

ICE Benchmark Administration (“IBA”)

Redacted Minutes



Meeting: Gold Price Oversight Committee (“the Committee”)

Date: Monday 1st June 2015, 14:30

Location: IBA Offices, Chiswell Street

Attendees:

Finbarr Hutcheson (Interim Chair) Deborah Land (Secretary)

Grant Angwin (T) Shekhar Bhandari (T)

Tony Evanson Rob Hayes (T)

Sakhila Mirza (T) Michel Prada (T)

Aram Shishmanian Emma Vick

Simon Weeks Tim Wood (T)

Apologies:

André Villeneuve

In attendance from IBA:

Matthew Glenville James Montlake

Circulation: IBA Website

Agenda Items/Questions Raised

IBA introduced the Committee to two new members, Michel Prada and André Villeneuve and gave a brief overview of their roles as INEDs and in the wider market. The Committee were informed that the addition of the two INEDs is to fulfil FCA requirements for regulated benchmark committees.

1. Minutes from the last meeting, for approval

The minutes from 31st March 2015 were approved.

2. Dashboard, for consideration

IBA gave the Committee a summary of May auctions, highlighting final prices, number of rounds and number of active participants per round. No questions on content were raised by the Committee.

3. Feedback Statement, draft for agreement

IBA walked the Committee through the questions that were asked of the market

a) What approach would IBA take if the minimum number of participants were not present?

The feedback showed that respondents still wished IBA to publish a benchmark. If fewer than three participants log in IBA would produce a price but not run an auction. To date there has been no occasion where the auction has had less than three participants and IBA consider this to be a very unlikely eventuality.

b) Sellers’ premium

IBA proposed to discontinue this in October.

A Committee member expressed the desire to see some kind of premium there as an incentive. IBA pointed out that it seems that the Sellers’ Premium was introduced to allow certain types of participants a way to consistently beat the benchmark. IBA expressed a concern around an institutionalised convention that allows persons to ‘beat’ the benchmark.

IBA informed the Committee that the legal status for the Sellers’ Premium isn’t clear-cut. It’s a fee to a direct participant but a new direct participant cannot have a say in whether they wish to use it or not, it is forced upon them. It is not a transaction-based fee to the administrator, and it is a set amount that is not agreed bilaterally.

IBA were asked if anyone had said that they would withdraw if the premium was removed. They responded that no-one had but they were aware that several people would not be able to trade if it was kept.

IBA proposed that they seek further competition law advice and then have a further call with the Oversight Committee in around 10 days' time to reach a final decision.

c) USD and other currencies

No comments

4. Findings since go-live

IBA shared with the Committee that:

- They had already visited several direct participants with the remaining visits scheduled.
- There was a widely shared opinion that straight through processing was critical.
- There was a desire to ensure that everyone can see the same data on screen at the same time.
- IBA, and some direct participants, had observed the price of futures spiking during the minutes immediately before the afternoon gold auction starts. IBA are now de-emphasising use of the futures as a related market to consider when determining the starting price for the auction.

5. Contingency Plans, for information

IBA summarised issues that could suspend or delay the auction.

The Committee were asked to think about deciding an earlier cut off for re-running an auction – so that a morning auction would not be re-run in the afternoon and cause concerns over contractual certainty, or overlap with the running of the afternoon auction.

6. Participation and outreach, for information

IBA shared with the Committee that five new participants were currently going through KYC checks and were on schedule to be on-boarded by mid-June.

7. Proposed time and date of next meeting

27th July, 14:30 – 16:30 BST, IBA Offices

8. Any other business

At the request of a Committee member IBA said that they would discuss the imbalance figure at the next meeting.