



ICE BENCHMARK ADMINISTRATION

LBMA SILVER PRICE - ERROR POLICY

Introduction

1. ICE Benchmark Administration Limited (“IBA”) became the Benchmark Administrator for the LBMA Silver Price in September 2017 and is applying strong governance and surveillance of the benchmark.
2. IBA is realistic in recognising that errors may still occur from time to time, both at Participant banks and at IBA. We therefore wish to articulate clearly and transparently our approach to handling errors identified subsequent to the publication of the LBMA Silver Price.

Background

3. IBA’s auction process is a facility for trading spot silver at a USD price at which balance can be found between buying and selling interest. The IBA Silver Auction is an electronic, tradeable auction process with an auction at 12.00 each London business day.
4. The final price from IBA’s Silver Auction is published as the LBMA Silver Price benchmark. IBA also publishes the LBMA Silver Price in a number of non-USD currencies.

Operational impacts

5. In the event that an error in the IBA Silver Auction results in a republication of the price there are several operational considerations:
 - spot silver trades and derivatives that reference the LBMA Silver Price may need to be re-booked or re-settled at the republished price
 - contingent transactions and option exercises may be automatically triggered as a consequence of a republication without either party necessarily anticipating or wanting the resulting transaction, and
 - significant time and effort may be expended in amending downstream transactions if the republished values are used.

Error scenarios

6. An error could arise from the IBA Silver Auction in the following scenarios:

#	Scenario	Treatment of error
1	IBA discovers an error during an auction Round	The auction Round could be stopped and restarted
2	IBA makes an error which is discovered after an auction is finished	The auction could not be rerun but in extremis IBA could replace a published auction price with a No Publication
3	A Participant makes an error which is discovered after an auction is finished	The auction could not be rerun
4	Fewer than three Direct Participants are present for the auction and IBA therefore publishes a price without conducting an auction but IBA publishes an incorrect price	The incorrect price could be amended if the error were discovered within 30 minutes after publication
5	IBA publishes incorrect non-USD prices	Since the non-USD prices are derived indirectly from the auction, the incorrect price could be amended if the error were discovered within 30 minutes after publication

7. In scenarios 4 and 5 above, the 30 minute cut-off time will be kept under regular review by the Precious Metals Oversight Committee.
8. Errors are identified after the cut-off time would be included in the attached report that is updated after the end of each calendar quarter.

IOSCO Principle 16 (Complaints Procedures)

9. Principle 16 (Complaints Procedures) of IOSCO's Principles for Benchmarks states that Administrators should have a detailed process to follow in the event that a complaint results in a Benchmark determination being changed. Any determination of the LBMA Silver Price which is changed following a complaint will be notified in the quarterly publication of errors since it is unlikely that a considered response to a complaint would fall within the time parameters identified above for intraday republication.

QUARTERLY PUBLICATION OF ERRORS

Month	Number of errors	Impact on the published rate
October 2017	None	N/A
November 2017	None	N/A
December 2017	None	N/A
January 2018	None	N/A
February 2018	None	N/A
March 2018	None	N/A
