own.

If you have views about North American pulp prices, whether specific feedback on RISI or FOEX prices or comments about the price reporting system generally, please contact Todd Petracek, VP of Markets & Compliance, [tpetracek@risi.com](mailto:tpetracek@risi.com), +1 781 734 8915.

**2) Harmonization of terms for commercial use of pulp price indices.** Effective January 1, 2015, RISI will adopt the same commercial use terms as FOEX for all pulp price indices. Moving forward, companies using RISI and/or FOEX indices as references in supply and/or derivatives contracts can obtain a single license for commercial use of both RISI and FOEX prices. For more information about commercial use licensing, please contact Matt Graves, Senior VP of RISI Indices, [mgraves@risi.com](mailto:mgraves@risi.com), +32 2 536 0747.

### Changes specific to North American graphic paper prices published in Paper Trader

**Transfer of responsibility for assessments by end of 2015:** Primary responsibility for assessing prices published in Paper Trader currently resides with our economic analysis team that also produces the forecasts and analysis in Paper Trader. To avoid the possible perception of conflict of interest between forecasting and price assessment activities, responsibility for the price assessments in Paper Trader will be transferred to the RISI Indices team. To ensure continuity in the price assessments, this transition will be accomplished gradually, and will be completed by the end of 2015.

**Market consultation process:** In itself, this transition will not affect how prices are reported. However, this shift represents an opportunity for us to review RISI's price assessments overall for graphic papers in North America to ensure that the assessments are still appropriate for the market, and to consider how Paper Trader assessments relate to assessments in PPI Pulp & Paper Week as well as FOEX's US Newsprint index.

So, we will conduct a market consultation process with market stakeholders to solicit feedback on the system: what works well, what doesn't work, how the system should be changed.

**Minimum 3 months notice for significant changes:** If this feedback reveals changes that should be made to price assessments, we will publish a formal draft proposal for comment from stakeholders. Based on this feedback, we will publish a final plan and announce a timetable for implementation. The timetable depends on the



nature of the changes to implement, but at least 3 months' notice will be provided if any of the changes would affect any contracts tied to the price assessments in question.