

**ICE Benchmark Administration (“IBA”)
Redacted Minutes**



Meeting: LBMA Gold Price Oversight Committee

Date: Wednesday 8th February 2017, 14:30 – 16:00

Location: IBA Offices

Attendees:

| | |
|-----------------------------------|--------------------------|
| Finbarr Hutcheson (Interim Chair) | Deborah Land (Secretary) |
| Grant Angwin (T) | Tony Evanson |
| Rob Hayes (T) | DeAnne Julius (T) |
| Sakhila Mirza | Michel Prada (T) |
| Tony Ricci | Aram Shishmanian (T) |
| Emma Vick | Tim Wood (T) |
| Andre Villeneuve | |

Apologies:

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| Shekhar Bhandari | Simon Weeks |
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In attendance from IBA:

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| Matthew Glenville | Lucy Jeffs |
| Stylianios Tselikas | |

Circulation: IBA Website

Agenda Items/Questions Raised

1. Chairman’s Welcome

The Chairman welcomed the Committee.

2. Apologies for absence

As above.

3. Declaration of any conflicts of interest

No-one had any conflicts to declare.

4. Approval of Minutes

- **Full Minutes of the meeting on 4 November 2016, for approval**
Approved
- **Redacted Minutes of the meeting on 4 November 2016, for approval**
Approved

5. Matters arising from the minutes

The first matter which arose required IBA to clarify the extent to which auction positions would be seen by the CFTC as a direct result of clearing. IBA explained that the CFTC could ask for substantiation of the trade that was EFP’d, but that would not extend to the bilateral trades or other volume in the auction.

Point 2 of matters arising - ‘IBA agreed to determine some thresholds and inform the Committee of any breaches prior to each meeting’. IBA informed the committee that if the Gold Price moved by a pre-determined threshold, it would be flagged and subsequently reported to the Committee.

6. Dashboards

IBA talked through four dashboards, firstly a historic overview since April 2016 to present, followed by individual dashboards for November 2016, December 2016 and January 2017. They highlighted market incidents affecting the price including the FED hike, Brexit and the Trump election.

7. Feedback Statement

The Committee approved a Feedback Statement setting out the findings from the recent consultation on the introduction of the algorithm to determine the price for each auction round, and on a change to the information that is published on the number of active participants while the auction is running.

8. Error Policy

The Committee considered and approved a revised Error Policy.

9. Calendar review

A paper reviewing the process of making relevant Benchmark Submissions in accordance with MAR 8.3.10(2)(d) had been circulated.

All Committee members voiced their approval.

10. Information items

Incidents

IBA raised two minor incidents which had not affected the price discovery and informed the Committee that automation had now been put in place.

Quarterly Stats

The Chairman drew the Committee's attention to the fact that on the web page IBA's quarterly stats indicate the minimum, maximum and average auction volumes using both bid and offer volumes.

Internal audit

The Chairman drew the Committees' attention to the results of the Internal Audit and the fact that IBA had achieved a 'satisfactory' rating, the highest rating that can be given.

11. Proposed time and date of next meeting

14:30 – 16:00 BST, 24th April 2017

12. Discussion Topics

Clearing and auction participation

The Committee were talked through participants' readiness and the reach of the CFTC. The Committee were informed that the majority of Direct Participants ("DPs") were on-track for go-live.

Discussion moved to possible suspension of participants who were not ready by go-live with IBA stating that they absolutely did not wish to suspend anyone. It would be regrettable but they would take that step if necessary.

It was questioned whether the criteria were easy enough to meet and therefore encouraging to new participants.

IBA said that the criteria were easy to fulfil and that it would be much easier to have a relationship with an FCM than to reserve a credit line with every other direct participant.

Discussion moved to whether the quality of the benchmark would be compromised through it being easier to join. IBA assured the Committee that IBA was very resolute in ensuring there would be no degradation in the quality of the auction or the benchmark. IBA would continue to perform KYC and that the IBA Surveillance team regularly visit DPs.

Ongoing evolution

The Committee were informed that a new Indirect Participant (“IP”) had joined the auction. IBA told the Committee that the IP assumes its own conduct risk under the rules of the auction, they do not take the imbalance on and that IBA run surveillance on IPs directly.

Algo responsiveness during the US elections

A presentation was given showing pricing around the US election, highlighting that auctions were a good representation of the market on those days.

Review of the workings of the Committee

The Chairman asked if Committee members had any comments on the summary and action items paper. No comments were raised.

13. AOB

There being none the meeting was closed.