



# CHAPTER 1 – INTRODUCTION TO OIL BROKERAGE AND THE ROLE OF A BROKER

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# Petro Broker Academy

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## Oil Brokerage Fundamentals

### Introduction to Oil Brokerage and the Role of a Broker

This section will be developed with detailed content, illustrations, and examples related to the topic.

### 🎯 OBJECTIVES OF THE CHAPTER

BY THE END OF THIS CHAPTER, THE TRAINEE WILL BE ABLE TO:

- UNDERSTAND WHAT AN OIL BROKER IS AND THE BROKER'S RESPONSIBILITIES
- KNOW HOW A BROKER OPERATES IN THE INTERNATIONAL ENERGY TRADE
- LEARN THE ETHICAL AND LEGAL BOUNDARIES OF BROKERAGE
- GRASP THE IMPORTANCE OF TRANSPARENCY, TRUST, AND PROFESSIONALISM

### ❑ WHO IS A BROKER?

A **BROKER** IS AN INDEPENDENT INTERMEDIARY WHO FACILITATES COMMUNICATION AND NEGOTIATION BETWEEN A **BUYER** AND A **SELLER** IN THE OIL AND GAS MARKET, **WITHOUT OWNING THE PRODUCT** OR ACTING AS A LEGAL REPRESENTATIVE OF EITHER PARTY (UNLESS OFFICIALLY MANDATED).

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## **KEY RESPONSIBILITIES OF A BROKER**

1. MATCH GENUINE BUYERS WITH AUTHENTIC SELLERS
  2. SHARE NECESSARY DOCUMENTS (ICPO, FCO, CI, ETC.)
  3. CLARIFY THE SELLER'S SALES PROCEDURE
  4. GUIDE BOTH PARTIES THROUGH THE DEAL STAGES
  5. MAINTAIN PROFESSIONAL NEUTRALITY AND TRANSPARENCY
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## **WHAT A BROKER SHOULD *NOT* DO**

- ALTER THE SELLER'S TERMS OR PROCEDURES
- OFFER OR GUARANTEE FINANCIAL INSTRUMENTS
- RECEIVE PAYMENTS OR COMMISSIONS OUTSIDE THE LEGAL FRAMEWORK
- PROVIDE FORGED OR MISLEADING DOCUMENTS
- CIRCUMVENT OTHER INTERMEDIARIES OR PARTNERS

## **ETHICAL PRINCIPLES FOR BROKERS**

- SIGN AND RESPECT NDAS / NCNDAS
- AVOID ANY EXAGGERATION OR MISREPRESENTATION
- RESPECT THE CHAIN OF INTERMEDIARIES



- ENSURE ALL NEGOTIATIONS ARE DOCUMENTED (VIA EMAIL OR CONTRACTS)
  - NEVER ACT AS A BUYER, SELLER, OR MANDATE WITHOUT OFFICIAL PROOF
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## **OUTCOME OF CHAPTER 1**

AFTER COMPLETING THIS CHAPTER, THE TRAINEE WILL:

- UNDERSTAND THE BROKER'S TRUE FUNCTION AND LIMITATIONS
- BE ABLE TO DEFINE THE DIFFERENCE BETWEEN A BROKER, A TRADER, AND A MANDATE
- BE FAMILIAR WITH THE DOCUMENTATION PROCESS IN INITIAL COMMUNICATIONS
- BE READY TO ENTER THE PRACTICAL STEPS OF BROKERING ENERGY DEALS