

## **TERMS OF REFERENCE FOR A SUPERVISORY COMMITTEE OF THE BOARD OF THE LONDON GOLD MARKET FIXING LIMITED**

This document sets out the Terms of Reference of the Supervisory Committee (the **Committee**) of the board of directors (the **Board**) of The London Gold Market Fixing Limited (the **Company**).

These Terms of Reference are subject to annual review and sign off by the Board and may be amended at any time by the unanimous agreement of the directors.

Defined terms shall have the meaning given to them in the Company's Articles of Association unless otherwise specified in these Terms of Reference.

### **1. Composition of the Supervisory Committee**

- 1.1 The Board has resolved to appoint a Supervisory Committee. The Committee shall be composed of at least four individuals.
- 1.2 Each director of the Company shall be entitled by notice in writing to the Board to nominate a qualified individual, and an alternate for that individual, to serve on the Committee. The nominee and the alternate may be, but shall not need to be, a member of the staff of the member firm (**Member**) by which that director is employed (and such members and alternates are described in these Terms of Reference as **member representatives**). Once nominated, nominees shall be appointed to the Committee by a decision of the Board, and the Board shall approve the appointment provided that the nominee meets the criteria specified below. No member representative may serve on the Committee if they serve on, or have previously served on, the Board.
- 1.3 No person shall be qualified to serve as a member of the Committee (or, as the case may be, as an alternate for a member of the Committee) if he/she currently, or has at any time in the year preceding the commencement of his/her appointment to the Committee, performed for a Member any function relating to participation in the Fixing Process or sales or trading activity relating to the gold market on a more than de minimis basis. Such functions would include, but are not limited to, running or overseeing a gold trading book.
- 1.4 The Board may at its discretion appoint up to two independent qualified individuals to serve on the Committee. A person will be considered to be independent for the purposes of these Terms of Reference if he/she is not, and has not been at any time in the preceding year, an employee or consultant of any Member and does not otherwise have a personal interest in the fixing price or the Fixing Process.
- 1.5 The Committee shall have a Chairperson. The Chairperson shall be chosen from the independent person(s) appointed to serve on the Committee by the Board. If the Board has not appointed one or more independent persons to serve on the Committee, the Committee may elect a Chairperson from the member representatives.
- 1.6 Members of the Committee shall ordinarily serve for a term of 2 years unless otherwise agreed by the Board, but this term will be renewable at the discretion of the Board.

- 1.7 All members of the 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 Committee, and promptly after each anniversary of his/her appointment, confirming that he/she will:
- (A) promptly declare to the Chairperson any other appointments or arrangements that conflict or may conflict with his/her position as a Committee member;
  - (B) comply with the Company's policy on conflicts of interest from time to time; and
  - (C) maintain the confidentiality of information that comes into his/her possession through his/her position as a Committee member.
- 1.8 The Board may at its discretion and by a decision of a majority of the directors at any time revoke the appointment of any member of the 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 member representative ceases to be a member of the Committee for any reason before the expiry of his or her term, the director appointed by the Member for whom that member representative worked shall be entitled to nominate a replacement (and, if applicable, an alternate) to serve on the Committee.
- 1.9 The list of members of the Committee and their alternates shall be made publicly available together with any declarations of conflicts of interest given by those members.

## **2. Proceedings of the Supervisory Committee**

- 2.1 A meeting of the Committee may be called by any member of the Committee, or his/her alternate, on reasonable notice as required but must take place at such intervals as the Committee considers appropriate.
- 2.2 Meetings can be attended in person or by telephone or video conference facility. If a representative does not attend in person at least once in five consecutive meetings the other members of the Committee shall consider whether it is appropriate to ask that absent member to stand down.
- 2.3 No business shall be transacted at any meeting of the 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 Committee meetings may be fixed from time to time by a decision of the members of the Committee, but it must never be less than three, and unless otherwise fixed it shall be three.
- 2.4 If the Committee needs to consider and determine any matter relating to a Member:
- (A) any member representative of that Member serving on the Committee shall excuse him/herself from participating in the discussion and determination of that matter. In the event that two or more member representatives serving on the

Committee are required to excuse themselves from participation in the discussion and determination of a matter and where no independent members have been appointed to serve on the Committee, the Committee shall notify the Board and the Board shall consider appointing an independent third party to consider and determine the matter in question;

- (B) the Chairperson shall, as appropriate, determine the information concerning the Member concerned that must be disclosed to member representatives serving on the Supervisory Committee, having regard to the interests of that Member 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).
- 2.5 If the Committee has appointed an independent Chairperson, that Chairperson shall have sole responsibility for considering and determining any matter relating to the conduct or interests of a Member to the exclusion of all of the member representatives.
- 2.6 The Company shall provide the Committee with access to such reasonable additional resources (including external resources) as may reasonably be required to fulfil its duties, and the Members should provide such reasonable cooperation as is practicable in the particular circumstances.
- 2.7 The Committee shall maintain a record of its meetings and such records should be stored securely by or on behalf of the Company after having been approved by the Chairperson.
- 2.8 On matters for which a vote of members of the Committee is called for, each such member shall have one vote. Decisions will be taken unanimously.

### **3. The responsibilities and authorities of the Supervisory Committee**

The Committee shall have the responsibilities and authorities set out below.

#### *Oversight of the fixing process*

1. The Committee shall devise a process for reviewing the conduct of the fixing process as appropriate, utilising such analytical means as are considered appropriate and expedient (which may include ex post review of the recordings and/or written records of fixings and scrutiny of the submission process, occasional spot check live observations of the fixing process, and statistical analysis of fixing prices and related market prices over relevant periods) with the objective of ensuring that the fixing price remains accurate, robust and reliable.
2. The Committee shall seek to promote the observance and implementation of the Company's Submitter Code of Conduct, and shall devise a process for overseeing Members' compliance with the Submitter Code of Conduct including by requiring Members to confirm adherence to the Submitter Code of Conduct on an annual basis and to publish this information.

3. The Committee shall take steps to enforce the Submitter Code of Conduct. In this respect the Committee, acting through a written statement of its Chairperson, shall be authorised to exercise any powers of discipline and to impose any sanction provided for in the Submitter Code of Conduct. The Committee may, if it considers that it would be helpful and appropriate, draw on external resources when determining whether and/or how to exercise any such powers, which may include asking the Board to delegate the determination of any disciplinary action to a committee that may be composed of independent individuals, and the Company shall provide the Committee with resources for these purposes in accordance with paragraph 2.6 above.
4. The Committee shall notify the Board promptly if it identifies any material irregularity in relation to the conduct of one or more fixings, or any actual or potential material breach of the Submitter Code of Conduct, and regardless of whether any disciplinary action is taken as a result.

*Oversight of the governance and control framework for the fixing process*

5. The Committee shall review and make such recommendations as it considers appropriate to the Board for amendments that may from time to time become necessary or advisable in relation to the control framework for the fixing process with the objective of ensuring its continued effectiveness. The Committee shall also prepare and publish a summary of this framework so that it is accessible by relevant market users and regulatory authorities.
6. The Committee shall devise a process for overseeing the Company's adherence to the Fixing Rules and its published policies.
7. The Committee shall make such recommendations as it considers appropriate to the Board for any internal or external reviews that might appropriately be commissioned by the Company from time to time, including any review that may be necessary to confirm continued compliance with the IOSCO Principles for Financial Benchmarks.
8. The Committee shall consider recommendations or other action points arising out of any such reviews and as far as possible support the implementation of any such items as may be adopted or approved by the Board as a result.
9. The Committee shall devise a process for overseeing and shall periodically undertake reviews of the Submitter Code of Conduct and any other material policies or procedures not otherwise addressed in these Terms of Reference (including the Company's Contingency Plan) with the objective of ensuring their continued effectiveness and appropriateness. The Committee shall also make such recommendations as it considers appropriate to the Board for the adoption of any appropriate or necessary updates or revisions and take steps to ensure that any such updates or revisions are appropriately publicised.
10. The Committee shall devise a process for overseeing the conduct of any third party contractors of the Company relating to the operation and/or oversight of the

fixing process, including any third party administrator or data storage provider. Such oversight should include a periodic review of the performance of the contractor.

11. The Committee shall review at least annually the number and representativeness of the Members participating in the fixing process in light of market developments and any other relevant external factors and report to the Board on any considerations or recommendations identified as a result. As part of this review, the Committee should consider the adequacy and appropriateness of any criteria and procedures applied from time to time for market participants to be selected for membership of the Company.

*Methodology of the fixing process*

12. The Committee shall take steps to ensure that at least a summary of the methodology of the fixing process remains accessible to relevant market users and regulatory authorities.
13. The Committee shall keep under review the methodology of the fixing process to determine whether any updates or revisions to the Fixing Rules become necessary or appropriate. In so doing the Committee should take into account, among any other factors that it considers relevant: conditions in the gold market, the usage of the fixing price, developments in the legal or regulatory environment, any complaints or expressions of concern received by the Company, and any feedback received from regulators, market participants or other stakeholders.
14. If updates or revisions to the methodology are considered necessary or appropriate, the Committee shall make such recommendations as it considers appropriate to the Board. If any such updates or revisions are substantively material, the Committee should recommend to the Board that a consultation be carried out with relevant stakeholders prior to determining whether the updates or revisions should be adopted by the Board in the recommended form or at all.
15. If updates or revisions are adopted by the Board, the Committee should take steps to ensure that any such updates or revisions are appropriately publicised.

*Assessment and management of conflicts of interest*

16. The Committee shall have the responsibility for assessing actual, potential and perceived conflicts of interest identified by members of the Company's staff pursuant to the Conflicts Policy, and for taking such steps and/or recommending to the Board to take such steps to address them as it and/or the Board (as applicable) considers appropriate and expedient.
17. The Committee shall seek to promote understanding and implementation of the Conflicts Policy by those who to whom it applies.
18. The Committee shall periodically undertake a review of the Conflicts Policy with the objective of ensuring its continued effectiveness; make such

recommendations as it considers appropriate to the Board for the adoption of any appropriate or necessary updates or revisions to that policy; and take steps to ensure that any such updates or revisions are appropriately publicised. The Committee shall present the Conflicts Policy to the Board for confirmation at least annually.

19. The Committee shall receive and assess the disclosure of any actual, potential or perceived conflict of interest reported to the Committee by any member of the Committee or any other person to whom the Conflicts Policy applies and to make recommendations for the means by which any such conflicts can or should be managed or otherwise mitigated.

*Complaints and expressions of concern*

20. The Committee is responsible for hearing, assessing and determining complaints and other concerns that may be raised with the Company, and for ensuring that the Company's procedures for handling complaints and other concerns remain appropriate and continue to operate effectively. The Committee shall consider any complaints and expressions of concern that are made in accordance with the Policy on Complaints and Raising Concerns.
21. The 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 Committee shall retain responsibility for the substantive determination of complaints and concerns.
22. The Committee shall periodically undertake a review of the Policy on Complaints and Raising Concerns with the objective of ensuring that the Company's accountability and complaints controls remain effective; make such recommendations as it considers appropriate to the Board for the adoption of any appropriate or necessary updates or revisions to either of those policies; and take steps to ensure that any such updates or revisions are appropriately publicised. The Committee shall present the Policy on Complaints and Raising Concerns to the Board for confirmation at least annually.
23. If as a result of any complaint or other disclosure having been received and considered the Committee considers that any remedial, disciplinary or preventative action which should be taken in response cannot in fact be taken by the Committee on its own initiative pursuant to these Terms of Reference or to the terms of any policy adopted by the Board, the Committee shall submit a recommendation to the Board explaining the reason why it believes such action is appropriate.