

THOMSON REUTERS

LBMA Silver Price

Participant Code of Conduct

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## Contents

Chapter 1 - Introduction	3
Chapter 2 - Participants Organisational Arrangements	4
Chapter 3 - LBMA Silver Price Data Input Criteria	5
Chapter 4 - Participants Records Management	6
Chapter 5 - Glossary of Defined Terms	7

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## Chapter 1 - Introduction

### Financial Conduct Authority's (FCA) Market Conduct Sourcebook

- 1.1 This Participant Code of Conduct ('Code of Conduct') is intended to work in conjunction with the CME Benchmark Europe Limited Rulebook to set out the expectations of Participants on the auction platform.
- 1.2 Participants will be required to confirm their adherence to the Code of Conduct (using the template that will be supplied under separate cover) at least annually and in situations where there has been a material change to the auction platform and / or benchmark regulation.
- 1.3 Any material changes to this Code of Conduct shall be subject to prior consultation with the Platform Participants and the LBMA Silver Oversight Committee. Thomson Reuters Benchmark Services Limited ('TRBSL') will take into consideration responses from the consultation process but reserve the right to make any changes to the Code of Conduct as considered as necessary.
- 1.4 A copy of the Code of Conduct is available upon request and is also available on the Thomson Reuters LBMA Silver Price [website](#).
- 1.5 TRBSL is required to meet the requirements outlined in section 8.3 of the FCA Market Conduct Handbook in its administration of the LBMA Silver Price and the International Organization of Securities Commissions ("IOSCO") Principles for Benchmarks.
- 1.6 In the event that the LBMA Silver Price is subject to additional regulatory obligations determined by a relevant Market Authority, TRBSL will enable compliance by implementing the necessary supplementary processes.
- 1.7 Capitalised terms used in this document are defined in the "Glossary of Defined Terms" section.

### LBMA Silver Price Participant Code of Conduct Applicability & Exemption

- 1.8 Participants who participate in the auction process for the LBMA Silver Price will be subject to this Code of Conduct.

### Participants Notice of Withdrawal

- 1.9 Participants considering withdrawing from the LBMA Silver Price Benchmark auction process must endeavor to provide TRBSL with at least one calendar months' notice in order to protect the continuation of the LBMA Silver Price. Notwithstanding the above, the notice period will not be enforced in circumstances that are considered to be beyond the control of the Participant.



## Chapter 2 - Participants Organisational Arrangements

### Participant Roles & Responsibilities

The purpose of this Code of Conduct is to set out a framework of practice standards which members participating in the auction process should observe with a view to ensuring consistency, reliability and high standards of conduct in all aspects of the auction process.

### Governance & Structure

Governance arrangements should be established to reflect appropriate senior management involvement and engagement in the LBMA Silver Price auction process. The overall approach, policies and procedures should be implemented to provide;

- Reporting structure and operating procedures
- Oversight and monitoring arrangements
- Escalation and reporting procedures
- Periodic internal audit reviews

2.1 Participants must appoint a senior officer that holds the appropriate expertise and competency to be primarily responsible for the LBMA Silver Price Benchmark auction process and ensuring the Participants' compliance with the provisions of this Code of Conduct and MAR 8.2

2.2 Participants must provide TRBSL with an up-to-date record of the names, roles, responsibilities and contact details of the following staff:

- a) the senior officer that is primarily responsible for the LBMA Silver Price auction process and ensuring the Participants' compliance with the provisions of the Code of Conduct and MAR 8.2; and
- b) the officer(s) authorised to transmit/participate in the LBMA Silver Price auction process.

### Participant Staff Training Arrangements

2.3 Participants must train staff that are identified in 2.1 and 2.2 (above) on the obligations contained in this Code of Conduct and MAR 8.2, along with any additional training considered necessary to meet any relevant regulation including subsequent regulation.

2.4 Participants must ensure that the training, inter alia, covers the following subjects;

- a) Conflicts of interest
- b) the Code of Conduct,
- c) the CME Benchmark Europe Limited Rulebook and
- d) the relevant internal policies and procedures that govern their behavior during the auction process, including but not limited to the conflicts of interest and whistleblowing policies/procedures.

2.5 Participants must review the competence of staff periodically and record evidence that staff continues to possess the appropriate levels of expertise and competency.

2.6 Participants must provide staff identified in 2.1 and 2.2 with a copy of this Code of Conduct.



## **Participant Conflicts of Interest Arrangements**

- 2.7 Participants must implement and maintain effective organisational and administrative arrangements to manage any conflicts of interest that may arise from participation in the LBMA Silver Price Benchmark auction process and have these identified and documented in an appropriate policy.
- 2.8 The arrangements referenced in 2.7 (above) must attempt to identify and mitigate both the potential and actual conflicts of interest that are borne from, inter alia, the following:
- a) the handling of both proprietary and client orders for the LBMA Silver Price auction process, and
  - b) dealing with clients that issue products linked to the LBMA Silver Price benchmark.
- 2.9 In instances where the Participant is unable to adequately manage a conflict of interest, they are obligated to promptly inform TRBSL of the conflict of interest.

## **Participant Remuneration Arrangements**

- 2.10 Participants must have in place a remuneration policy that addresses the conflicts that are inherent with providing inputs into the LBMA Silver Price auction process. This policy should put in place a framework that reduces the incentive to engage in abusive behaviors during the LBMA Silver Price auction process.

## **Participant Cooperation with Investigations & Regulators**

- 2.11 A Participant who suspects that any person is:
- a) manipulating, or has manipulated, the LBMA Silver Price;
  - b) attempting, or has attempted, to manipulate the LBMA Silver Price; and/or
  - c) colluding, or has colluded, in the manipulation or attempted manipulation of the LBMA Silver Price.
- must notify the FCA, TRBSL or the LBMA Silver Price Oversight Committee to the extent legally permissible and to the extent the Participant is not precluded from providing such notice due to ongoing regulatory investigations or discussions with a Market Authority as soon as possible and without delay.
- 2.12 Subject to MAR 8.2.9 and any other applicable law, Participants must cooperate with LBMA Silver Price investigations instigated by TRBSL, Market Authorities, and National Authorities or relevant law enforcement agencies.



## Chapter 3 - LBMA Silver Price Data Input Criteria

### LBMA Silver Price Methodology

- 3.1 Participants must retain a full audit trail for their LBMA Silver Price inputs in relation to both client and house orders/transactions.
- 3.2 Participants internal system and control arrangements must include:
  - a) written LBMA Silver Price methodology procedures;
  - b) a conflicts of interest policy which has provisions to prevent any officer from exercising inappropriate influence on the LBMA Silver Price auction, or behaviors that threaten the integrity of the Benchmark;
  - c) a conflicts of interest policy which has procedures and guidelines pertaining to the handling of house orders and client orders; and
  - d) documented business and technology continuity arrangements.
- 3.3 To mitigate operational risk in the auction transmission process, TRBSL requires LBMA Silver Price inputs to be transmitted via electronic transmission

### Participant Benchmark Manipulation Detection Arrangements

- 3.4 Participants must have in place appropriate documented monitoring and surveillance arrangements designed to detect and evaluate suspicious LBMA Silver Price Benchmark inputs or transactions, including inter-group transactions.
- 3.5 Participants must have in place appropriate documented arrangements to report to Thomson Reuters and/or the appropriate Market Authority, suspicions of apparent attempts to manipulate or collude to manipulate the LBMA Silver Price Benchmark auction to the extent legally permissible and to the extent the Participant is not precluded from providing such notice due to ongoing regulatory investigations or discussions with a Market Authority.

### Whistleblowing

- 3.6 Participants must have in place appropriate documented whistleblowing arrangements to enable whistleblowers to anonymously report attempts to manipulate or collude to manipulate the LBMA Silver Price Benchmark auction process.
- 3.7 Records relating to any use of the whistleblowing mechanism must be maintained for five years.



## Chapter 4 - Participants Records Management

- 4.1 Participants must retain an audit trail of all hard copy and electronic LBMA Silver Price Benchmark input records for a minimum of five years, this is subject to any additional national legal or regulatory requirements. This should include but is not limited to;
- a full audit trail for all inputs into the LBMA Silver Price Benchmark auction in relation to both client and house orders/transactions;
  - Participants must keep a record of communications relating to the determination of inputs into the auction;
  - interaction with TRBSL or CME;
  - complaints and approaches from whistleblowers; and
  - the findings of compliance reviews and internal and external audits.
- 4.2 Participants must retain LBMA Silver Price records on:
- a) the procedures and methodologies governing the submission of data inputs during the auction process;
  - b) the identity of any other person who submitted or otherwise generated any of the data inputs or information provided to the Administrator;
  - c) names and roles of individuals responsible for participation oversight;
  - d) exposures of a trading desk to LBMA Silver Price related instruments in order to facilitate audits and investigations; and
  - e) findings of external/internal audits, when available, related to LBMA Silver Price participation remedial actions and progress in implementing them.



## Chapter 5 - Glossary of Defined Terms

Glossary of Defined Terms	
Term	Definition
Administrator	An organisation or legal person that controls the creation and operation of the benchmark administration process, whether or not it owns the intellectual property relating to the Benchmark. In particular, it has responsibility for all stages of the Benchmark Administration process, including: <ol style="list-style-type: none"> <li>the calculation of the Benchmark;</li> <li>determining and applying the Benchmark Methodology; and</li> <li>disseminating the Benchmark.</li> </ol>
Benchmark	Prices, estimates, or values that are: <ol style="list-style-type: none"> <li>made available to users, whether free of charge or for payment;</li> <li>calculated periodically, entirely or partially by the application of a formula or another method of calculation to, or an assessment of, the value of one or more underlying Interests;</li> <li>used for reference for purposes that includes any of: determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument; and/or measuring performance of financial instruments.</li> </ol>
Exchange	Has the meaning set out in the definition of Regulated Market below.
Market Authority	A Regulatory Authority, a Self-Regulatory Organisation, a Regulated Market or Exchange, or a clearing organisation (as the context requires).
National Authority	Refers to a relevant governmental authority such as a central bank, which might not be a Market or Regulatory Authority, but which has responsibility for or a governmental interest in Benchmark policies.
Participant	A legal person who is permitted to place orders in the LBMA Silver Price auction process.
Regulated Market	A market or exchange that is regulated and/or supervised by a Regulatory Authority.
Regulatory Authority	A governmental or statutory body (not being a Self-Regulatory Organization) with responsibility for securities and/or commodities and futures regulation.
Self-Regulatory Organisation or "SRO"	An organisation that has been given the power or responsibility to regulate itself, whose rules are subject to meaningful sanctions regarding any part of the securities market or industry. This authority may be derived from a statutory delegation of power to a non-governmental entity or through a contract between an SRO and its members as is authorized or recognized by the governmental regulator. See IOSCO Methodology, Principle 9, p.50. <a href="http://www.iosco.org/library/pubdocs/pdf/IOSCOPD359.pdf">http://www.iosco.org/library/pubdocs/pdf/IOSCOPD359.pdf</a>



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