

Draft IPRO Code as released by Argus, ICIS and Platts on 30 April 2012

The draft IPRO Code is available on the websites of Argus, ICIS and Platts.

Feedback is solicited from market participants, other potential IPRO Code signatories and any other interested parties. Responses may be sent directly to each publisher and are requested by 31st October 2012.

Once the IPRO Code is finalised, all independent price reporting organisations will be invited to become signatories and agree to adhere to the Code.

Please send feedback to:

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**THE PRICE REPORTING CODE FOR
INDEPENDENT PRICE REPORTING ORGANISATIONS**

[] 2012

THE IPRO CODE

An Independent Price Reporting Organisation (IPRO) may become a signatory to this code (the **IPRO Code**, or the **Code**) at any time by stating publicly that it has signed the Code and confirming that it intends at all times to seek to comply with the IPRO Code (as it may be amended from time to time).

The principles and price assessment standards for IPROs set out in this Code (the **Standards**) have effect from **[●] 2012** being the date on which the original signatories have affirmed their commitment to observe and comply with the IPRO Code.

The IPRO Code applies strictly to activities, policies and structures associated with the publication by the IPROs of price assessments in commodities markets and does not govern the specific design or substance of methodologies used by IPROs for determining their price assessments.

By becoming a signatory to this Code, each IPRO undertakes to comply with and adhere to the Code, as amended from time to time, within 12 months of the date of signature. The date that is 12 months from the date of an IPRO becoming a signatory to this Code is the date that the Code will be deemed to have come into effect with respect to that IPRO.

This Code is available to the public without charge on the website of each IPRO.

The signatories to this Code may revise this Code to reflect changes in market, legal, and regulatory circumstances and changes to their policies and other controls. Any revision to this Code will require the written approval of at least two (2) of the three (3) original signatories to this Code, as well as a majority of all then-current signatories to this Code.

Introduction

Independent Price Reporting Organisations (**IPROs**) are publishers and information providers who prepare and report, on a commercial basis, price assessments in relation to commodities and/or commodity derivatives for use by, among other organisations, market participants in their day to day commercial activities. “Independent” for this purpose means the absence of a vested interest in the markets on which the IPRO reports, including that it does not itself provide trading or clearing services with respect to those markets. The price assessments published by IPROs may be used, among other things, in relation to commodity contracts transacted in physical and derivative markets. IPROs provide an informed assessment of commodity and commodity derivative price levels, using a variety of methodologies, including those based on observed trading data and other available market information. IPROs may also provide commentary and write news stories relevant to the commodities markets for which they publish price assessments; such publishing activity is beyond the scope and purview of this Code.

It is recognised that a broad spectrum of parties, including producers, generators, refiners, processors, distributors, traders, manufacturers and other private and public organisations with interests in international commodity markets refer to and rely upon the integrity of the price assessment reporting process undertaken by IPROs and the ability of an IPRO to publish price assessments that are representative of market value.

A key purpose of the IPRO Code is to demonstrate to those parties that an IPRO signatory has committed at a minimum to meet the high standards and principles of good governance required and promoted by the Code and its other signatories, and in that sense it may also be regarded as a measure of best practice among IPROs. IPROs remain free to take measures which go beyond those addressed in this Code.

Scope and interpretation

The IPRO Code applies in full to any IPRO which becomes a signatory; IPROs may not choose to adopt only a portion of the IPRO Code.

Where relevant, the Standards prescribed in the IPRO Code are intended to apply equally to all persons employed or otherwise engaged by and operating under the control of an IPRO to the extent they are involved in price assessment activities.

The IPRO Code is comprised of a number of Standards each of which is set out below in bold text. Following each Standard are additional guidelines (the **Guidelines**), the purpose of which is to provide commentary on how each of the Standards may be interpreted and how IPROs may seek to achieve compliance with the Standard; the Guidelines are set out in italicised text.

References in the IPRO Code to “price assessment activities” and “price assessment processes” refer to the processes by which an IPRO establishes and maintains its price assessment methodologies, receives transaction data and other information from market participants, applies its methodologies to the data and information it receives, and determines its price assessments.

It is expected that an IPRO will have regard to the Guidelines in interpreting all of the Standards set out below.

Monitoring of compliance with the IPRO Code

At the end of the 12 month period following the date on which this Code comes into effect for an IPRO and annually thereafter, each IPRO shall prepare, as appropriate, an Attestation of Compliance or an Explanation of Material Non-compliance. The Attestation of Compliance or Explanation of Material Non-compliance shall be signed by the IPRO's chief executive officer and shall be published prominently on the IPRO's website. In the case of an Explanation of Material Non-compliance, the explanation shall include the reason(s) for each case of material non-compliance and set forth a description of the remedial steps the IPRO will take (or, as the case may be, is already taking) to achieve compliance in the future.

In addition, on a periodic basis¹, each IPRO shall engage an internationally recognized external audit firm of its choosing or independent internal audit group within the IPRO's corporate organisation, to conduct an independent review of its compliance with the IPRO Code. The results of the review should be summarized in a report to that IPRO issued by the auditor and published by the IPRO within 30 days on its website.²

1. Governance

Standard 1: An IPRO shall maintain robust governance arrangements, including a clearly defined management structure with transparent lines of reporting and consistent allocation of authority and responsibility.

- 1.1 *It is the responsibility of the IPRO's Board, senior management of its ultimate corporate parent or equivalent body to provide oversight so that the IPRO's senior managers have the requisite skills, capacity, knowledge and experience to perform the duties assigned to them.*
- 1.2 *The Board, senior management of its ultimate corporate parent or equivalent body of the IPRO should provide oversight so that relevant employees of the IPRO are allocated with specific duties and responsibilities in relation to oversight and control functions, including a compliance infrastructure, regarding price assessment activities and have sufficient delegated authorities and resources to be able to discharge those duties and responsibilities effectively.*
- 1.3 *An IPRO should have in place appropriate reporting lines and organizational structures to facilitate effective checks and balances and transfers of management information to appropriate senior managers throughout the IPRO's organisation. Specifically, an IPRO's compliance and internal audit functions should report to senior management independently of editorial, product management and sales functions.*

¹ Frequency to be determined following stakeholder consultation.

² In the event of an acquisition by any signatory IPRO of an IPRO which is not a signatory to this Code, the acquiring IPRO will use all reasonable efforts to bring the acquired IPRO into conformance with this Code as soon as practicable.

- 1.4 *There should be a mechanism such that instances of material non-compliance with this Code are identified and escalated promptly to senior management of the IPRO.*
- 1.5 *An IPRO should conduct regular training for staff on the IPRO's methodologies and relevant policies and procedures in relation to the handling of confidential information, conflicts of interest, personal account dealing, editorial independence and data integrity.*

2. **Managing and mitigating conflicts of interest**

Standard 2: An IPRO shall seek to avoid actual or potential conflicts of interest arising in relation to its price assessment activities; to that end an IPRO shall establish a policy and control system designed to mitigate the risk of conflicts arising and to manage those that may arise.

- 2.1 *An IPRO should adopt, keep updated and make public on its website a written **conflicts policy** setting out the measures that it has taken and will take to monitor for, mitigate and manage actual or potential conflicts of interest which may arise from time to time, including those pertaining to its publishing and other businesses.*
- 2.2 *An IPRO should take reasonable steps to maintain a clear separation, structurally and operationally, between its price assessment activities and its other activities which could give rise to the risk, existence or perception of a conflict of interest.*
- 2.3 *Remuneration arrangements for staff engaged in price assessment activities should be determined having regard to the elimination or mitigation of any actual or potential conflicts of interest between the interests of those individuals and the interests of the IPRO and between the interests of those individuals and the interests of market participants.*
- 2.4 *An IPRO should adopt and keep updated a written **personal account dealing policy** applicable to all of its staff. The policy should seek to prohibit the IPRO's employees and other staff who are involved in price assessment activities, and persons closely connected with them, from engaging in any personal account trading activity which may give rise to the risk, existence or perception of a conflict of interest.*
- 2.5 *An IPRO should adopt and keep updated a **gifts policy** applicable to all of its staff who are involved in price assessment activities, which should prohibit such persons from soliciting gifts or favours in a business context, and from accepting a gift offered if the value of the gift exceeds an appropriately prudent monetary value.*
- 2.6 *An IPRO should review the work undertaken over a reasonable period of time by any member of its staff who was engaged in price assessment activities and leaves to work for or on behalf of a market participant where that individual has been involved in evaluating and reporting the price of a commodity in which the market participant is active to determine whether any actual or potential conflict of interest had arisen. Where an IPRO has become aware that an employee who is engaged in price assessment activities has accepted an offer of employment from a market participant, that employee should promptly be excluded from engaging in price assessment activities for that IPRO in the area of his/her future employment with the new employer.*

- 2.7 *An IPRO should make public on its website information concerning (a) the legal structure of the IPRO and the identity of any person or organisation which, directly or indirectly, owns or controls more than 20% of the share capital or voting rights in the IPRO and (b) any organisation from which the IPRO derived more than 10% of its annual revenue in the most recent full financial year.*

3. The integrity and transparency of the price reporting process

Standard 3A: An IPRO shall publish or otherwise make freely available the methodologies used by that IPRO to produce its price assessments. The methodologies shall be designed to produce price assessments that are representative of market value.

- 3.1 *The IPRO's methodologies should be available free of charge via the IPRO's website to support and underpin transparency and to provide market participants with a basis to compare and evaluate the methodologies of different IPROs relative to each other.*
- 3.2 *An IPRO should take into account feedback received from subscribers, data contributors and other market participants in the context of any review of its methodologies or price assessment processes.*

Standard 3B: An IPRO shall publish price assessments that are in accordance with its methodologies.

- 3.3 *An IPRO should devote sufficient resources and support so that its price reporting staff have appropriate skills, capacity, knowledge and experience to perform the duties assigned to them to enable the IPRO to comply with Standard 3B.*
- 3.4 *Each price assessment produced by an IPRO should be fully in accordance with the relevant published methodology.*
- 3.5 *An IPRO should adopt, implement and enforce written policies and procedures designed so that its methodologies and price assessment processes are systematically applied by price reporting staff and any demonstrable failure to adhere to such methodologies or processes is subject to internal review and, if appropriate, a disciplinary process.*

Standard 3C: An IPRO shall establish and maintain appropriate procedures and safeguards to maintain and preserve the independence from conflict of staff that are engaged in the price assessment process.

- 3.6 *An IPRO should take all reasonable steps so that its commercial interests in commercialising its price assessment publications or services do not impair the independence from conflict or the integrity of its price assessments.*
- 3.7 *Such steps should include the maintenance of appropriate and effective barriers between the price reporting function and those individuals responsible for the marketing and sale of price assessment publications and services.*

- 3.8 *Such steps should include at a minimum that operations relating to the price reporting processes are overseen by senior officers within the IPRO with sufficient authority to maintain effective oversight of the composition, policies, procedures and day-to-day operations of the price reporting function.*
- 3.9 *An IPRO should arrange its internal reporting lines so that the independence from conflict of its price reporting staff is not, nor is perceived to be, compromised.*
- 3.10 *The remuneration arrangements for price reporting staff should not be linked to the revenues derived from sales of price assessment publications or services to any individual subscriber.*

Standard 3D: An IPRO shall seek to comply at all times with applicable laws and regulatory requirements.

- 3.11 *An IPRO should allocate appropriate resources, and have in place adequate control systems, so that the IPRO and its staff can comply with all applicable laws governing its price reporting activities in each jurisdiction in which it operates.*
- 3.12 *An IPRO's executives and staff should be held to high professional standards of integrity and propriety, and an IPRO should implement measures designed so that it does not engage or retain staff with demonstrably compromised integrity or propriety.*
- 3.13 *An IPRO should maintain a "whistleblowing" policy so that members of staff have a means by which to raise concerns regarding unlawful or inappropriate practices.*
- 3.14 *An IPRO should, where practicable and appropriate, make available to government officials, regulators, market participants and other relevant interested parties, members of its senior management involved in price assessment activities to provide education relating to the IPRO's price assessment activities*

4. Non-discriminatory participation and data collection processes

Standard 4A: An IPRO shall have clear policies and processes for collecting, evaluating and utilising data for purposes of its price assessments.

Standard 4B: An IPRO shall deal fairly and consistently with all market participants in relation to its price assessment activities.

- 4.1 *If an IPRO has rules governing which market participants may be admitted to the constituency of persons inputting trade or other data into the IPRO's price assessment processes, the IPRO should publish such rules and the factors and criteria which the IPRO regards as being most relevant to such admittance.*
- 4.2 *Criteria for inclusion or exclusion of transaction data in the process of determining a price assessment should be set out in the IPRO's relevant methodology.*
- 4.3 *Decisions as to whether to consider or exclude transaction data provided by a market participant should not be influenced by the amount of revenues received from that*

applicant or market participant and in general, all such decisions should be made in a fair and non-discriminatory manner.

5. Timely publication of price assessments, corrections and methodology modifications

Standard 5A: An IPRO shall seek to disseminate its price assessments in a timely manner and shall promptly publish any material corrections or updates to those assessments.

5.1 *An IPRO should publish its price assessments, and any material corrections to those assessments, in a timely, consistent and transparent manner.*

Standard 5B: An IPRO shall, where reasonable and practicable to do so, consult with market participants in relation to any material proposed changes to its price assessment methodologies. An IPRO shall disclose modifications of its methodologies on its website in a timely manner.

5.2 *Consistent with Guideline 3.2 above and in order to minimise the risk of market disruption and to promote fair dealing with market participants, an IPRO should, where reasonable and practicable to do so, consult with market participants in advance in relation to any material proposed changes to its price assessment methodologies.*

5.3 *An IPRO should publish material changes to any of its methodologies in a timely and transparent manner.*

Standard 5C: An IPRO shall maintain reasonable business continuity and disaster recovery plans, the purpose of which is to enable the IPRO to continue to publish price assessments in an orderly and timely manner notwithstanding the occurrence of disruptive events.

6. Monitoring and detecting of non-representative transaction data in connection with the price reporting process.

Standard 6A: As part of its price assessment processes, an IPRO shall maintain controls to monitor for and detect data that is provided to the IPRO by market participants that does not conform to the IPRO's methodology.

6.1 *An IPRO shall use data in conformity with its relevant methodology in determining its price assessments.*

Standard 6B: An IPRO shall provide reasonable cooperation to regulatory or governmental authorities in relation to proper and legitimate enquiries or investigations regarding third parties.

6.2 *Subject to any applicable legal or regulatory restrictions or rights or obligations, including in particular restrictions or rights relating to the IPRO's receipt, use or disclosure of confidential or otherwise sensitive information, an IPRO should provide*

reasonable cooperation with proper and legitimate enquiries or investigations regarding third parties by regulatory or governmental authorities seeking information that the IPRO has published as part of its price reporting activities.

7. Responding to complaints

Standard 7A: An IPRO shall maintain policies and procedures for the prompt and fair handling of complaints.

- 7.1 *An IPRO should have in place a mechanism, detailed in a written **complaints handling policy**, by which its subscribers may submit complaints on whether a specific price assessment is representative of market value, proposed methodology changes, applications of methodology in relation to a specific price assessment and other editorial decisions in relation to price assessment processes. This policy should be prominently published on the IPRO's website.*
- 7.2 *An IPRO should ensure that its written **complaints handling policy** includes, among other things, the process and target timetable for the handling of complaints.*
- 7.3 *Oversight of the complaints handling policy, including ultimate right of appeal under it, should be by an independent non-executive member of the IPRO's Board, senior management of its ultimate corporate parent or equivalent supervisory body, or by the IPRO's Chief Compliance Officer or equivalent position.*

8. Confidential information and record-keeping

Standard 8A: An IPRO shall observe appropriate standards of confidentiality.

- 8.1 *An IPRO should adopt appropriate control systems and procedures to protect the confidential nature of information received by it from market participants in connection with its price assessment activities, if and to the extent such information is disclosed to the IPRO as being confidential in nature.*
- 8.2 *An IPRO should adopt and keep updated a written **policy on the handling of confidential information** and accompanying procedures designed so that relevant members of the IPRO's staff are made aware of any obligations to which the IPRO is subject to treat data received from market participants as confidential.*

Standard 8B: An IPRO shall maintain proper and up-to-date records in connection with its price assessments, policies, procedures and internal decision-making in relation to its price assessment processes.

- 8.3 *An IPRO should maintain adequate internal records in connection with its price assessment processes. Such records should be maintained for a reasonable period of time (and otherwise in accordance with applicable laws) and should include:*

(A) *transactional and other data inputs that were used in determining price assessments;*

- (B) *a record of fees received in relation to subscriptions to price assessment services;*
- (C) *copies of internal written policies;*
- (D) *a complaints log;*
- (E) *where applicable, records of decisions to admit, suspend or exclude a market participant from the IPRO's price assessment activities and the information on the basis of which that decision was made.*

9. Other

- 9.1 *No IPRO assumes, or may be implied to assume, an obligation, duty or liability to any third party by virtue of becoming or being a signatory to this Code or by making this Code available to the public. Nor shall the Code create any contract with any third party or create third party rights to enforce any provision of the Code (directly or indirectly, contractual or otherwise) against an IPRO.*

DATE OF SIGNATURE BY ORIGINAL SIGNATORIES: [], 2012

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