# COMDAQ METALS LIMITED

**Compliance with IOSCO Principles for Financial Benchmarks**

On 17 July 2013, the International Organisation of Securities Commissions (**IOSCO**) published the Principles for Financial Benchmarks (the **Principles**) in order to create an overarching framework for Benchmarks used in financial markets. The Principles recommend that benchmark administrators should publically disclose the extent of their compliance with the Principles annually.

The following is a summary of Comdaq Metals Limited’s (**CML**) compliance with the Principles.

# Scope

CML operates the Comdaq Metals Tradable Rhodium Benchmark (the **Benchmark**) in conjunction with the daily tradable physical metal platforms it operates. As such, CML is the benchmark administrator in respect of the Benchmark.

# Proportionality and extent of compliance with the Principles

2.1 CML has enhanced its existing policies and procedures relating to the Benchmark to work towards compliance with IOSCO’s recommended practices regarding the establishment, operation and oversight of financial benchmarks. In enhancing its policies and procedures, CML has implemented the Principles in a manner proportionate to the size of, and risks posed by, the Benchmark. Specifically, CML has taken into consideration a number of factors, including the proposed use of the Benchmark, the actual or expected number of users, the actual or expected volume of products linked to the Benchmark, the level of discretion retained by CML, and the potential conflicts of interest applicable to the Benchmark.CML intends to implement additional enhancements as necessary.

2.2 CML has in place a control and oversight framework which is designed to promote the quality and integrity of the determination process for the Benchmark. In particular, the standards that have been set by CML seek to ensure that:

1. potential conflicts of interests which arise out of the Benchmark are appropriately identified and addressed;
2. each Benchmark adequately reflects the interest for which it has been established; and 1

1. there are procedures designed to mitigate the market impact of methodology changes or cessations of a Benchmark.

2.3 CML has set out its compliance with each of the Principles in further detail in the table below. CML is working towards compliance with each Principle to the extent proportionate and appropriate to the risks posed by, and the functionality of, the Benchmark.

# Further details

Further details of the control and oversight framework for the process of determining and distributing the Benchmark and the procedures for notifications of material changes in the methodology and/or cession are available on request from Mr Neil Grover, Comdaq Metals Limited, 5th Floor, 107 Leadenhall Street, London EC3A 4AFD, Telephone: + 44 (0) 20 3705 3025, E-mail: neil.grover@comdaqmetals.net.

22nd February 2016

**Compliance with IOSCO Principles for Financial Benchmark**

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| **N**  **o.** | **Principles** | **Compliance with Principles** |
| 1 | Overall Responsibility of the Administrator | CML retains primary responsibility for all aspects of the Benchmark determination process, including in relation to the development, determination, operation and governance of the Benchmark. |
| 2 | Oversight of Third  Parties | CML does not outsource any functions to third parties. |
| 3 | Conflicts of Interest for  Administrators | CML documents, implements and enforces policies and procedures to identify, disclose and manage conflicts of interest in order to protect the integrity and independence of the Benchmark determinations. |
| 4 | Control Framework for  Administrators | CML has clear policies and procedures in place for the process of determining and distributing the Benchmark. These policies and procedures will be documented in the  CML Administrator Code of Conduct and Compliance Manual and a summary of their key features will be made available to stakeholders and published on a secure section of CML’s website. The policies and procedures will be reviewed at least annually by CML and an external and independent market professional. |
| 5 | Internal Oversight | CML is in the process of establishing an Oversight Committee to review and challenge all aspects of the Benchmark determination process. |
| 6 | Benchmark Design | The Benchmark determined by CML is designed to accurately reflect actual market conditions. CML’s Benchmark design takes into account a number of factors including:  the minimum number of participants required to    accurately determine the Benchmark; |

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|  |  | | * the size and liquidity of the relevant market; * the relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark; * the distribution of trading among market participants (market concentration);   market dynamics; and    professional and expert judgment within the associated industries worldwide.    CML continuously endeavours to improve this reflection. |
| 7 | Data Sufficiency |  | The data used to determine the Benchmark is based on actual supply and demand for the product to which the Benchmark relates and is, therefore, an accurate reflection of price. |
| 8 | Hierarchy of  Inputs | Data | CML believes that the following hierarchy of data inputs is appropriate under its methodology to ensure the quality and integrity of its Benchmark:   1. Executed transactions through the CML platform 2. Bid and offer data on the CML trading system 3. Expert judgment |
| 9 | Transparency  Benchmark  Determinations | of | CML intends to publish with each Benchmark determination a Benchmark disclosure which will set out the net volume of buying and selling and the extent to which expert judgment has been relied upon. |
| 10 | Periodic Review | | CML periodically reviews the Benchmark determination process in the context of the relevant market to which the Benchmark relates. CML will consult with the participants |

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| **N**  **o.** | **Principles** |  | **Compliance with Principles** |
|  |  |  | that have signed up to its Membership Agreement in relation to the Benchmark (**Members**) on material changes to the Benchmark determination process (i.e. those changes which will have a significant impact on Members) and will notify of Members of the changes by email with confirmed receipt. CML will also make any such changes available to stakeholders along with the rationale for such change. |
| 11 | Content of  Methodology | the | CML will make the calculation methodology for its Benchmark available to stakeholders and it will be published on a secure section of CML’s website. CML considers the content to be sufficiently detailed. |
| 12 | Changes to  Methodology | the | CML will consult with Members on material changes to the Benchmark methodology (i.e. those changes which will have a significant impact on Members) and will notify of Members of the changes by email with confirmed receipt. CML will also make any such changes available to stakeholders along with the rationale for such change. |
| 13 | Transition |  | CML has developed a transition manual which sets out the procedures in the event of the cessation of the Benchmark.  Where possible, CML will continue to provide the Benchmark price for a period of six months to allow for the orderly transition to a new benchmark administrator or an alternative benchmark. |
| 14 | Submitter Code  Conduct | of | CML has developed a Submitter Code of Conduct which will be available to stakeholders. CML will only use inputs from Members which adhere to the Submitter Code of Conduct and will appropriately monitor and record adherence from Members.  Given that the Benchmark is based on bids and offers, CML does not believe that the prohibition on submissions from |

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|  |  | front office staff is applicable. CML does, however, require submissions from front office staff to be subject to adequate internal oversight and verification procedures. |
| 15 | Internal Controls over  Data Collection | CML ensures that data collected from external sources is treated in accordance with its confidentiality and privacy policies.  CML’s Members must comply with certain criteria in order to participate in the Benchmark and CML reserves the right to withdraw membership. Members must comply with the Submitter Code of Conduct when submitting information to CML, which includes a requirement to validate inputs, to have in place policies and procedures to detect and evaluate suspicious inputs or transactions and to ensure the *Bona Fide* nature of such inputs.  Using his market knowledge, CML’s Oversight Officer is responsible for detection of potential anomalous or suspicious submissions, bids or offers. |
| 16 | Complaints procedures | CML receives opinions, complaints or questions about its business in general through its confidential email address. Opinions, complaints and questions are investigated by CML’s Oversight Officer. |
| 17 | Audits | Independent external market professionals will periodically audit the CML Benchmark determination process. |
| 18 | Audit Trail | CML retains records of the final Benchmark price determination and the interest at that price. CML will also record when expert judgment is used through its Benchmark determination disclosure. CML is working towards a more detailed record keeping policy in line with the Principles. CML retains records for at least five years.  CML’s Submitter Code of Conduct requires Members to |
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|  |  | keep adequate records for an appropriate period of time. |
| 19 | Cooperation with  Regulatory Authorities | CML is prepared to submit relevant documents and audit trails required under the Principles promptly upon request by Regulatory Authorities. |