

21<sup>st</sup> September 2022

Comdaq Metals Group  
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For the Attention of Mr. Neil Grover

On behalf of Evidens Consultancy you asked me to monitor and assess the processes for the setting of the benchmarks known as the Comdaq Metals Rhodium Benchmark (CMRB), which also includes the same process for setting of Ruthenium and Iridium, in my capacity as an experienced but independent market professional.

My reference point has been the Implementation of IOSCO's Principles for Financial Benchmarks first published in 2013. These IOSCO principles address Benchmark Governance, Benchmark and Methodology Quality and Accountability Mechanisms.

Following a real-time evaluation of the auction process conducted on September 15<sup>th</sup> 2022 which ran through Rhodium, Ruthenium, Iridium followed by the sponge spread over ingot for Platinum and Palladium, both in the US and the UK, I would make the following observations:

Addressing each of the IOSCO principles as follows:

**Governance:** - I saw no reason to doubt the integrity of the Benchmark price determination. All participants were engaged in the process and given ample time to place 'buy' or 'sell' orders once the initial price was proposed and the process started.

I was satisfied that the initial price to start the auction process was derived in an acceptable manner, taking guidance from market making participants selected on a random basis. Furthermore, if the price under consideration was not reflective of the underlying market price, then the pricing process would self-correct as member firms have the ability to place orders at will.

I was satisfied with the way information was passed to each member firm automatically and simultaneously during the Benchmark setting process and I could not envisage a situation in which one member firm could be in a position to derive benefit or any advantage over another member firm.

**Benchmark Quality:** - Clearly setting a benchmark in a small and illiquid market has its challenges but I believe the member firms who participate provide a fair representation of the marketplace and there are no deliberate or obvious omissions from the group of participants.

Methodology Quality: - The general methodology for arriving at a price that represents an accurate value in US Dollars (being the base currency) is unquestioned. This principle also addresses the submission process and the publication of pricing data to ensure both are done in a timely manner.

For the Benchmark setting process, the nature of collecting submission data from member firms is now automated but the adjusting for the follow-on price is manual and subjective to a degree, however, in small illiquid markets there has to be a commonsense approach in an attempt to find the balancing price and I am satisfied that the methodology is reasonable and accepted by all participants. In the case of an imbalance in supply demand at any (and every) price, there is a pro-rata methodology, however this seems to be an emergency contingency and the normal practice is to have a matched interest in all metals falling under this review.

Once a price has been agreed, the subsequent publication is immediate in US Dollars, however for the benchmark prices to be published in other currencies, there is a small weakness in the manual processes used for the conversion. Time-stamped screenshots are taken from multi-contributor FX pages from major data service providers and at the end of the benchmarking processes this information is being used for the foreign currency conversion which seems reasonable for the purpose.

Furthermore, I would say that with the added security of a back-up operator always following the process, the likelihood of mistakes arising from any of the manual elements is extremely unlikely.

Accountability: - The establishment of an oversight committee and the implementation of a "complaints" committee with a clear process for whistle blowing suspicions addresses IOSCO's accountability principles.

Furthermore, the policies taken by CML to have each firm appoint a "Responsible Person" and complete a written undertaking of their responsibilities is compliant with the accountability principles.

The additional measure of requesting a declaration from each of the participants, even if it is a declaration of "no interest" is further safeguard that the benchmark price is a reliable representation of the market.

In addition, the Submitter Code of Conduct issued to member firms is a very thorough guide designed to ensure consistency, reliability and high standards of conduct in respect of the Benchmark setting process. This documentation is further confirmation that the CMRB process is being conducted at a high standard.

It is further noted that the process has become much more automated which will conform to whichever Benchmark legislation is likely to come into effect in the future for Financial Benchmarks (EBR or BMR).



In conclusion I was satisfied that Comdaq Metals Limited, as administrator for the Comdaq Metals Rhodium Benchmark (inclusive of Ruthenium and Iridium) is in compliance with the IOSCO Principles for Financial Benchmarks.

For any further clarifications please contact [office@evidens.ae](mailto:office@evidens.ae)

Yours Sincerely

A handwritten signature in black ink, appearing to read "M. Keen".

Matthew Keen  
Principal Consultant

Evidens Consultancy DMCC