

Developments to LBMA Silver Price Benchmark

Joint statement by Thomson Reuters, CME Group and the independent Silver Price Oversight Committee

LONDON, February 4, 2016 – Thomson Reuters and CME Group with the agreement of the LBMA and the independent LBMA Silver Price Oversight Committee today announce a package of measures to further develop the silver benchmark.

In addition to its regular meetings, the Committee has held two extraordinary meetings since the auction on Thursday January 28, 2016 and has been working with the benchmark administrator (Thomson Reuters) and calculator (CME Group) to address concerns. The regulatory authority, the Financial Conduct Authority, has been kept fully informed.

At the meeting, the Committee endorsed an intervention protocol agreed by the administrator and calculator to suspend an auction if they believe the integrity of the auction or participants is threatened.

This protocol has been in place since Friday January 29, 2016. All participants and the FCA have been informed of its implementation.

The Committee, Thomson Reuters and CME Group will present details of the measures to participants, their clients and the Financial Conduct Authority for discussion and implementation at the earliest opportunity.

These include: a blind auction, where only prices and not volumes are disclosed to participants until after the auction has closed; increasing the settlement tolerance where necessary to maintain the integrity of the auction; change the structure for sharing the differential to encourage full participation; and a package of measures to increase participation in the benchmark process and to encourage non-banks' participation.

In addition we look at the viability of introducing centralized clearing of all auction trades, to make the process easier and less capital intensive for participants.

"We are committed to maintaining the integrity of the LBMA Silver Price," said Neil Stocks, chairman of the Oversight Committee. "We are introducing enhancements and are consulting on further developments with the many users who rely on this important benchmark."

The LBMA Silver Price is calculated daily on a transparent electronic auction platform operated by the CME Group; Thomson Reuters is responsible for administration.