

ICE Benchmark Administration (“IBA”)
Redacted Minutes



Meeting: LBMA Gold Price Oversight Committee

Date: Friday 15th July 2016, 14:30

Location: IBA Offices

Attendees:

Finbarr Hutcheson (Interim Chair)	Deborah Land (Secretary)
Grant Angwin (T)	Shekhar Bhandari (T)
Tony Evanson (T)	Rob Hayes (T)
Michel Prada (T)	Aram Shishmanian (T)
Emma Vick	André Villeneuve (T)
Simon Weeks (T)	

Apologies:

Tim Wood

In attendance from IBA:

Matthew Glenville	Lucy Jeffs
Stylianios Tselikas	

Circulation: IBA Website

Agenda Items/Questions Raised

1. Apologies for absence

2. Declaration of any conflict of interest

The Chairman asked the Committee if they had any new conflicts of interest; none were raised.

3. Minutes from the last meeting, for approval

No comments were made from the Committee. The minutes were approved.

4. Matters arising from the minutes

There were no matters arising from the previous meeting.

5. Dashboards

IBA talked the Committee through each month's dashboards since the last Committee meeting, highlighting the major drivers for volumes, price and minimum and maximum participants.

A historical dashboard to cover all of IBA's tenure was presented showing the average price over that period, the average number of rounds and average volumes. The main drivers of sharp price movements were the Federal Reserve hike, the Brexit announcement and terrorist attacks.

IBA informed the Committee that since the last Oversight Committee meeting Barclays had stepped down as a Direct Participant but that the Bank of Communications had joined, meaning that there were still 13 member firms.

6. Discussion topics

Ongoing Evolution

IBA gave the Committee an oral update on evolution, explaining that firms can now use straight through processing should they choose to, they can route client orders directly into the auction, through their credit systems. Firms can also capture their trades into their own surveillance systems using a dedicated feed. IBA informed the Committee that they would release new compliance features in the week commencing 18th July which would mean that firms could download more than one month's data at a time.

IBA have also introduced several enhancements including a lower imbalance, further automation and circuit breakers.

Next steps for evolution include full automation of the auction from end to end. The algorithm to run the auction and start the next auction, developed by IBA has been tested in parallel with the normal auction. This new algorithm will be employed as of 1st August with the Chairman remaining in place until IBA are sure this is functioning well.

Contingency Policy

IBA explained to the Committee that the Policy was to cover what would happen in the event of market disruption.

It was discussed that if IBA publish a rate then they are compelling people to use it. If IBA do not publish a rate then people can use fallbacks as detailed in their legal agreements.

IBA agreed to update the Contingency Policy with points raised by the Committee (the process surrounding delays to the auction, the opening price and the time of publication) and re-circulate for Committee approval.

Error Policy

IBA advised that there had been some minor changes made since the last time the Committee had seen this policy.

IBA asked the Committee if they thought that IBA should publish errors on a routine basis. It was agreed that 'significant' errors should be announced.

IOSCO compliance

IBA talked the Committee through outstanding items from IBA's recent Internal Audit.

Surveillance Overview

IBA ran through a presentation to show the day to day surveillance process, protections in place, examples of underlying market moves and how IBA would respond to these and areas that IBA would look to enhance going forward.

7. Periodic Reviews

Code of Conduct

It was noted that the Code of Conduct was reviewed and changed last in January. There were no proposed changes to be made at this time.

Workings of the Committee

The Committee were informed that the Chairman would be looking to hold conversations with each member of the Oversight Committee to gain their views and comments on how the Committee is run; this would be done in Q3 – Q4 2016.

8. Information items

Standing item – Incidents if any

The Committee were notified of two publication incidents, both were system errors with minor impact but they have been picked up now and rectified. IBA have performed regression testing and have put a tool in place to prevent this happening again.

Standing item – Quarterly Statistics

The members were notified that the quarterly stats had been published on IBA's website.

European Regulation

Deferred

IBA Regulation and Methodology

Deferred

9. Proposed time and date of next meeting

Wednesday 12th October 14:30 – 16:00.

10. AOB

There being none the meeting was closed.