

## **LBMA PRECIOUS METALS PRICES - BMR CHANGES AND CESSATION PROCEDURE**

### **1. Introduction**

ICE Benchmark Administration Limited (IBA) is the Benchmark Administrator for four systemically important benchmarks:

ICE LIBOR – the world's most widely used benchmark for short term bank borrowing rates

ICE Swap Rate – the global interest rate swap benchmark for swap rates and spreads

LBMA Gold Price – the principal global benchmark for daily spot gold prices, and

LBMA Silver Price – the principal global benchmark for daily spot silver prices

This Cessation Procedure is published by IBA in compliance with Article 28 of the European Benchmarks Regulation (BMR) which requires a benchmark administrator to publish, together with the Benchmark Statement required under Article 27 of the BMR, a procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the EU.

The BMR states that procedure may be drafted, where applicable, for families of benchmarks. A 'family of benchmarks' is defined in the BMR as a group of benchmarks provided by the same administrator and determined from input data of the same nature which provides specific measures of the same or similar market or economic reality.

This BMR Changes and Cessation Procedure is specific to the LBMA Gold Price and the LBMA Silver Price ("the LBMA Precious Metals Prices") and sets out the steps that IBA would take in the event of a change or cessation of one or both of the LBMA Precious Metals Prices.

Equivalent Procedures are available for ICE LIBOR and ICE Swap Rate.

### **2. BMR Article 28 requirement**

Article 28(1) of the BMR requires a "procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the Union in accordance with Article 29(1)".

Article 29(1) states that:

"A supervised entity may use a benchmark or a combination of benchmarks in the Union if the benchmark is provided by an administrator located in the Union and included in the register referred to in Article 36 or is a benchmark which is included in the register referred to in Article 36."

### **3. Change or cessation steps**

Details of any proposed changes or cessation of one or both of the LBMA Precious Metals Prices would be reviewed and agreed with the Precious Metals Oversight Committee which would have an important role in monitoring the execution of the plan.

Key factors to be considered are:

- The timing of the change or cessation, including how much notice should be given
- Whether any transitional measures should or could be implemented, and
- Stakeholder engagement.

### **4. Timings and notice**

The timing would take into consideration the relevant factors in the prevailing circumstances:

- The urgency, if any, of changing or ceasing the benchmark
- The amount of notice that should be given to stakeholders to allow them to take a number of actions: to identify alternative arrangements; to put such alternatives in place; to ensure that contractual documentation is amended as necessary; and to update promotional or other material.
- The timing of any transitional measures
- The extent of any likely IT or process issues
- Whether there are any important dates or milestones in the near future (for example, expiries of financial instruments referencing the benchmark), and
- Whether there are any regulatory, legal or other provisions that might affect the timing.

### **5. Engaging with external stakeholders**

If changes to an IBA benchmark are under consideration, the IBA Consultation Process provisions would apply, as published at:

[https://www.theice.com/publicdocs/IBA\\_consultation\\_process.pdf](https://www.theice.com/publicdocs/IBA_consultation_process.pdf)

If cessation of an IBA benchmark were under consideration, IBA would engage with the relevant stakeholders, including:

- The FCA and any other relevant regulatory body
- Users of the benchmark – directly (for example, by email to registered licensees and by conference calls where appropriate), through any relevant association(s) and/or through paid advertisements

- Contributors, if any, associated with the benchmark
- Redistributors of the benchmark, and
- The media.

IBA would also include relevant information and relevant contact details on its website.

## **6. Review**

This Cessation Procedure is subject to review at least annually.

April 2018

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