

## ERROR POLICY

### Introduction

1. ICE Benchmark Administration Limited (IBA) is the benchmark administrator for the LBMA Gold Price and the LBMA Silver Price benchmarks. Strong governance and surveillance are applied to the benchmarks but errors may still occur from time to time at Participant level or by IBA.
2. IBA therefore articulates below its approach to handling errors identified during an auction or subsequent to the publication of the LBMA Gold Price or the LBMA Silver Price.

### Background

3. IBA's auction process is a facility for trading spot gold or silver at a USD price at which balance can be found between buying and selling interest. It is an electronic, tradeable auction process with two auctions each day for gold, at 10:30 and 15:00, and one auction for silver at 12:00 each London business day.
4. The final price from IBA's gold auction is published as the LBMA Gold Price benchmark and the final price from the silver auction is the LBMA Silver Price benchmark. IBA also publishes the benchmarks in a number of non-USD currencies.

### Operational impacts

5. In the event that an error in an IBA auction resulted in a republication of the price, there are several operational considerations:
  - Spot trades and derivatives that reference the benchmark 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 by market participants in amending downstream transactions if the republished values are used.

**Error scenarios**

6. An error could arise from an IBA auction in various scenarios, including the following:

#	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 during an auction	The Participant corrects the error during the course of the auction
4	A Participant makes an error which is discovered after an auction is finished	The auction could not be rerun and the Participant is responsible for settling any unintended transactions to which it becomes a party
5	Fewer than three Direct Participants are present for the auction. IBA publishes a price without conducting an auction but the published price is incorrect	The incorrect price could be amended if the error were discovered within 30 minutes after publication
6	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 5 and 6 above, the 30 minute cut-off time will be kept under regular review by the Precious Metals Oversight Committee.

**Transparency or errors**

8. An error by IBA which is identified after the cut-off time would be included in the attached report which is updated after the end of each calendar quarter.

9. As stated above, a Participant making the error in scenario 4 is responsible for settling any unintended transactions to which it becomes a party. The error is not included in IBA’s published report since the auction represented the buying and selling interest at the time of the auction and the price discovery mechanism operated accordingly.

**IOSCO Principle 16 (Complaints Procedures)**

10. 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 Gold Price or 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.
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**QUARTERLY PUBLICATION OF ERRORS FOR GOLD**

<b>2015</b>		
<b>Quarter</b>	<b>Number of Errors</b>	<b>Impact on Published Rate</b>
Q1	-	-
Q2	1	Yes
Q3	-	-
Q4	1	Yes
<b>2016</b>		
Q1	-	-
Q2	1	Yes
Q3	-	-
Q4	-	-
<b>2017</b>		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-
<b>2018</b>		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-
<b>2019</b>		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-
<b>2020</b>		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-

QUARTERLY PUBLICATION OF ERRORS FOR SILVER

2017		
Quarter	Number of Errors	Impact on Published Rate
Q4	-	-
2018		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-
2019		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-
2020		
Q1	-	-
Q2	-	-
Q3	-	-
Q4	-	-

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