



# Terms of Reference for the Oversight Committee

1. **COMPOSITION OF THE OVERSIGHT COMMITTEE**
- 1.1 The Oversight Committee shall be composed of at least: (i) two senior individuals from LME to serve as LME members on the Oversight Committee; and (ii) two independent individuals. These individuals will be appointed by LME's Executive Committee.
- 1.2 Each Member Participant may, but will not be obliged, by notice in writing to LME to nominate a qualified individual to act as a representative on the Oversight Committee. The nominee (and any alternate) may be, but shall not need to be, a member of the staff of the Member Participant (and such members and alternates are described in these Terms of Reference as "**Participant Representatives**"). Once nominated, nominees shall be appointed to the Oversight Committee by a decision of the Executive Committee of LME, and LME shall approve the appointment provided that the nominee meets the criteria specified below.
- 1.3 No person shall be qualified to serve as a member of the Oversight Committee (or, as the case may be, as an alternate for a member of the Oversight Committee) if he/she currently, or has at any time in the year preceding the commencement of his/her appointment to the Oversight Committee, performed for a Member Participant any function relating to the LPP Prices Discovery Process or sales or trading activity relating to the platinum and palladium markets on a more than de minimis basis. Such functions would include, but are not limited to, running or overseeing a platinum or palladium trading book.
- 1.4 The Oversight Committee shall appoint a Chair from among its LME members (the "**Chair**").
- 1.5 Members of the Oversight Committee shall ordinarily serve for a term of three years unless otherwise agreed by LME, but this term will be renewable at the discretion of LME up to a maximum term of nine years' continuous service. In the event the Chair feels that an individual should serve more than nine years, the Chair shall make an application to the Executive Committee.
- 1.6 All members of the Oversight Committee shall be required to perform their role with appropriate independence and impartiality. To that end, each member and alternate must submit and sign a declaration when appointed to the Oversight Committee, and promptly after each anniversary of his/her appointment, confirming that he/she will:
  - (a) promptly declare to the Chair the existence of any other appointments or arrangements that conflict or may conflict with his/her position as an Oversight Committee member providing sufficient detail to enable the nature of the conflict to be understood;
  - (b) maintain the confidentiality of information that comes into his/her possession through his/her position as an Oversight Committee member; and
  - (c) in respect of any other role or function they perform, comply with any policy on conflicts of interest from time to time binding on them.
- 1.7 LME may at its discretion revoke the appointment of any member of the Oversight Committee, or any alternate of a member. The revocation of the appointment of a member shall automatically result in the revocation of the appointment of the alternate for that



member. If a Participant Representative ceases to be a member of the Oversight Committee for any reason before the expiry of his or her term, the Participant Representative shall be entitled to nominate a replacement (and, if applicable, an alternate) to serve on the Oversight Committee.

- 1.8 The list of members of the Oversight Committee shall be made publicly available together with any declarations of conflicts of interest given by those members.

**2. PROCEEDINGS OF THE OVERSIGHT COMMITTEE**

- 2.1 A meeting of the Oversight Committee may be called by any member of the Oversight Committee, or his/her alternate, on reasonable notice as required but shall take place at least quarterly, or at such intervals as the Oversight Committee considers appropriate.

- 2.2 Meetings can be attended in person or by telephone or video conference facility.

- 2.3 No business shall be transacted at any meeting of the Oversight Committee unless a quorum of members or alternates is present. A member and his/her alternate may attend any meeting together but shall only be counted as a single person for the purposes of determining whether a quorum has been achieved. The quorum for Oversight Committee meetings may be fixed from time to time by a decision of the members of the Oversight Committee, but it must never be less than three, and unless otherwise fixed it shall be three.

- 2.4 If the Oversight Committee needs to consider and determine any matter relating to a Member Participant:

- (a) any Participant Representative of that Member Participant serving on the Oversight Committee shall excuse him/herself from participating in the discussion and determination of that matter. In the event that two or more Participant Representatives serving on the Oversight Committee are required to excuse themselves from participation in the discussion and determination of a matter, the Oversight Committee shall notify LME and LME shall appoint an independent third party to consider and determine the matter in question;
- (b) the Chair shall, as appropriate, determine the information concerning the Member Participant concerned that must be disclosed to Participant Representatives serving on the Oversight Committee, having regard to the interests of that Participant in preserving confidentiality with respect to its affairs and should consider to what extent confidentiality can appropriately be respected through the involvement of the independent members (if any); and
- (c) the Oversight Committee shall, unless it would be inappropriate to do so, engage with the compliance officer of the Member Participant concerned.

- 2.5 LME shall provide the Oversight Committee with access to materials in advance of each meeting. Such materials may include, but not be limited to, an agenda and relevant management information to assist the committee in carrying out its responsibilities in line with these terms of reference. The LME shall also provide access to such additional resources (including external resources) as may reasonably be required to fulfil its duties, and the Participants should provide such reasonable cooperation as is practicable in the particular circumstances.



- 2.6 The Oversight Committee shall maintain a minuted record of its meetings and such records should be stored securely by or on behalf of LME in line with the LME Record Retention Policy. Minutes will be taken for all meetings by the Company Secretary or his/her nominee and shall be approved by the Chair at the subsequent meeting.
- 2.7 On matters for which a vote of members of the Oversight Committee is called for, each such member shall have one vote. Decisions of the Oversight Committee will be taken by majority.

### 3. THE RESPONSIBILITIES AND AUTHORITIES OF THE OVERSIGHT COMMITTEE

#### *Oversight of the LPP Prices Discovery Process*

- 3.1 The Oversight Committee shall devise a process for reviewing the conduct of the LPP Prices Discovery Process including, but not limited to, the use of expert judgement, a process for overseeing LME's adherence to the LPP Prices Regulations and its published policies, utilising such analytical means as are considered appropriate and expedient, with the objective of ensuring that the LPP Prices remain accurate, robust and reliable. This may include the implementation of internal and external audits and the oversight of any remedial actions arising from such audits.
- 3.2 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 including by requiring Participants to confirm adherence to the LPP Prices Regulations on an annual basis. LME will publish an annual notice once each Participant has provided such confirmation to LME.
- 3.3 The Oversight Committee shall notify LME promptly if it identifies any material irregularity in relation to the conduct of one or more Pricing Discovery Event, or any actual or potential material breach of the LPP Prices Regulations.

#### *Oversight of the governance and control framework for the LPP Prices Discovery Process*

- 3.4 The Oversight Committee shall review and make recommendations as it considers appropriate to LME in relation to the control framework for the LPP Prices Discovery Process (which shall include, without limitation, the LPP Prices Regulations and other policies and procedures of LME) with the objective of ensuring its continued effectiveness and appropriateness. Such recommendations may include recommendations for:
- (a) amendments to the existing control framework;
  - (b) the adoption of new policies and procedures; and
  - (c) for any internal or external reviews that might be commissioned by LME, including any review that may be necessary to confirm continued compliance with the BMR.
- 3.5 Where the Oversight Committee makes such recommendations, it shall as far as possible support the implementation of any action points that may be adopted or approved by LME as a result.
- 3.6 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.

- 3.7 The Oversight Committee shall devise a process for overseeing the conduct of any third party contractors of the LME relating to the operation and/or oversight of the LPP Prices Discovery Process.
- 3.8 The Oversight Committee shall review at least annually the number and representativeness of the Participants participating in the LPP Prices Discovery Process in light of market developments and any other relevant external factors and report to LME on any considerations or recommendations identified as a result.

*Methodology of the LPP Prices Discovery Process*

- 3.9 The Oversight Committee shall take steps to ensure that at least a summary of the methodology of the LPP Prices Discovery Process remains accessible to relevant market users and regulatory authorities.
- 3.10 The Oversight Committee shall keep itself informed about issues and risks to the LPP Prices and keep under review the methodology of the LPP Prices Discovery Process to determine whether any updates or revisions to the LPP Prices Regulations become necessary or appropriate. The Oversight Committee shall be responsible for ensuring that the LME, where required, consults on updates or revisions to the LPP Prices Regulations, and that such consultations are undertaken in accordance with Regulation 19. Following the completion of the consultation, if updates or revisions to the methodology are considered necessary or appropriate, the Oversight Committee shall make such recommendations as it considers appropriate to LME.
- 3.11 If updates or revisions are adopted by LME, the Oversight Committee should retain oversight of the implementation of such updates or revisions and take steps to ensure that any such updates or revisions are appropriately publicised.
- 3.12 The Oversight Committee shall formally review the methodology of the LPP Price Discovery Process, and other key BMR documentation (including, but not limited to, the LPP Prices BMR benchmark statement):
- (a) on an annual basis in order to identify whether any changes are required to ensure that the process operates in a manner consistent with the requirements of the BMR; or
  - (b) in the event of any changes in any applicable legal or regulatory requirement; or
  - (c) in the event of any reasonable request for a change made by a Member Participant.
- 3.13 Any formal reviews of the LPP Prices Discovery Process shall be undertaken by the Benchmarks Pricing Function and the Oversight Committee. Any changes to the LPP Prices Discovery Process must be approved by the Oversight Committee.

*Assessment and management of conflicts of interest*

- 3.14 Oversight Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Oversight Committee-related activities. Further, Oversight Committee members must not abuse their Oversight Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Oversight Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at an Oversight Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the Chairperson feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for an Oversight Committee member to leave all or part of a meeting, the Chair is empowered to ask the member to leave the meeting. No reason need be given. The Chair is empowered to ask any Oversight Committee member to resign from the Oversight Committee if he or she feels their continued involvement is no longer appropriate. No reason need be given.

*Complaints and expressions of concern*

- 3.15 The Oversight Committee is responsible for hearing, assessing and determining complaints and other concerns that may be raised with the LME in accordance with the Policy on Complaints and Raising Concerns (set out in Schedule 7).
- 3.16 The Oversight Committee shall be entitled to delegate some or all aspects of the day-to-day administration of its procedure for handling complaints, and as it considers appropriate to draw on external resources to assist it with the hearing and/or assessment of complaints, and other concerns provided that the Oversight Committee shall retain responsibility for the substantive determination of complaints and concerns.
- 3.17 If as a result of any complaint or other disclosure having been received and considered the Oversight Committee considers that any remedial, disciplinary or preventative action which should be taken in response cannot in fact be taken by the Oversight Committee on its own initiative, the Oversight Committee shall submit a recommendation to LME explaining the reason why such action is appropriate.

*Reporting Responsibilities*

- 3.18 The Chair shall report formally to the Executive Committee on its proceedings on a quarterly basis on all matters within the Committee's duties and responsibilities.
- 3.19 The Committee shall make whatever recommendations to the Executive Committee it deems appropriate on any area within its remit where it believes action or improvement is needed.

**4. ANNUAL REVIEW OF TERMS**

- 4.1 These Terms of Reference are subject to annual review and sign off by LME and may be amended at any time by LME.
- 4.2 The Committee shall annually review its own performance to ensure it is operating effectively and shall recommend any changes to the Executive Committee for approval.





5. **DOCUMENT CHANGE HISTORY**

Version	Date
1.0	01/10/2021
1.1	20/02/2023

