

**Minutes of a Meeting of the
Precious Metals Oversight Committee of
ICE Benchmark Administration (“IBA”)
held on Tuesday, 24 April 2018 14:30 BST**

PRESENT:

Mr S Pickford (Independent), Chairman
 Mr G Angwin (Asahi Refining) - by phone
 Mr S Bhandari (Kotak Mahindra Bank) - by phone
 Mr T Evanson (Brink’s Global Services)
 Dame DeAnne Julius (IBA INED)
 Mr S Lodder (Jane Street)
 Ms C Lynn (Coeur Mining) - by phone
 Ms S Mirza (LBMA) - by phone
 Mr J Oliff (Independent)
 Mr M Prada (IBA INED) - by phone
 Ms E Vick (IBA)
 Mr S Weeks (Scotia Bank) - by phone
 Mr T Wood (Denver Gold Group) - by phone

IN ATTENDANCE:

Mr T Bowler (IBA President)
 Mr C McFadden
 Ms J ten Elsen (Committee Secretary)
 Mr S Tselikas

APOLOGIES:

Mr R Hayes (AngloGold Ashanti)

CIRCULATION:

Committee Members and FCA only

019/00	<p>Chairman’s Welcome and Apologies The Chairman welcomed the Members to the Precious Metals Oversight Committee (PMOC) meeting, introduced Mr James Oliff as a new member of the Committee and noted the apology as listed above.</p>
020/00	<p>Declaration of Conflicts of Interest No members declared any conflicts of interest.</p>
021/00	<p>Previous Meeting Full Minutes The minutes for the PMOC meeting held on 23 January 2018 were considered and approved with a change requested by the Chairman to clarify minute 016/01.</p>
021/01	<p>Public Minutes The public minutes for the PMOC meeting held on 23 January 2018 were approved for publication a change requested by the Chairman in relation to minute 016/01.</p>
021/02	<p>With regards to Mr Evanson’s query about minute 016/01, Mr Tselikas confirmed that the triggering of the circuit breaker related to the failure of the auction process to converge.</p>
022/00	<p>Matters Arising The Chairman noted that all matters arising were either closed or covered in today’s meeting.</p>

022/01	Ms Vick confirmed that the new rule book had been updated and issued to all auction participants.
023/00	Dashboards Mr Tselikas updated the Committee on the gold volumes in the morning vs. afternoon auctions noting that looking at data from the last 16 months, afternoon auctions tended to have slightly larger volumes with no bias on specific time or date. He added that one reason for the higher afternoon volumes was US participants joining the afternoon auctions.
023/01	Mr Tselikas presented to the Committee the LBMA Gold and Silver Price Dashboards, which were structured as previously, covering: <ul style="list-style-type: none"> • Summary of the LBMA Gold Price and Silver Price, respectively; • Key Performance Indicators; and • Management Information.
023/02	Mr Tselikas highlighted that: <ul style="list-style-type: none"> • With 19 rounds, the auction on 10 January 2018 was one of the longest in terms of rounds since IBA had administered the gold auction; • For any auction with more than one round, the number of participants at the end of the auction was greater than after the first round (indicated by the 'trading flexibility' metric); and • approximately 5-10% of alerts required further follow up, such as information from the auction participants (though this did not necessarily mean that anything was amiss, merely that further clarification was required to close the alert).
023/03	Mr Evanson asked whether auction participants were still affected by their own internal restrictions on trading flexibility. Mr Tselikas confirmed that this was the case but added that a number of participants had been able to address some of the issues.
023/04	With regards to the Silver Price Dashboard, the Chairman queried whether there had been a particular issue during the auction with 10 rounds, marking the longest auction size. Mr Tselikas confirmed that there had been no problems: there had been small price movements and the auction balanced eventually.
023/05	Mr Tselikas highlighted that: <ul style="list-style-type: none"> • the increased number of auction participants had led to more trading flexibility; • the number of large auctions was increasing; and • in terms of alerts, March had been a quiet month for silver.
023/06	With regards to alerts, the Committee asked if additional metrics regarding the alerts could be presented. [ACTION]
024/00	Incidents There were no incidents to report.
025/00	Review Definition, Scope & Setting of the LBMA Gold and Silver Prices Ms Vick drew the Committee's attention to the regular review of the Definition, Scope & Setting of the LBMA Gold and Silver Prices, which was set by the FCA's current MAR 8 rules. Ms Vick noted that the current methodology, algorithms and clearing were working well and IBA did not propose any changes. The Committee agreed this approach.
025/01	The Committee discussed the changes that would be required in moving from MAR 8 rules to the EU Benchmarks Regulation (BMR) which would imminently apply to IBA. The Committee requested an overview of the BMR and how it would affect the Committee's workings, duties and reviews compared to MAR 8. [ACTION]
025/02	The Committee reverted to a previous discussion about the definition of "contributor" under BMR and whether auction participants would be deemed contributors. Ms Vick informed the Committee that there was as yet no further clarification but that, even if auction participants were deemed

	“contributors”, the provisions in Annex II of the BMR for Commodity Benchmarks do not include obligations for contributors.
025/03	The Committee turned its attention to the silver benchmark with Mr Weeks voicing his concern that the market was still vulnerable and hence required close monitoring. Mr Bowler highlighted that silver was widely used as an industrial and precious metal, and that since IBA had taken over the auction the number of participants per auction as well as the overall number of auction participants had steadily risen, with a tenth member expected to join soon. Mr Bowler added that IBA continued to closely monitor how auctions were running, and to work on gaining additional participants thereby making the benchmark more robust.
025/04	The Committee noted that IBA continued to engage with auction participants to ensure they were satisfied with the current methodology. Mr Tselikas added that the latest quarterly feedback paper from auction participants would be shared with the Committee at its next meeting. [ACTION]
026/00	EU Benchmarks Regulation (BMR) update Ms Vick informed the Committee that IBA expected to receive authorisation soon, possibly by the end of that week.
027/00	Any Other Business Materials distribution through Diligent Ms ten Elsen advised the Committee that IBA proposed to use the secure board portal Diligent for the distribution of meeting materials, given the sensitivity of some of the Committee papers. Ms ten Elsen added that the new distribution method allowed viewing capabilities only. The Committee members noted that they would be contacted shortly in order to arrange for access to the portal.
028/00	Items to Note Number of participants during Gold auction on 10 January 2018 Mr Tselikas presented charts showing the number of participants which placed orders in the Gold auction on 10 January 2018, highlighting that the gold price was rising as well as the related market prices.
028/01	Mr Tselikas confirmed that a circuit breaker had been triggered due to the unchanged imbalance after round 17 and that neither auction participants nor market users had raised queries or voiced concerns about the benchmark price.
028/02	The Chairman thanked the Committee Members for their attendance and contributions and, with there being no further business to discuss, closed the meeting.

Stephen Pickford

Chairman