

ICE Benchmark Administration – Proposal for London Gold Price

ICE Benchmark Administration Limited (IBA) is a London-based company that was created specifically to administer systemically important benchmarks. Formed in 2013, IBA is part of the Intercontinental Exchange (ICE) which is the leading network of regulated exchanges and clearing houses for financial and commodity markets.

IBA's proposal for the administration of the London Gold Price is based on extensive market feedback and uniquely combines:

- Governance, oversight and surveillance from the world's most experienced administrator for regulated benchmarks;
- Ongoing guidance from the London Bullion Market Association and the market through the Oversight Committee, the forum that brings together representatives of all stakeholders to ensure the Gold Price process will continue to fulfil the needs of the market;
- Using the WebICE technology platform, an electronic, physically settled auction, with live interest shown, and the ability to take orders in multiple currencies;
- Tried and tested tools for participants to manage their risk in the process – for Front Office, Compliance and Credit Risk; and
- A fair and sustainable fee structure, designed to encourage broad use of the benchmark and direct participation from a diverse cross-section of market participants.

IBA's application of these five elements would ensure the integrity of the Gold Price while de-risking the process for participants.

The IBA Difference

- The well-established WebICE technology platform allows direct participants as well as sponsored clients to manage their own orders in the auction in real time via their own screens. WebICE also provides separation of house and client orders, live credit limit controls, a full audit history, advanced Excel integration and automated deal notification. Direct participants and clients alike need only a login and password to access WebICE on their computer, iPad or smart phone. This simple-to-use technology provides the tools that firms need to capture and monitor the process.
- IBA has unique expertise in managing regulated benchmarks and working with the official sector. In September this year, the U.K. Government announced the launch of a consultation on extending legislation to regulate further benchmarks, including the London Gold price. Of the candidates for the role of administrator for the London Gold price, IBA is the only one to be fully compliant with the existing UK benchmark regulations. Additionally, IBA is also one of only four administrators in the world to have

been formally assessed against the IOSCO principles (the others are: EMMI, JBA and WM). Our regulatory expertise sets us apart.

- IBA has a track record for transitioning benchmarks to an electronic platform on time and with no disruption to the market. IBA is the only administrator to have successfully transitioned two systemically important benchmarks in the new regulatory and IOSCO-compliant environment (LIBOR and ISDAFIX).
- IBA has accomplished these transitions smoothly by listening to the market and developing the optimal solution; engaging in pro-active stakeholder communication and co-ordination; and professional programme management. We would apply the same strategy to the Gold Price transition.

Background

IBA is the world's most experienced administrator for regulated benchmarks. In July 2013 IBA was appointed as the new administrator of LIBOR following a rigorous selection process conducted by the independent Hogg Tendering Advisory Committee. IBA became the administrator for LIBOR in February 2014 and in addition became the new administrator for ISDAFIX in August 2014.

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Disclaimers

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