

**Baltic Exchange**

A Brief History

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**Baltic Exchange**

1603 – The “Virginia Wine House” opened at 61 Threadneedle Street, opposite the Bank of England and the Virginia Walk in the Royal Exchange. Alcohol was served in the basement, whilst coffee and hot chocolate were served to the public on the ground floor. It later became the “Virginia Coffee House”

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**Baltic Exchange**

1743 – Its name became the “Virginia and Maryland Coffee House” to reflect the trade from those two neighbouring colonies in the New World, particularly agricultural products such as potatoes, maize and tobacco.

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**Baltic Exchange**

1744 - 24th May: “Virginia and Maryland Coffee House” changed its name to “Virginia and Baltick Coffee House” to reflect the merchants’ and shipowners’ additional trade in timber and tallow from countries on the Gulf of Bothnia by the 1790’s, the name was spelled “Virginia and Baltic Coffee House”

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**Baltic Exchange**

1810 – The “Virginia and Baltic Coffee House” moved to the inn known formerly as the “Antwerp Tavern” at 58 Threadneedle Street

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**Baltic Exchange**

1823 – 22<sup>nd</sup> April: membership subscriptions were started in order to combat "wild gambling" in the market. A committee of 23 senior coffee house regulars was formed, comprising tallow chandlers, soap makers, other merchants, stockbrokers and shipbrokers. Rules were devised and a private meeting room was established, to which admission was strictly controlled. This was the start of the modern Baltic market.

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**Baltic Exchange**

1823 – 1<sup>st</sup> May: The “Subscription Room” opened exclusively for members. The Sale Room, Dining Room and Coffee Room were open to invited guests, who had to be “signed in” by current members, as today.

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**Baltic Exchange**

1857 - 8th May: “The Baltic Company Ltd” was established and moved to South Sea House at the other end of Threadneedle Street, opposite The Merchant Taylor’s Hall and The London Tavern, near Bishopsgate

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The London Shipping Exchange 1892



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**Baltic Exchange**

1899 – 14<sup>th</sup> September: The Baltic Company Limited was closed voluntarily and the Baltic Committee merged with the London Shipping Exchange to become The City of London Exchange Syndicate.

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**Baltic Exchange**

1900 – 17<sup>th</sup> January: the merger was incorporated with a new name – “The Baltic Mercantile & Shipping Exchange Ltd”

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**Baltic Exchange**

1903 - 21st April: The Baltic Exchange (its popular shortened name) moved to a purpose-built trading hall on Jeffreys Square at 24-28 St Mary Axe (where Charles Dickens placed the offices of the Cheeryble Brothers in his novel “*Nicholas Nickleby*”)

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Built in 1903 by Smith and Wimble, the building set out to demonstrate the wealth and solemnity, not to say solidity, of London’s maritime trade.

By no means cutting edge architecture, instead it harks back to the heyday of Queen Victoria and the empire.

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Baltic Exchange Entrance Hall



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Baltic Exchange trading floor



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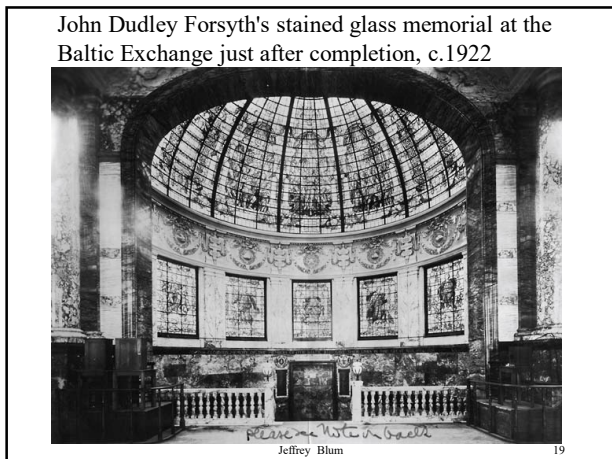
Baltic Exchange glass half-dome before the installation of the stained glass, 1903



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**Baltic Exchange**

1949 – April :

The Airbrokers' Association was created, in order to meet the fast-growing demands for transporting goods by aircraft. This later became the current BACA (Baltic Air Charter Association)

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**Baltic Exchange**

1955 - 2nd March: the foundation stone of the Annexe at 14-20 St Mary Axe was laid by 80 year old Sir Winston Churchill – his last such official function as UK's Prime Minister

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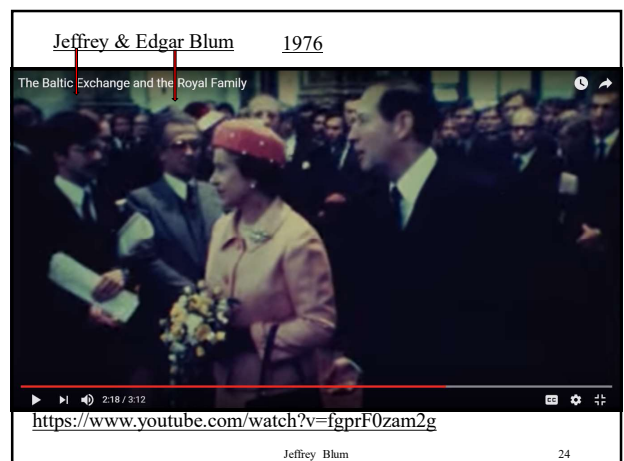
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**Baltic Exchange**

1956 - 21st November: Annexe building (incl the "Queens' Room" banqueting suite) at 14-20 St Mary Axe was opened by Her Majesty Queen Elizabeth II

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**Baltic Exchange**

1985 – The Baltic Freight Index is launched, as ‘BIFFEX’ – the Baltic International Freight Futures Exchange. Although now defunct, it was the first of many current freight futures indices.

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Baltic Exchange trading floor

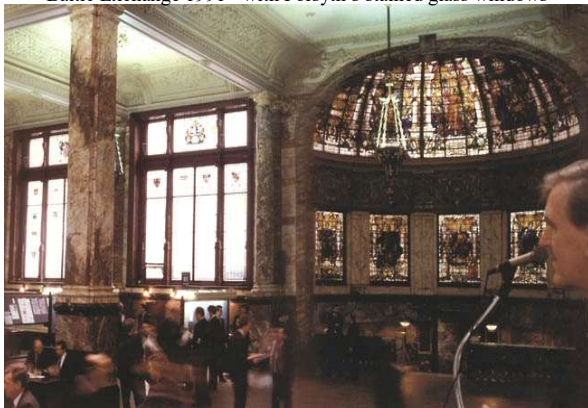


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Baltic Exchange 1991 - with Forsyth's stained glass windows



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The Baltic Floor during the 1991 filming of Merchant-Ivory's 'Howards End', based on E.M.Forster's 1910 novel



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**Baltic Exchange**

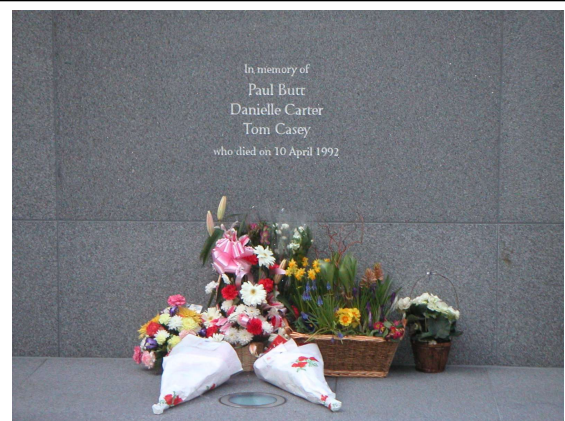
1992 - 10th April - 21:23 hrs  
 IRA bomb exploded between the Baltic Exchange and the then HQ of the General Council of British Shipping, destroying that 7 storey building and many others nearby. The entire Baltic Exchange building was pushed back by one metre !  
 (At 1000 lbs / 440 kgs, it was the largest bomb detonated in England since WW2)

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In memory of  
 Paul Butt  
 Danielle Carter  
 Tom Casey  
 who died on 10 April 1992



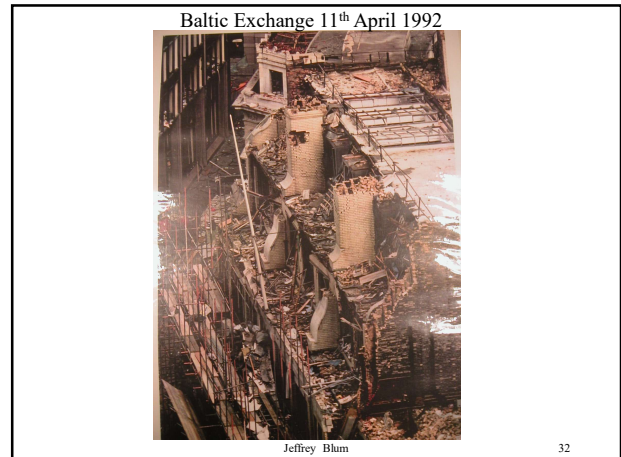
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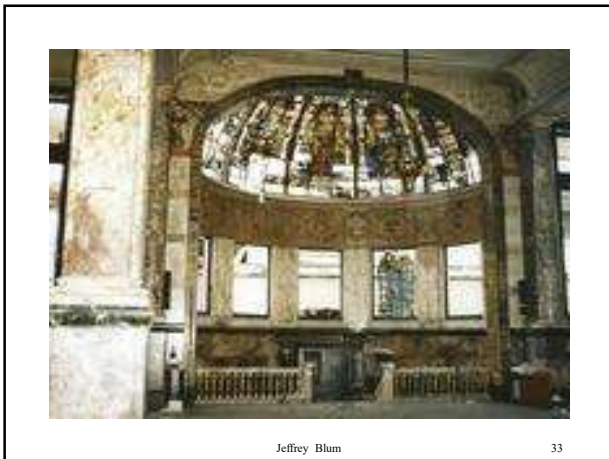
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**Baltic Exchange**

1992 - 15th April: The Exchange  
reopens on 4th floor of Lloyd's  
Insurance Market

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**Baltic Exchange**

1993 - 5th April: return to Queen's  
Room in basement of 14 - 20 St  
Mary Axe

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**Baltic Exchange**

1995 - 15th May: moved next door, to  
38 St Mary Axe (former HQ of P&O's  
Bank Line, built 1923)

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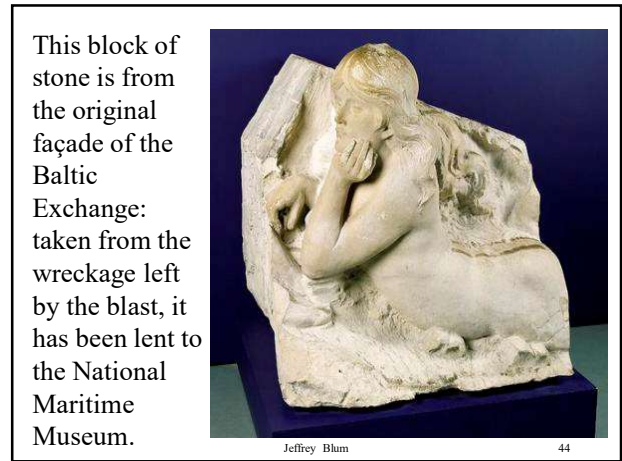
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This block of stone is from the original façade of the Baltic Exchange: taken from the wreckage left by the blast, it has been lent to the National Maritime Museum.

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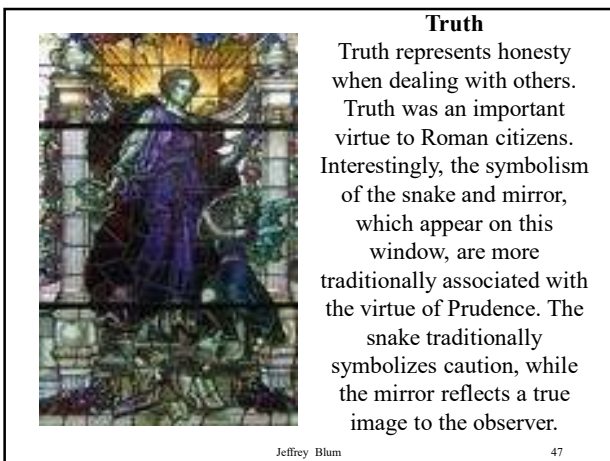
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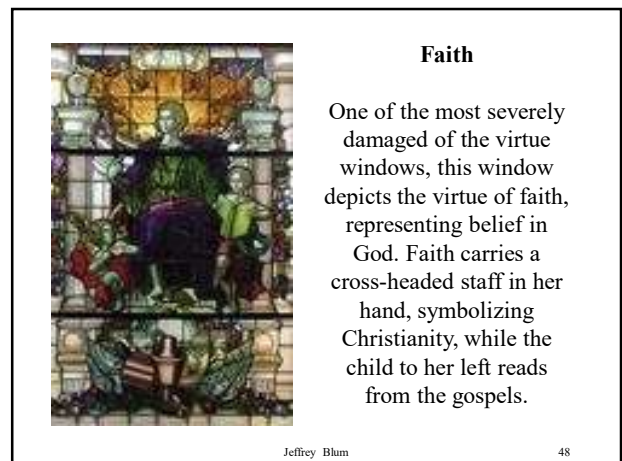
**Truth**

Truth represents honesty when dealing with others. Truth was an important virtue to Roman citizens. Interestingly, the symbolism of the snake and mirror, which appear on this window, are more traditionally associated with the virtue of Prudence. The snake traditionally symbolizes caution, while the mirror reflects a true image to the observer.

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**Faith**

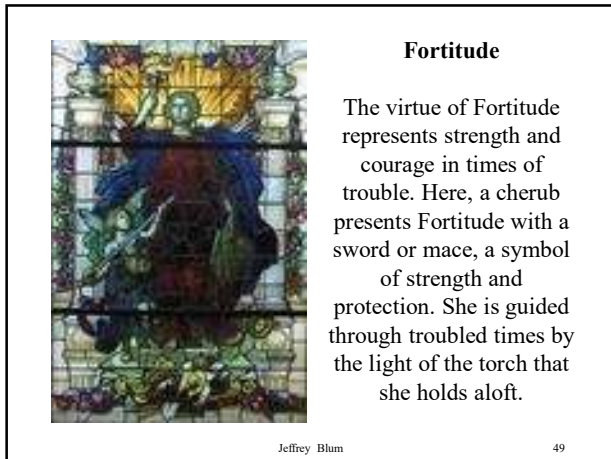
One of the most severely damaged of the virtue windows, this window depicts the virtue of faith, representing belief in God. Faith carries a cross-headed staff in her hand, symbolizing Christianity, while the child to her left reads from the gospels.

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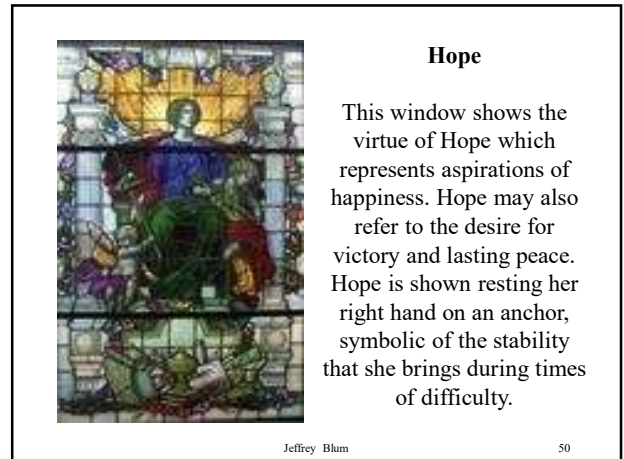
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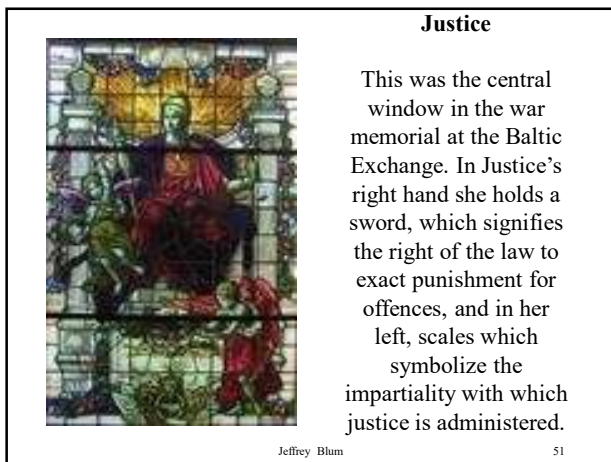




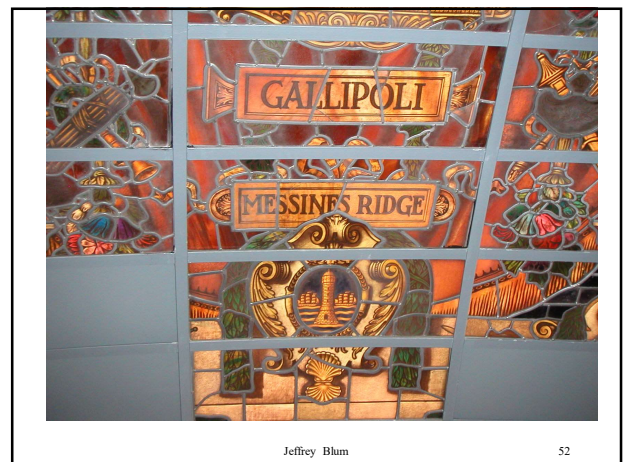
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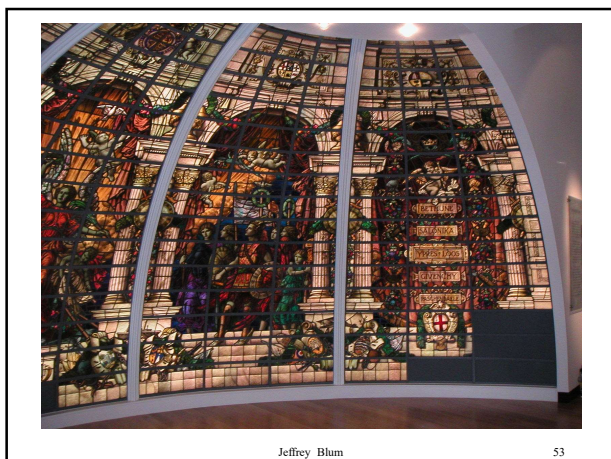
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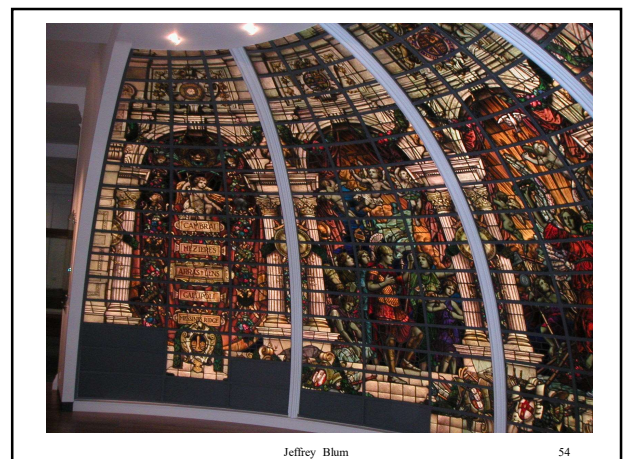
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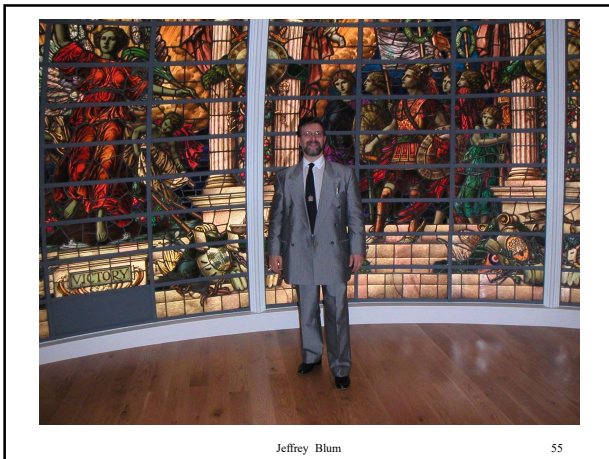
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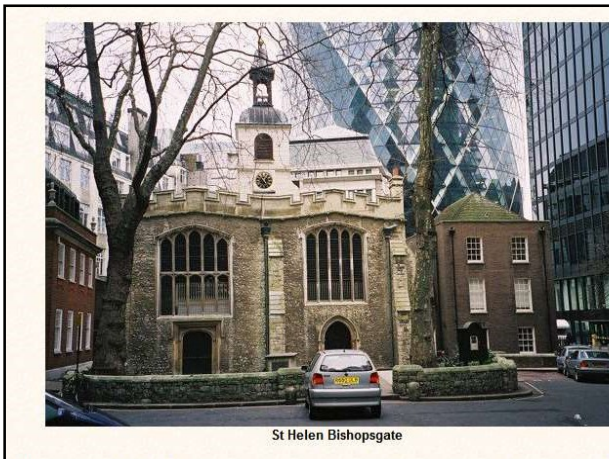
English Heritage had intended to restore the Exchange, but commercial interests (allegedly £10m) intervened.

In 1998 John Prescott gave permission for the Baltic to be destroyed – despite much indignation from the City, including a few Baltic Exchange members who took Prescott to court to force him to hold a public enquiry to explain his decision. The Baltic was finally destroyed in January 2001 and was replaced by Lord Foster’s ‘Gherkin’ (officially ‘30 St Mary Axe’), which was opened on 27<sup>th</sup> April 2004

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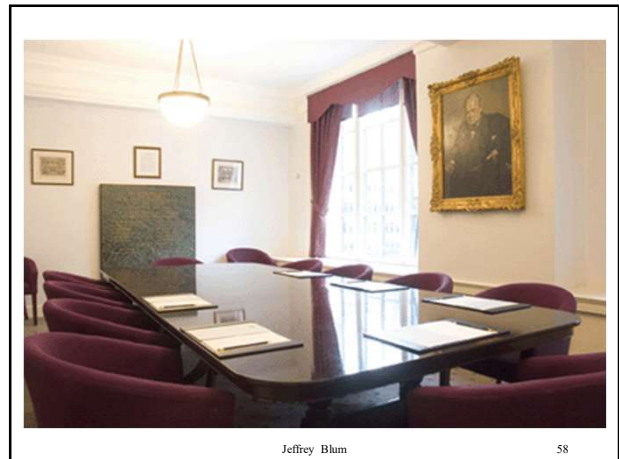
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St Helen Bishopsgate

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**Historic London building to be reassembled in central Tallinn**

June 13th, 2007 by Joel Alas in Tallin

Like a giant Lego set, a historic London building has been dismantled, packed in crates and shipped to Tallinn for reassembly. The building is known as The Baltic Exchange, a grandiose marble hall that once served as the main centre for trade between Baltic Sea ports and England. It was badly damaged during the 1992 IRA bombings and was removed piece-by-piece from its central London location.

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Two Estonian businessmen, Heiti Haal and Eerik-Niiles Kross, have now purchased the remains of the building and plan to rebuild it in central Tallinn. On Saturday June 9 the first of 50 containers arrived at Muuga Port, carrying the over 1,000 tons of granite, marble and interior fixings that make up The Baltic Exchange.

“It’s an architectural gem,” said Sander Pullerits, project manager of the reconstruction.

“The French once brought massive monuments over from Egypt. We’re doing something similar. We are bringing a part of the Baltic Sea history back to Tallinn.”

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They are now negotiating with several agents to find a suitable location for the building in central Tallinn.

The building will feature office space, a restaurant and a ballroom.

The owners hope to attract maritime companies to maintain a link with the building's history.

The Estonian Maritime Museum will open an exhibition space on the first floor.

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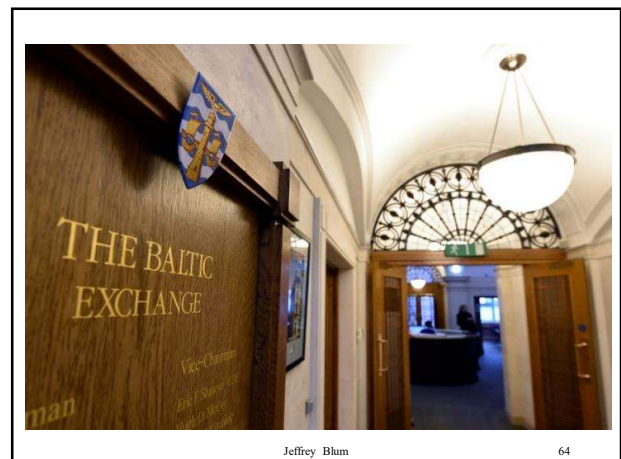
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**Baltic Exchange acquired by SGX ~ 18<sup>th</sup> November 2016**

Singapore Exchange Limited (SGX) has finalized the acquisition of approved of London-based Baltic Exchange Limited Baltic Exchange, bringing together complementary strengths of Singapore and London, two of the world's most important maritime centres.

Further to the announcement in late September that Mark Jackson has been appointed to the role of Chief Executive Officer of the Baltic Exchange, the parties confirmed today that he will begin his role on 31<sup>st</sup> January 2017, while Alex Lenhart, currently UK Country Manager for SGX, will serve as interim CEO.

The announcement comes less than a month after UK's Financial Conduct Authority (FCA) granted its approval for Singapore Exchange's acquisition of Baltic Exchange on 13<sup>th</sup> October.

The acquisition is the latest in a series of mergers and acquisitions in the world of exchanges, prompted by the persistent downturn in the shipping industry.

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**Shipbrokers**

**3 types of shipbroking activity**

Dry Cargo Chartering

Tanker Chartering

Sale & Purchase

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**Shipbrokers**

**3 types of Sale & Purchase shipbroking**

Newbuildings

Second hand

Scrap

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Added activity for S&P brokers:

- provide valuations for Owners / financiers
- provide guidance from current market and recent sales
- thorough research of historical valuations, using sales or depreciation records.

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S & P brokers must have

a good technical awareness of all types of vessel they may be asked to negotiate

and

knowledge which has to be far broader than that of their chartering broker colleagues, who tend to specialise.....

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**Shipbrokers**

- 3 types of chartering shipbroker (not S & P)

Owners' broker	Exclusive / Direct
Charterers' broker	Exclusive / Direct
Competitive broker	

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**Shipbrokers**

- Individuals and small niche firms are unable to cover the entire market
- Hence they specialise in one of THREE main activities :
  - ships, cargoes, countries

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**Shipbrokers - Beware !**

**Code of Conduct**

Honesty

Reliability

Punctuality

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### Shipbrokers - Beware !

**Code of Conduct**

- Moral regard for fellow broker
- Mutual back-scratching
- Why quickest dialler doesn't always win
- Aggression can be counter-productive

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### Shipbrokers - Beware !

**Code of Conduct**

- Principal may favour another broker for political reasons
- Reliance on trustworthiness by principal and by other brokers

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### Shipbrokers

**Code of Conduct**

- "Our Word Our Bond" is the motto of the Institute of Chartered Shipbrokers and of The Baltic Exchange, London
- The Baltic Code

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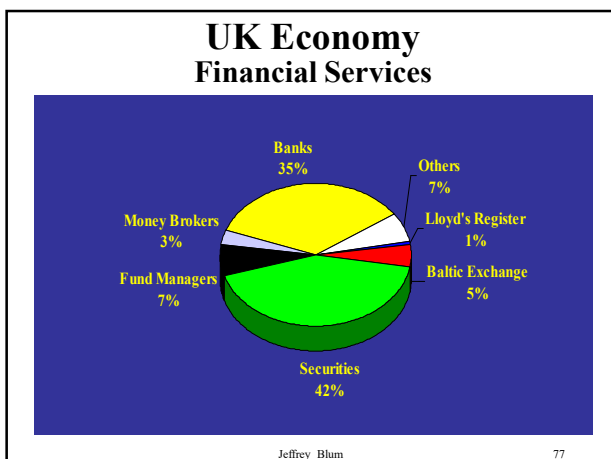
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**www.balticexchange.com** 

- Search and advertise ships and cargoes
- Tonnage and cargo information
- Live freight derivatives trading
- Send e-mail, fax, telex & SMS from system

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### Shipbrokers - Beware !

**Duties of Brokers towards Principals**

- Find it !
- Fix it !
- Fertilise it !

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

– Find it !

- Know your market
- Networking / off-market information
- Guiding principals
- Understanding / applying the freight derivatives market to your trade

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

– Fix it !

- Our word our bond
- Keep ahead of the game
- Diplomacy
- Think on your feet
- The fixture – celebration!

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

– Fertilise it !

- Post Fixture responsibility
- Anticipation
- Partnership with Principal

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

- Application of basic Agency Law
- Bound by Principal’s Authority
- Agency of Necessity
- “for and on behalf of...”

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

Dangers of undisclosed agency

- legal aspect
- practical aspect
- possibility of inviting law suit
- probability of claim ruining small broker financially or by reputation

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**Shipbrokers - Beware !**

**Duties of Brokers towards Principals**

- Awareness of rights and obligations
- “FCC” or “FCB” implication / dangers....

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**Shipbrokers - Beware !**

**Duties of Brokers towards themselves**

If the charter party is subject to English law, remember to include your name (or to be included as one of several “other” brokers) in the brokers clause, in order to have your commission protected by the Contracts (Rights of Third Parties) Act 1999

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**Shipbrokers - Beware !**

**Duties of Principals towards Brokers**

A Principal can ruin a Broker’s market by making many more phone calls than a broker would, thereby inviting vulnerability

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**Shipbrokers**

**Remuneration**

1.25 %	2.5 %	1%
deep sea	coastal	s&p

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**Shipbrokers**

**Are Brokers necessary ?**

No (if they are merely a recycling post box)

Yes (if they provide a service with a fast and efficient data-base, looking at every aspect of the marketplace)

To facilitate negotiations at arm’s length, replace anger with calm diplomacy

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**Shipbrokers**

**Are Brokers necessary ?**

Beware the F & F broker !!

Choose a broker who has experience relevant to a particular trade and who has a (good) reputation

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**Shipbrokers**

**Are Brokers necessary ?**

Choose a broker who is qualified as a Member or a Fellow of the Institute of Chartered Shipbrokers



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Jeffrey ~ Chairman, London & South East Branch 2005-2007  
 Vice-Chairman 2015-2017, Education Officer since 2000  
 (original badge from 1911)





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## Shipbrokers

**Maritime Education & Training Ltd (METL)** was founded in 2002 by Jeffrey Blum to provide evening classes and bespoke training in **London** for the Institute of Chartered Shipbrokers syllabus leading to the ICS annual exams

Details can be found on [www.metl.london](http://www.metl.london)

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### SHIPBROKERS

must be able to advise and give good service to their clients

-

hence the need for skills and professional qualifications

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### Shipbrokers

Shipbrokers are often needed to use their skills of mediation and persuasion, as well as their knowledge of the law, of the terms of the charter party, of local port conditions and even of technical matters.

Qualified shipbrokers can also competently argue with the brokers working for the other party when necessary, in order to help to resolve disputes.

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### Shipbrokers

#### Are Brokers necessary ?

Specialist knowledge often saves the Principal time, money and litigation

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### Jeffrey Blum

#### Chartered Shipbroker & Arbitrator

- \*Fellow of Institute of Chartered Shipbrokers
- \*Fellow of Chartered Institute of Arbitrators
- \*Member, The Baltic Exchange
- \*Council Member, Baltic Expert Witness Association
- \*Arbitrator, London Maritime Arbitrators Association
- \*Arbitrator, Singapore Chamber of Maritime Arbitration
- \*Founding Member, International Commodity and Shipping Arbitration Service
- \*Chairman (2005-2007) Vice Chairman (2015-2017), Education Officer (2000-date) London & South East Branch, Institute of Chartered Shipbrokers
- \*Visiting Professor, World & Shanghai Maritime Universities
- \*Founder Director, Interlink International Trading (UK) Ltd
- \*Founder Director, Maritime Education & Training Ltd

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