

MAREX SPECTRON STATEMENT OF COMPLIANCE WITH THE IOSCO PRINCIPLES DECEMBER 2015

Produced By The Group Legal & Compliance Department

Marex Spectron Group Legal & Compliance department**Marex Spectron compliance statement with IOSCO Principles**

Marex Spectron administers and publishes:

- (i) a number of UK and European Gas and Power indices. The indices are calculated using the volume weighted average of day-ahead or month-ahead physically-settled trades brokered by Marex Spectron; and
- (ii) a number of closing price indications in a range of OTC commodity markets including UK and European gas and power, coal, emissions, fuel oil, tanker and freight.

In addition to the above, Marex Spectron is a submitter of trade data to number of third party indices including the Tankard Index (UK and European Natural Gas), a number of indices administered and published by London Energy Brokers Association (LEBA) (UK power, emissions, European gas and coal), the Argus Gasoline Benchmark (petrol barge market) and the Platts end of day gasoline closing price assessments.

Marex Spectron considers that few (if any) of the reference prices that it administers and publishes fall within the scope of the IOSCO principles on financial benchmarks. In particular, Marex Spectron is not aware of the reference prices that it administers and publishes being used to determine the price or measure the performance of any financial instrument.

In any event, Marex Spectron carries out no proprietary trading in the underlying OTC energy markets to which the indices and closing price assessments that it publishes and/or contributes to relate and so considers there to be a low risk of any conflict of interest arising between its front-office brokers and those responsible for publishing and/or contributing such reference prices.

Marex Spectron nonetheless acknowledges the need to ensure the integrity, credibility and reliability of the reference prices it publishes and administers and to have a governance framework in place. Accordingly and taking into account the low risk in relation to conflicts of interest, Marex Spectron has put in place a governance and control framework including:

- (i) establishing a Reference Price Committee made up of members of senior management which meets regularly and that is responsible for the strategic direction and operational conduct of the reference prices that Marex Spectron publishes, administers and contributes to including approving any new reference prices;
- (ii) appointing a Reference Price Officer to ensure that Marex Spectron's reference price policies and procedures and any third party submitter codes of conduct are followed;
- (iii) issuing guidelines to front-office staff that input into the reference prices that Marex Spectron publishes and/or administers;
- (iv) implementing and monitoring certain automatic validation checks for any reference prices published or administered by Marex Spectron that are manually created by brokers;
- (v) regularly identifying and mapping any conflicts of interest;
- (vi) logging queries and any complaints in relation to reference prices published and/or administered by Marex Spectron;

- (vii) carrying out an annual audit of Marex Spectron's compliance around reference prices; and
- (viii) ensuring that any changes to the methodologies used to automatically calculate reference prices are regularly reviewed and any changes to the methodologies of contingencies thereto are published on Marex Spectron's website.

For further information on Marex Spectron's governance and control around reference prices, please contact Compliance&Legal@marexspectron.com.