

FINAL

Market Consultation – Summary of Feedback and Outcome

Comments were invited by 22 April 2016 on proposed changes to the Rule Book and Platform Calculation Methodology document. These changes proposed to reflect new measures approved by the LBMA Silver Price Oversight Committee to further enhance the LBMA Silver Price auction process and make other consequential and operational amendments. The new measures include:

- **Introducing a blind auction:** Only prices will be visible during each round. Once an auction round has ended, aggregate buy and sell volumes will be publicly available.
- **Sharing the imbalance in the auction:** As an equilibrium auction, settlement occurs when, at the end of a round, the total of buy and sell orders are within a predefined imbalance tolerance. This imbalance (where applicable) will be shared equally among all registered participants of the auction, even if a participant has not placed an order in the auction for that day.
- **Increasing the predefined threshold:** In exceptional circumstances, the imbalance can be increased up to an approved maximum threshold to achieve equilibrium, balance the auction and therefore maintain the integrity of the benchmark.

In addition, in response to participant requests, changes were proposed to allow participants to provide sponsored access to certain of their customers and, in certain circumstances, to enter into trades required to be concluded as a result of bids and offers placed on the auction platform through affiliates they had specified for that purpose, subject to the agreement of the other participants.

Representatives of auction platform participants attended a participants' forum on March 23, 2016 where the proposed changes were presented, hosted by Thomson Reuters. The consultation period closed on April 22, 2016.

During the consultation period, auction platform participants provided comments on the proposed changes to the Rule Book and Platform Calculation Methodology document.

Most comments on the proposed changes focused on seeking clarifications on:

- the separation between house and customer orders and the order submission process; and
- how the new sponsored access features of the platform were intended to operate in practice.

Participants also indicated what their operational and risk-related considerations would be in taking up the proposed sponsored access platform offering.

As a result of participant feedback:

- Rule 4.2.2 of the Rule Book and Section 4.2 of the Platform Calculation Methodology document have been amended and clarified to confirm the house and customer order submission process; and
- CME Group and Thomson Reuters have decided to postpone changes to the Rule Book and Platform Calculation Methodology governing sponsored access and to extend the process of constructive engagement with participants to further develop the LBMA Silver Price auction platform sponsored access offering.

The final revised version of the Rule Book and the Platform Calculation Methodology document are now available here. *[insert links to documents below, when available]*.