



LBMA Platinum and LBMA Palladium Prices – Control Framework

Summary

1. This Control Framework for the LBMA Platinum and Palladium (“LPP”) Prices (“Control Framework”) summarises the 3 tiers of oversight and supervision of the LPP Prices Discovery Process. The 3 tiers of oversight and supervision are designed to facilitate compliance with the LBMA Platinum and LBMA Palladium Prices Regulations (“LPP Prices Regulations”) and to:
 - a) maintain compliance with the UK Benchmarks Regulation (“BMR”)¹; and
 - b) minimise the risk of market manipulation.
2. This Control Framework also summarises the other main policies and procedures relevant to the oversight and supervision of the LPP Prices Discovery Process.

Background

3. The Terms of Reference for the Oversight Committee requires that:

The Oversight Committee shall prepare and publish a summary of the framework as adopted by LME so that it is accessible by relevant market users and regulatory authorities. If updates or revisions to the control framework are adopted by LME, the Oversight Committee should take steps to ensure that any such updates or revisions are appropriately publicised.
4. For the purposes of this Control Framework, "LPP Prices Discovery Process" means the process for discovering the LPP Prices in accordance with Schedule 1 of the LPP Prices Regulations (available on the LME website).
5. This Control Framework document and any subsequent updates or revisions to it shall be published on the LME website.

Objectives of Control Framework

6. LME's Control Framework for the purposes of the LPP Prices Discovery Process is designed to:
 - a) monitor, manage and address conflicts of interest;
 - b) ensure the integrity and quality of Benchmark determination including through:

¹ Regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, together with Commission Delegated Regulations supplementing that Regulation (including, without limitation, Commission Delegated Regulations (EU) Nos 2018/65, 2018/1643 and 2020/1816), in each case to the extent that such have been incorporated in UK law pursuant to the European Union (Withdrawal) Act 2018 and as modified by UK Statutory Instruments, following the UK's exit from the European Union)



- i. arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources and maintaining the quality of the benchmark methodology;
 - ii. arrangements to ensure accountability and complaints mechanisms are effective; and
 - iii. providing robust infrastructure, policies and procedures for the management of risk, including operational risk.
- c) govern whistleblowing procedures; and
- d) ensure appropriate expertise through:
- i. ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and
 - ii. staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel.

Tier 1: Benchmark Pricing Function

7. The Benchmark Pricing Function (“BPF”) shall monitor and oversee the day to day running of the LPP Prices Discovery Process.
8. The chair of the LPP Prices Discovery Process shall be a member of the BPF who will oversee the LPP Prices Discovery Process on the premises of the LME.
9. The chair shall, by exercising his judgment in good faith, not commence the LPP Prices Discovery Process until the required quorum of participants has been achieved.

Tier 2: Benchmark Oversight Function

10. The Benchmark Oversight Function (“BOF”) is responsible for monitoring the LPP Prices Discovery Process and the actions of member participants. The BOF discharges four main functions:
 - a) supervision of the LPP Prices Discovery Process;
 - b) reporting and monitoring of the participants and the LPP Prices Discovery Process;
 - c) the participant visit programme and market conduct discussions with participants; and
 - d) investigations in accordance with the disciplinary process in the LPP Prices Regulations.



11. On a quarterly basis, market surveillance staff from the BOF will meet with members of BPF to discuss the operation of the LPP Prices Discovery Process and areas of concern and improvement.
12. Market surveillance staff from the BOF will be able to join the BPF during the LPP Prices Discovery Process or assist the BPF, if called upon by the BPF to do so.

Tier 3: Oversight Committee

13. The Oversight Committee will perform oversight and governance in respect of all matters set out in the LPP Prices Regulations and in the terms of reference for the Oversight Committee.
14. The Oversight Committee shall be composed of at least: (i) two senior individuals from the LME to serve as LME members on the Oversight Committee; and (ii) two independent individuals. These individuals will be appointed by the LME's Executive Committee. Each member participant may also nominate a qualified individual to act as a representative on the Oversight Committee.
15. The Oversight Committee shall devise a process for reviewing the conduct of the LPP Prices Discovery Process with the objective of ensuring that the LPP Prices remain accurate, robust and reliable.
16. The Oversight Committee shall seek to promote the observance and implementation of the LPP Prices Regulations and shall devise a process for overseeing and enforcing Participants' compliance with the LPP Prices Regulations.
17. All members of the Oversight Committee are required to perform their role with appropriate independence and impartiality and to declare to the Chairperson the existence of any other appointments or arrangements that conflict or may conflict with his/her position as an Oversight Committee member.

LME Policy on Conflicts of Interest

18. The LME Conflicts of Interest Policy ensures that all LME Employees understand, recognise, declare and manage any actual or potential Conflict of Interests. The policy applies to all LME Group Employees (excluding Directors as conflict management for Directors is covered under terms of the Directors' Handbook or the relevant Committee Terms of Reference).
19. The Policy covers Conflicts of Interest that may arise in different situations, including;
 - a) between Employees within the LME Group (or any other person with direct or indirect control or close links with the LME Group);
 - b) between the LME Group and its Customers;
 - c) conflicts that are particular to LME Group Employees who have responsibilities across both LME and LME Clear (for example, Function Heads);



- d) arising from the organisational structure of the LME and LME Clear; and
 - e) between LME Group and HKEX Group.
20. In managing its legal and compliance risks in relation to Conflicts of Interest, the LME Group has implemented controls to manage Conflicts of Interest, which include, amongst others, Policies and Procedures and Declaration and Reporting of Conflicts of Interests.

Complaints Procedure

21. In the event that the participant has any complaint about the conduct of LME or the performance of LME's obligations under these LPP Prices Regulations, the complaints procedures set out in Schedule 7 (Policy on Complaints and Raising Concerns) of the LPP Prices Regulations shall apply.

LME Policy on Whistleblowing

22. The LME maintains a Whistleblowing Policy which provides guidance to staff and encourages them to raise concerns about any of the inappropriate events, including raising concerns regarding unlawful or inappropriate practices related to the LPP Prices Discovery Process.
23. The Group Whistleblowing Policy ensures it will:
- a) take each disclosure seriously and investigate as appropriate;
 - b) make every effort to keep the identity of each whistleblower confidential; and
 - c) protect each whistleblower from reprisal or victimisation, even if the disclosure turns out to be unfounded.

LME Personnel and Training

24. The LME Benchmark Oversight Function process manual sets out the key roles of the personnel involved in oversight of the LPP Prices Discovery Process and the names of individuals assigned to those key roles.
25. LME personnel will receive regular training to ensure their skillset remains relevant. The training shall, amongst other things, confirm the LME personnel's awareness of policies relating to conflicts of interest and whistleblowing.
26. The LME maintains a process for succession planning and the Human Resources function of the LME reviews grading and promotion of certain roles on at least an annual basis.



Document Change History

Version	Date
1.0	22/01/2015
1.1	08/07/2021

