

Auction Procedures

LOOP Sour Capacity Allocation Contracts (“CACs”)

Effective Date: March 1, 2021

Supersedes Auction Procedures dated: March 15, 2018

Terms and Conditions Subject to Change

Current Version Posted at [Loop Auction Procedures Revised Dec 29 2017 Draft \(matrix.global\)](#)

LOOP Sour Capacity Allocations Contracts Auction

These procedures set forth the terms and conditions under which LOOP LLC (LOOP), Matrix Markets, LLC and Matrix Auctions LLC (collectively, Matrix) will facilitate the auction of LOOP Capacity Allocation Contracts (CACs), providing the legal right to store crude oil in the quantity of 1,000 barrels of LOOP Sour for a specified calendar month (the delivery month) in the LOOP Sour Storage facility, subject to the LOOP LLC Port Complex Terms and Conditions of Service (the Port Complex Terms and Conditions) and the LOOP LLC Clovelly Hub Terminalling Services – Connecting Carrier Receipts Terms and Conditions of Service (the Clovelly Hub Terms and Conditions). The Clovelly Hub Terms and Conditions, together with the Port Complex Terms and Conditions, as each may be amended from time to time by LOOP, are herein referred to as the LOOP Terms and Conditions.

General Framework

LOOP Capacity Allocations Contracts (CACs) will be sold by LOOP to market participants (Participants) through an auction hosted by Matrix (an Auction), which will involve the sale of LOOP CACs for particular delivery months. The Auction will be hosted on an electronic trading platform.

Winners in the Auction will acquire LOOP CACs, which LOOP will honor in the specified delivery month in accordance with the LOOP Terms and Conditions.

LOOP CACs will be of the following two types:

- (1) LOOP Storage Futures Contracts (SFCs), the sale of which Matrix or an Authorized Broker will report and submit to the designated contract market operated by NYMEX pursuant to Rule 526 (or its successor) of the NYMEX Rulebook, immediately following acceptance of the allocation by the buyer after the Auction in which they are awarded has ended; and
- (2) LOOP Physical Forward Agreements (PFAs), which are physical agreements that

require storage capacity at LOOP to be delivered at settlement and are traded bilaterally in the physical market. PFAs are eligible for exchange for related positions transactions (“EFRP”) pursuant to Rule 538 (or its successor) of the NYMEX Rulebook.

A Participant in the Auction must be an Eligible Contract Participant, as defined in Section 1a(18) of the Commodity Exchange Act and must have a clearing account with a clearing member of the Chicago Mercantile Exchange Clearing House, which provides clearing services to the New York Mercantile Exchange, Inc. (NYMEX).

Auctions will be held on the dates and at the times announced by Matrix. As of the date of these procedures, Matrix is holding an Auction on the first Tuesday of every month and each Auction will open at 11:00 AM Chicago time and close at 11:30 AM Chicago time. When applicable, alternative dates (and/or times) will be announced by Matrix on days designated as holidays by NYMEX, or otherwise as needed. Prior to each auction, Matrix will post the quantity of SFCs and PFAs to be auctioned on the Matrix website.

After the close of an Auction, LOOP will not sell additional LOOP CACs with expiration in the same delivery month except during subsequent Auctions. Any unsold CACs will not be re-offered to the market by LOOP outside of a scheduled Auction, except for any CACs for which the Participant fails to deliver settlement funds, as discussed below.

Tank Services Agreement

A party to Tank Services Agreements at LOOP’s Clovelly Hub (a “TSA”) may not sell LOOP CACs in Auctions, but may offer and sell LOOP CACs to Participants through transactions that are permissible under NYMEX rules, including but not limited to, block trading procedures pursuant to Rule 526 (or its successor) of the NYMEX Rulebook (Block Trades) in coordination with a NYMEX Clearing Member (as defined in the NYMEX Rulebook) or trades with third parties that may be allocated to NYMEX Clearing Members.

In the event a party to a TSA (a “TSA Party”) elects to cover a short position in LOOP CACs with TSA volumes, such TSA Party releases all storage rights to such tank during the applicable month, regardless of the number of CACs covered or sold. Such TSA Party shall empty the tank of all crude (excluding tank bottoms) prior to the physical delivery month of storage at its own expense; provided, however, that upon notice from LOOP, such TSA Party shall be required by LOOP to remove the tank bottoms from such tank at the expense of the TSA Party.

If a TSA Party intends to use tank storage capacity to cover a short position, it must inform LOOP by email at scheduling@loopllc.com by the close of business on the day after Termination.

“Termination” means the third business day prior to the twenty-fifth calendar day of the month preceding the delivery month for such expiring contract; provided, however, that if the twenty-fifth calendar day of such month is not a business day, “Termination” shall mean the third business day prior to the last business day preceding the twenty-fifth calendar day of the month preceding the delivery month; provided further, however, that if the official CME holiday

schedule changes subsequent to the listing of LOOP CACs, the originally listed Termination shall remain in effect; and provided, further, however, that in the event that the originally listed Termination is declared a holiday, the Termination shall move to the business day immediately prior.

The maximum number of CACs that may be covered by a TSA is 550 per tank (or 550,000 barrels) for a tank of 600,000 barrels, and 315 per tank (or 315,000 barrels) for a tank of 355,000.

LOOP

LOOP's participation in the Auctions shall be limited to offering for sale LOOP CACs. LOOP shall not trade the LOOP CACs outside the Auctions, nor shall LOOP take a long position in any LOOP CAC or expand its short position in LOOP CACs beyond what is sold at any given Auction or subject to a Tank Services Agreement with LOOP.

Bids

All bids posted in the Auction for LOOP SFCs are non-binding indicative bids until the Auction Participant accepts the indication of the award it receives from a Matrix representative or an Authorized Broker via IM, email, or other recorded communication services. All bids posted in the Auction for LOOP PFAs **ARE BINDING** upon the close of the Auction and subsequent award, and require no further action by the bidder in order to be accepted. Matrix or an Authorized Broker shall confirm the acceptance of the bid and award for LOOP SFCs after the close of the auction.

Bids for LOOP CACs will be expressed in the number of LOOP CACs requested at the price per barrel of storage capacity that is selected by the Participant.

Participants and Authorized Brokers may submit bids through the Auction Platform. Additionally, bids may be submitted to Matrix via voice or IM, and Matrix will then submit the bid to the Auction on the Participant's behalf.

Price Characteristics of Bids

From time to time, LOOP may announce a minimum accepted bid price for a CAC. The minimum accepted bid price shall be announced in advance of the auction. The minimum accepted bid volume for LOOP CACs is no less than five (5) contracts. Any subsequent modifications to bidding prices and volumes shall be announced in advance of the Auction.

Participants will be able to submit bids for an Auction through the Trading Platform beginning with the opening of the Auction and until the Auction closes, during which period the Trading Platform will display, in a real time waterfall style, all quantities of LOOP SFCs and LOOP PFAs (based on bid price and time priority).

Allocation

Matrix will first sort the bids for "Futures." Matrix will then identify the Auction's Futures

Transaction Price (FTP). This will be the lowest price for a given month's SFCs, which is the lowest price required to satisfy the volume offered by LOOP. All bids that express a price equal or higher to the FTP will be offered and awarded (if accepted) at the FTP.

On behalf of LOOP, Matrix will offer, at the FTP, bids that expressed such FTP based on time priority, in order from earliest to latest submission. The earliest bid expressing the FTP, but for which the full quantity requested cannot be offered, will be awarded with the remaining LOOP SFCs at the FTP.

Matrix will next sort the bids for "PFAs." Matrix will then identify the Auction's PFA Transaction Price (PTP). This will be the lowest price for a given month's PFAs which is the lowest price required to satisfy the volume offered by LOOP. All bids that express a price equal or higher to PTP will be awarded at the PTP.

Matrix will rank bids based on price and time priority, in order from earliest to latest submission. The earliest bid expressing the PTP, but for which the full quantity requested cannot be offered, will be awarded with the remaining LOOP PFAs at the PTP.

Example Bid Set and Auction Results

The following “Futures” bids would be considered first:

LOOP Futures Bids and Results				
	<i>Price</i>	<i>Volume Requested</i>	<i>Auction Award Volume</i>	<i>FTP</i>
<i>Bidder A</i>	\$0.30	1,000	1,000 LOOP SFCs	\$0.15
<i>Bidder B</i>	\$0.25	1,000	1,000 LOOP SFCs	\$0.15
<i>Bidder C</i>	\$0.20	1,000	1,000 LOOP SFCs	\$0.15
<i>Bidder D</i>	\$0.15	1,000	500 LOOP SFCs	\$0.15
<i>Bidder E</i>	\$0.10	1,000	None	
	Total Award Volume:		3,500 LOOP Futures	

Next, the following “PFA” bids would be considered:

LOOP PFA Bids and Results				
	<i>Price</i>	<i>Volume Requested</i>	<i>Auction Award Volume</i>	<i>PTP</i>
<i>Bidder F</i>	\$0.30	1,000	1,000 LOOP PFAs	\$0.15
<i>Bidder G</i>	\$0.25	1,000	1,000 LOOP PFAs	\$0.15
<i>Bidder H</i>	\$0.20	1,000	1,000 LOOP PFAs	\$0.15
<i>Bidder I</i>	\$0.15	1,000	500 LOOP PFAs	\$0.15
<i>Bidder J</i>	\$0.10	1,000	None	
	Total Award Volume:		3,500 LOOP PFAs	

Post-Auction Processes

Matrix will promptly inform LOOP of the Auction results, subject to applicable laws and regulations, via electronic communication.

Matrix or an Authorized Broker will promptly inform Chicago Mercantile Exchange (“CME”) of the SFC results via CME Direct. Matrix or an Authorized Broker will report and submit the awarded LOOP SFC to NYMEX through Block Trades in coordination with a NYMEX Clearing Member.

Matrix will post the Auction results, including award volumes, the FTP and the PTP, on the Matrix website or such other communication venue as LOOP and Matrix deem appropriate.

Auction Participation Limits

From time to time, LOOP may announce limits on the total amount of CACs it will award to a single bidder. As of the date of these procedures, LOOP has no such limitation in place. Exchange position limits on LOOP storage futures, which are different than Auction Participation Limits, may be found at: <http://www.cmegroup.com/market-regulation/position-limits.html>

Payment and Transfer Mechanics for LOOP PFAs

LOOP shall specify the payment terms for all PFAs awarded in the Auction. As of the date of these procedures, the awarded PFAs will be paid for in full by 10:00 AM on the second business day following the Auction by wire into the LOOP account detailed below.

Bank Name:	Wells Fargo Bank
Bank ABA #:	121000248
Account Name:	LOOP LLC CAC Account
Account Number:	4047673306

Failure to deliver settlement funds for PFA by 10:00 AM of the second business day following the Auction will be handled as follows:

LOOP will provide Matrix with information on the delinquent Participant.

Matrix will contact the Participant and initiate a three-business-day curative period to allow for resolution and tender of settlement funds.

If settlement funds are not delivered by the end of the period or the delinquent Participant acknowledges that it is not going to deliver settlement funds, Matrix reserves the right to cancel the transaction, and prohibit the delinquent Participant from participating in the next three (3) Auctions.

Any PFA or SFC volume that is cancelled pursuant to this section may be marketed to winning bidders by Matrix following the auction.

The post-auction sale, transfer or assignment of PFAs must be reported to LOOP through the Matrix online reporting system by visiting <https://matrix.global/matrix-markets/loop/loop-reporting/>

Alternatively, you may email transaction details to pfaconfirms@matrixmarkets.com.

The purpose of LOOP's reporting requirement is to ensure market integrity, assist with regulatory oversight and to ensure accurate allocations of storage capacity at contract expiry. PFAs held by parties other than auction award recipients will not be considered valid if they have not been reported to Matrix, and will not be included in the official month-end manifest utilized by LOOP to schedule deliveries. Failure to report post-auction purchase or sales may result in a two month suspension of auction participation privileges at LOOP's election.



Fee Schedule

LOOP Storage Capacity Allocation Contacts

<i>Auction and PFA Reporting Services</i>				
<i>(USD per barrel)</i>				
Futures		Buy Side	Sell Side	Notes
	Auction Services	0.0150	No Fee	
Physical Forwards		Buy Side	Sell Side	Notes
	Auction Services	0.0150	No Fee	
	Secondary Market PFA Reporting		No Fee	

Matrix Logistics

<i>Logistics Services</i>					
<i>(USD per barrel unless otherwise noted)</i>					
Onboarding		One Time		Notes	
	Shipper Approval	2,500			
	License Review	0			
	Domestic KYC/AML	2,500			
	International KYC/AML	5,000			
Scheduling		Min/Monthly	Incremental	Monthly Cap	Notes
	Pipeline Nominations	1,000	0.0250	10,000	One Year Minimum Commitment per Origin/Destination
	Position Reporting	250			One Year Minimum Commitment per Origin/Destination
	Invoicing	250			One Year Minimum Commitment per Origin/Destination
	Collections	250			One Year Minimum Commitment per Origin/Destination
	Tax Reporting	250			One Year Minimum Commitment per Origin/Destination