

CONFLICTS OF INTEREST

1. Overview

- 1.1 ICE Benchmark Administration Limited (IBA) has developed this Conflicts of Interest Policy to apply specifically to IBA's regulated activities. This policy applies to all Directors, employees, consultants and contractors. This policy is incremental to the Intercontinental Exchange (ICE), which also applies to IBA's staff.
- 1.2 The objective of IBA's Conflicts of Interest Policy is to ensure that conflicts of interest within IBA are identified and managed appropriately.
- 1.3 The following are the cornerstones of IBA's arrangements to ensure neutrality and the absence of conflicts of interest:
 - a strong regulatory culture and philosophy, as established by the Board and senior management
 - management of conflicts of interest and confidentiality through physical, logical and contractual controls
 - the ICE's Code of Business Conduct and Ethics
 - all staff, Board members and Oversight Committee members attesting to their compliance with the policy and commitment to alert IBA if their situation changes, and
 - IBA's Conflicts of Interest Register.

2. FCA requirements

- 2.1 IBA is authorised and regulated by the Financial Conduct Authority (FCA). Principle 8 of the FCA's Principles for Businesses states that: "A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client."
- 2.2 The FCA's Policy Statement 13/6 commented that a potential conflict of interest for benchmark administrators arises between the interests of the benchmark users and the administrator's commercial objectives and/ or the interests of its membership.
- 2.3 MAR 8 is the chapter in the FCA's Code of Market Conduct that contains the requirements for Benchmark Submitters and Benchmark Administrators, both of which must maintain and operate effective organisational and administrative arrangements to enable them to identify and manage any conflicts of interest that may arise respectively from the process of making benchmark submissions and administering the benchmark.

2.4 For Benchmark Administrators, MAR 8.3.3 states that:

“A *benchmark administrator* must maintain and operate effective organisational and administrative arrangements to enable it to identify and manage any conflicts of interest that may arise from the process of administering a *specified benchmark*.”

2.5 MAR 8.3.4 provides further information:

“The arrangements described in MAR 8.3.3 R should include measures designed to ensure the confidentiality of benchmark submissions and additional information received from benchmark submitters (to the extent that such submissions and information have not been made public by mutual agreement between the benchmark administrator and benchmark submitter), for example, through confidentiality agreements for the benchmark administrator's employees and members of the oversight committee.”

2.6 IBA must therefore:

- have regard to maintaining the integrity of the market and the continuity of the benchmark
- identify and manage conflicts of interest that may arise, and
- have sufficient policies to ensure confidentiality of sensitive information, such as proprietary trading information, between itself and the Benchmark Submitters and the Oversight Committee.

3. Identification of conflicts

3.1 A conflict of interest occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of another person or entity.

3.2 For the purposes of identifying the types of conflict of interest that arise, or may arise, the following should be taken into account:

- IBA is part of the wider ICE group and conflicts, or perceived conflicts, may therefore arise through this ownership
- IBA's Oversight Committees include representation from Benchmark Users who may face a conflict between their duty to have regard to the interests of Benchmark Users as a whole, on the one hand, and the interests of their employer organisation or of the particular class of Benchmark Users to which their employer organisation belongs, on the other.

3.3 It is important that actual and potential conflicts of interest in IBA are identified and managed. Anyone who identifies a new conflict of interest must immediately report it to the Benchmark Administration Manager.

3.4 IBA will conduct reviews on at least an annual basis to ensure that we identify all actual and potential conflicts of interest on an ongoing basis and keep this Policy up to date. The identification and management of conflicts will also be identified through the ongoing IBA compliance monitoring programme.

4. IBA staff

4.1 ICE's Code of Business Conduct and Ethics deals with conflicts of interest generally and applies fully to IBA. The Code of Business Conduct and Ethics includes policies and procedures for the identification, reporting, disclosure, management, mitigation and avoidance of conflicts of interest. The Code is published [here](#) and can be found at:

<http://ir.theice.com/~media/Files//Ice-IR/documents/corporate-governance-documents/ice-code-final-external.pdf>

5. IBA's Oversight Committees

5.1 Members of the Oversight Committees are expected to act as individuals when serving on the committee. They could face a conflict of interest such as, for example:

- if they were to seek to minimise the standards of regulation for the relevant benchmark as developed through the committee's deliberations:
 - the compliance burden for their employers may be reduced
 - the likelihood of sanctions on their employers and/or referral to the FCA may be lessened
- they may be party to confidential information which may be useful to their employers.

5.2 IBA's Oversight Committees include representation from IBA itself. IBA is part of the wider ICE and conflicts, or perceived conflicts, may therefore arise through this ownership, as stated above.

5.3 Any member of the Oversight Committee members may be conflicted where, for example, they become party to confidential information which may be useful to their employers.

5.4 In the Letter of Appointment to the Committee, an individual confirms that they will:

- promptly declare to the Committee Chairman or a director of the Company (as appropriate) any other appointments or arrangements that conflict or may conflict with their position as a Committee member, and
- comply with the Company's policy on conflicts of interest from time to time.

5.5 Conflict of interest declaration forms for each Committee member can be seen by clicking below:

[ICE LIBOR Oversight Committee](#)

[ICE Swap Rate Oversight Committee](#)

6. Conflict of interest management

6.1 Each conflict of interest identified must be managed and monitored. The following types of procedures and measures may be appropriate when managing conflicts of interest:

- Control of information: Preventing/controlling the exchange of information between opposing sides of a conflict of interest (e.g. by establishing a Chinese Wall). IBA staff are physically and logically separated from other ICE staff and functions. IBA's offices have card-key mechanisms to control and monitor access. Information presented to the Oversight Committee is anonymised where required to preserve confidentiality
- Removal of remuneration links: Removing direct links between the remuneration of individuals on opposite sides of a conflict of interest, or remuneration links that may influence an individual to favour a particular product or service. IBA staff's remuneration is not linked to ICE LIBOR and the Board of IBA do not participate in ICE's employee stock plan
- Segregation of duties: Preventing/controlling the simultaneous/sequential involvement of individuals in separate tasks or services. IBA's staff have no other functions within the ICE
- Contractual arrangements: Anticipating and avoiding conflicts. Certain types of conflict of interest are anticipated in contractual provisions by IBA and require explicit advance consent for some matters.
- Separate supervision: Ensuring that individuals on opposite sides of a conflict of interest are subject to separate supervision. This is not applicable since IBA's staff have no other functions within the ICE
- Disclosure: Where the measures implemented to manage conflicts described above are insufficient to ensure, with reasonable confidence, that material risk of damage will be prevented, then the nature of the conflicts of interest arising must be disclosed as appropriate.

7. IOSCO disclosure

7.1 IOSCO Principle 3 (Conflicts of interest for Administrators) provides, inter alia, that Administrators should disclose conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.

7.2 Since ICE derives business through derivative contracts priced on ICE LIBOR rates in GBP and CHF, there could be a perception that the group might be resistant to change in order to preserve the existing revenue stream. Since the group derives significant transaction volume from volatility in the derivatives market, there could be a perception that it might be advantageous to seek to encourage volatility in ICE LIBOR.

- 7.4 Potential conflicts of interest may exist between IBA's role as the administrator of the LBMA Gold Price and the interests of other companies in the ICE Group that provide trading and clearing facilities for other gold products. Potential conflicts of interest may exist between IBA's role as the administrator of the ICE Swap Rate and the interests of other companies in the ICE Group that provide trading and clearing facilities for other interest rate products. IBA is ring-fenced and any interaction with other group facilities for gold or interest rate products is at arm's length and as IBA licence holders.
- 7.5 To the extent, if any, that these circumstances represent an actual or potential conflict of interests for IBA or for any individuals connected with IBA, such conflict is managed effectively through the rigorous internal policies and corporate governance structures implemented by both ICE and IBA. The ICE group's integrity is very valuable and would of course not be placed in jeopardy in any way.

8. Monitoring and reporting

- 8.1 IBA's senior management engage fully with the conflicts of interest identification and management process and take responsibility for the active ownership of conflicts of interest.
- 8.2 All IBA staff must declare to their line manager, and/or IBA's senior management as appropriate, any potential conflict of interest that arises in the course of their work. This may include, for example, a potential conflict which arises at a meeting or during discussions.
- 8.3 Any IBA staff who are potentially conflicted must disclose this to IBA, whether the conflict arises during the course of their employment at IBA or from external factors (such as outside or family associations).

9. Record keeping

- 9.1 The Conflicts Register and Logs are maintained by the Benchmark Administration Manager.
- 9.2 Conflict Logs are used to record:
- conflict and potential conflict situations
 - the appropriate mitigation strategy in each case
 - ownership of the ongoing management of the conflict, and
 - where appropriate, an assessment of how effective the mitigation strategy proves. Regular reviews of conflicts situations will be undertaken to maintain effective and appropriate management.
- 9.3 IBA retains:
- all versions of this Policy
 - management information provided in relation to the conflicts procedures, including any breaches of the Policy and subsequent remedial action, and
 - all versions of the Conflicts Log.

9.4 All of the other records mentioned above will be kept for a minimum of five years.

10. Responsibilities in respect of the Policy

10.1 This Conflicts of Interest Policy is owned by IBA's senior management and is subject to annual review and sign off by the Board of Directors of IBA. It will also be reviewed in line with business changes and changes to regulation.

11. Queries

11.1 Any questions about this Policy should be addressed to the Benchmark Administration Manager.

12. Approval

12.1 This Conflicts of Interest Policy has been approved by the Board of directors of IBA.
