



REUTERS/Beawiharta

LBMA Silver Price

FREQUENTLY ASKED QUESTIONS



BACKGROUND

Effective 15th August 2014, the London Silver Market Fixing Ltd will cease administration of the London Silver Fix published on <XAGFIX=> and its related contributed pages and RICs. Following the announcement of this development, the LBMA <LBMA01> launched a market consultation and Request for Proposal which has resulted in the creation of a new pricing mechanism for the LBMA Silver Price. The new LBMA Silver Price mechanism will be operated by Thomson Reuters <TRI.TO> and the CME Group <CME.O>, in partnership with the LBMA.

Thomson Reuters will be responsible for the administration and governance of the benchmark. The CME Group will provide the electronic auction platform on which the price will be calculated. The LBMA will be responsible for the accreditation process for price participants and will own the intellectual property rights for the LBMA Silver Price.

The London Silver Market fix has been a global benchmark for 117 years. This new process for establishing the new LBMA Silver Price will maintain continuity with the existing silver fixing process for market participants while also increasing transparency and the number of market participants via an electronic platform for the auction. It will continue to be London-based and will offer a fully IOSCO-compliant solution to the London bullion marketplace. Our intention is to follow the current benchmarking process in order to minimize any possible disruptions and enable a seamless transition for the market.

HOW WILL THE LBMA SILVER PRICE BE SET?

The LBMA Silver Price will be set by auction rounds with each round lasting 30 seconds. Members that will partake in each round of the auction will input their buy volume and sell volume (either/or both) at the start auction price. If the buy and sell volumes are out of tolerance, the auction price will change and the auction will restart until the buy and sell volumes are in tolerance, and the price is set. Each time the auction restarts, it clears the order book entirely and any orders must be re-entered.

Tolerance level – 3 Lakhs (1 Lakh= 100,000 in this instance 100,000 oz).

The auction will start at midday London time, each auction round lasting 30 seconds and will take as many auction rounds as necessary to determine The LBMA Silver Price.

Data will be available free of charge initially and available via other vendors.

WHAT'S GOING TO HAPPEN

Effective 15th August:

- The following RICs will cease to update:
 - <0#XAGFIX=>
 - <XAGFIXUSD=>
 - <XAGFIXAUD=>
 - <XAGFIX=MANL>
 - <XAGFIXGBP=MANL>
 - <XAGFIXEUR=MANL>
 - <XAGGBPFXPM=HSBL>
 - <XAGEURFXPM=HSBL>
 - <XAGEURFIXAM=HSBL>
 - <XAGFIXAM=HSBL>
 - <XAGFIXPM=HSBL>
 - <XAGGBPFXAM=HSBL>
 - <XAGUSCMAVG=>
 - <XAGGBPMMAVG=>
 - <XAGEURMAVG=>
 - <0#XAGFIX-MAVG>
 - <XAG-SPOT-FIX>
 - <XAGFIX=/A>
 - <XAGFIX1=>
 - <PREC>
- The existing RIC <XAGFIX=> will automatically direct clients to view The LBMA Silver Price display <LDNXAG=> on August 15th between 10:30am and 11am London time. The same will happen for the existing Silver Fix RICs in GBP and EUR <XAGFIXGBP=> and <XAGFIXEUR=>. On August 15th between 10:30am and 11am London time these existing RICs will also automatically redirect clients to the new indicative LBMA Silver Price RICs in GBP and EUR. The new RICs are <LDNXAGGBP=> and <LDNXAGEUR=>.
- The new LBMA Silver Price can be found on <LDNXAG=>
- The existing composite display <PFX> for precious metals spot and fixes will contain the new LBMA Silver Price after 00:05am on 15th August.
- Visibility of aggregated bid and offer volumes at each auction price can be found on chain <0#LDNXAG=>
- The information page <LDNXAG/INFO> will provide an explanation of the auction process as well as listing all LBMA Silver Price RICs and chains.

NEW RICs

Effective 12:05am London time on 6th of August the new RIC structure for USD price and auction RICs will be available to clients. Currency converted RICs will be available from 00:05am on 7th August. **Please note that there may be some real time and intraday/end of day test data which appears on these new RICs which should be disregarded until 12:05am on 15th August when all new RICs will be cleared down ready for the launch date on 15th August.**

Please note the new AUD converted RIC <LDNXAGAUD=> will be removed by close of business 7th August following feedback from market participants. The existing AUD converted RIC <XAGFIXAUD=> will continue to update until effective 15th August when it will be removed.

Please note the new EUR and GBP currency indicative RICs <LDNXAGEUR=> and <LDNXAGGBP=> will be available to clients on 15th August.

Please be aware that labeling for the main LBMA Silver Price RIC <LDNXAG=> is incorrect for the following FIDs – HIST_CLOSE 21 and HSTCLSDATE 79. The FID names and numbers remain correct, labeling on the display template will be corrected on 25th August.

Please also be aware that for the main LBMA Silver Price RIC and the individual auction round RICs the Display Template may not be available prior to the launch date. Clients wishing to view the Display Template should follow these steps:

- Click on "Menu" in the top right corner of the Quote Object
- Select "Template > Choose Template"
- Search for "*cme_prcm_chn_nt.qte*" for use with <LDNXAG=> and "*cme_prcm_auct_nt.qte*" for use with individual auction round RICs such as <LDNXAGAUC1>
- Once the appropriate Template is selected click OK.

The new RICs are as follows:

- <0#LDNXAG> is the main chain RIC display the final LBMA Silver Price and auction rounds
- <LDNXAG=> is the final LBMA Silver Price RIC
- <LDNXAGAUC1> – <LDNXAGAUC250> are the auction round RICs
- <LDNXAGGBP=> – LBMA Silver Price indicative GBP price
- <LDNXAGEUR=> – LBMA Silver Price indicative EUR price
- <0#LDNXAGFX> – Chain containing the LBMA Silver Price indicative currency RICs

The auction RICs will be chained to <0#LDNXAG>

- <0#LDNXAG>
- <LDNXAG=>
- <LDNXAGAUC1>
- <LDNXAGAUC2>
- <LDNXAGAUC3>
- <LDNXAGAUC4>
- <LDNXAGAUC5>
- <LDNXAGAUC6>
- <LDNXAGAUC7>
- <LDNXAGAUC8>
- <LDNXAGAUC9>
- <LDNXAGAUC10>
- <LDNXAGAUC11>
- <LDNXAGAUC12>
- <LDNXAGAUC13>
- <LDNXAGAUC14>
- <LDNXAGAUC15>
- <LDNXAGAUC16>
- LDNXAGAUC this RIC will continue until
- <LDNXAGAUC250> (auction round 250)
- <LDNXAG/INFO>

KEY NEW FIDS

Auction & price RICs:

FID NUMBER	FID NAME	FID DESCRIPTION	RIC	ROUND
3	DSPLY_NAME	Abbreviated name for the instrument	LDNXAG= and LDNXAGAUCn	All Rounds
6	TRDPRC_1	Final fixing price	LDNXAG=	Final
11	NETCHNG_1	Difference between the latest trading price or value and the adjusted historical closing value or settlement price.	LDNXAG=	Final
15	CURRENCY	Quoted currency of the instrument	LDNXAG= and LDNXAGAUCn	
21	HST_CLOSE	Historical unadjusted close or settlement price.	LDNXAG=	Final
53	TRD_UNITS	Price units of the instrument	LDNXAG= and LDNXAGAUCn	All Rounds
54	LOTSZUNITS	Lot size units	LDNXAG= and LDNXAGAUCn	All Rounds
56	PCTCHNG	Percentage change of the latest trade price or value from the adjusted historical close.	LDNXAG=	Final
1447	AUCTN_DATE	Date of Auction	LDNXAG= and LDNXAGAUCn	All Rounds
3576	AuctionPRC	Price at end of Auction	LDNXAGAUCn	Auction Rounds
4406	TOT_ASKVOL	aggregated Auction Ask volume	LDNXAGAUCn	Auction Rounds
4407	TOT_BIDVOL	aggregated Auction Bid volume	LDNXAGAUCn	Auction Rounds
6692	MK_PHA_STM	Time the Auction round starts	LDNXAG= and LDNXAGAUCn	All Rounds
6693	MK_PHA_ETM	Time the Auction round ends	LDNXAG= and LDNXAGAUCn	All Rounds

There may be some "value add" fields such as Year High and Year Low which will not be available on the launch date. These will be added as part of a Phase 2 project.

Currency Conversion FIDs:

FID NUMBER	FID NAME	FID DESCRIPTION	RIC
3	DSPLY_NAME	Abbreviated name for the instrument	LDNXAGEUR= LDNXAGGBP= LDNXAGAUD=
6	TRDPRC_1	Final fixing price converted into currency	All 3 currency RICs above
15	CURRENCY	Quoted currency of the instrument	All 3 currency RICs above
21	HST_CLOSE	Historical unadjusted close or settlement price.	All 3 currency RICs above
53	TRD_UNITS	Price units of the instrument	All 3 currency RICs above
54	LOTSZUNITS	Lot size units	All 3 currency RICs above
79	HSTCLOSEDATE	Historical unadjusted close or settlement price date	All 3 currency RICs above
275	SEC_ACT_1	Difference between the latest trading price or value and the adjusted historical closing value or settlement price.	All 3 currency RICs above
393	PRIMACT_1	Final fixing price converted into currency	All 3 currency RICs above
875	VALUE_DT1	Value Date	All 3 currency RICs above
997	GENVAL_2	FX rate used for currency conversion	All 3 currency RICs above
1001	GV2_TEXT	FX rate text field	All 3 currency RICs above
1010	VALUE_TS1	Time the Auction round ends/Time of Currency Conversion	All 3 currency RICs above

FAQ'S

When does the new LBMA Silver Price come into effect?

15th August 2014.

Will the new RICs be available prior to the launch date?

The existing London Silver Fix process is still in place until close of business on 14th August.

New RICs will be available to Thomson Reuters Eikon clients to use prior to the launch date from 12:05am London time on 6th August. Currency converted RICs will be available from 00:05am on 7th August. Please note that there may be some test data which appears on these new RICs which should be disregarded until 12:05am on 15th August when all new RICs will be cleared down ready for the launch date on 15th August.

Clients using the existing RIC <XAGFIX=> will be automatically redirected to the new RIC <LDNXAG> between 10:30am and 11am London time on 15th August. This redirection will remain in place until 17th October 2014. After this point clients should update all displays and spreadsheets with the new RICs.

Why is there no AUD converted LBMA Silver Price?

No exact replacement will exist at the feedback of market participants.

How are the LBMA Silver Price indicative currency RICs for GBP or EUR calculated?

The new indicative EUR and GBP currency RICs are <LDNXAGEUR=> and <LDNXAGGBP=>. Currency snap and price conversion will be triggered when The LBMA Silver Price is set at the end of the last auction round. The time will vary each day depending on how many auction rounds it takes to arrive at the final price as per the auction process outlined above. The snap will be triggered by the update of FID 6 TRDPRC_1 on the main Silver Price RIC <LDNXAG=>. The indicative currency rate used will be from Thomson Reuters Dealing platform. The RICs are <EUR=D3> and <GBP=D3> and the mid price FID 134 MID_PRICE will be used. At the exact time the currency snap takes place the final LBMA Silver Price will be converted into the relevant currency using the indicative currency rate FID 997 GENVAL_2 on <LDNXAGEUR=> and <LDNXAGGBP=> and the currency converted LBMA Silver Price will then be updated to FID 6 TRDPRC_1 on <LDNXAGEUR=> and <LDNXAGGBP=>. Clients should be aware that these prices are purely indicative.

Example for EUR:

Final auction round sets LBMA Silver Price at 12:06 price of \$20.70

12:06 – <EUR=D3> FID 134 is snapped e.g 1.3385

12:06 – <LDNXAG=> FID 6 is converted using <EUR=D3> FID 134 e.g. $20.7/1.3385=\$14.90$

12:06 – <LDNXAGEUR=> updates FID 997 with currency snap value 1.3385

12:06 – <LDNXAGEUR=> updates FID 6 with converted value \$14.90

How long will the RIC redirection from <XAGFIX=> to <LDNFX=> be in place for?

Until 17th October 2014.

When should clients replace <XAGFIX=> with <LDNFX=>?

At their earliest convenience – price RIC <LDNFX=> and auction RICs on chain <O#LDNXAG> will be available after 00:05am London time on 6th August 2014.

What is the exact timing of The LBMA Silver Price?

The auction process will begin at midday London time. Auction rounds will last 30 seconds. Due to the nature of the auction process outlined above the exact number of rounds it will take before the price is arrived it is an unknown. It will take as many auction rounds as necessary until the volumes “match” within the tolerance of three Lakhs (300,000 Troy Oz).

What other documentation is available?

Please refer to the DN's which have been issued:

DN to notify of the end of the London Silver Fix – [DN076399](#)

DN to notify of The LBMA Silver Price – [DN077090](#)

What format will the price be set in?

Price will be in US dollars per troy oz.

How many decimals will the price be quoted in?

The LBMA Silver Price will be quoted to 3 decimal places.

How do market participants get the LBMA Silver Price?

Thomson Reuters will be distributing The LBMA Silver Price and auction round data over our standard market data systems (Eikon and Elektron).

We will also be making the final LBMA Silver Price data available for re-distribution by 3rd party data vendors (e.g., Bloomberg).

Data will be published on the LBMA website.

Will The LBMA Silver Price be available in Datascope?

Yes, the final price value of The LBMA Silver Price will be available in Datascope as an end of day value.

Will The LBMA Silver Price be available in Reuters Knowledge or other Thomson Reuters products?

Yes, The LBMA Silver Price and Auction round data will be available in Reuters Knowledge, or any other Thomson Reuters product which is able to currently view <XAGFIX=>, initially until the data becomes fee liable.

How do the market participants submit their bids/offers during the auction process?

The direct participants in the auction will have access to CME Direct.

How will I receive The LBMA Silver Price?

Clients can access The LBMA Silver Price through their Thomson Reuters Eikon, other Thomson Reuters desktop product which they can access the current London Silver Fix data.

I am using the composite page <PFI> what will this display The LBMA Silver Price?

Yes, on 14th August <PFI> will display the last Fix price administered by London Silver Market Fixing Ltd. After 00:05am on 15th August the page <PFI> will change to show The LBMA Silver Price. The page will not be removed.

What are the Thomson Reuters Eikon Display Templates which will be used for the new RICs?

cme_prcm_auct_nt.qte – Display Template for individual auction RIC e.g. <LDNXAGAUC1>

cme_prcm_prc_nt.qte – Display Template for main LBMA Silver Price RIC <LDNXAG=>

cme_prcm_chn_nt.qte – Display Template for main LBMA Silver Price Chain RIC <0#LDNXAG>

grain_nt.qte – Display Template for indicative LBMA Silver Price GBP and EUR RICs <LDNXAGEUR=> and <LDNXAGGBP=>

I am unable to view the main LBMA Silver Price and auction round RICs in Thomson Reuters Eikon prior to the launch date. What should I do?

Please also be aware that for the main LBMA Silver Price RIC and the individual auction round RICs the Display Template may not be available prior to the launch date. Clients wishing to view the Display Template should follow these steps:

1. Click on "Menu" in the top right corner of the Quote Object
2. Select "Template > Choose Template"
3. Search for "cme_prcm_chn_nt.qte" for use with <LDNXAG=> and "cme_prcm_auct_nt.qte" for use with individual auction round RICs such as <LDNXAGAUC1>
4. Once the appropriate Template is selected click OK.

What holiday schedule will The LBMA Silver Price follow?

The LBMA Silver Price will follow a UK holiday schedule.

What are the costs to view the data?

For an initial period there will be no add-on charge for Thomson Reuters Eikon clients to access The LBMA Silver Price and auction data.

After the initial period, we will introduce a per user charge for real-time access. No firm date has yet been set for this change.

Price data will be published for free access on the LBMA website.

Will I need a license to refer to The LBMA Silver Price in contracts?

Not initially. Detailed licensing plans are still to be developed

Our expectation is that there will be no charge for the continuation of existing LBMA-member activities (e.g., LBMA spot market-maker transactions with their clients).

Who should re-distribution partners contact to get access to The LBMA Silver Price?

Richard Blachford in the Partner Executive team (Richard.blachford@thomsonreuters.com)

What will be the length of each auction round?

Each auction round will last 30 seconds.

What to do if you are negotiating contracts that refer to the Fix?

Refer to ISDA, and use the same ISDA wording to provide uniformity

What to do if you have OTC derivative contracts?

Refer to the ISDA agreement.

I trade in the Fix through a bullion bank. What will change for me on 15 Aug?

Very little. You can trade in the new mechanism through a Bullion bank – and you should talk to them about this. There will be better visibility of the new process though as you will be able to see the auction process live on a Thomson Reuters screen or through a third party (O#LDNXAG is the chain ric; <LDNXAG=> is the final silver fixing price RIC; <LDNXAGAUC1 > – <LDNXAGAUC 250> are the auction round RICs.

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