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LBMA Silver Price Launches New Era in Pricing Precious Metals

LONDON, Aug. 15, 2014 /PRNewswire/ -- CME Group, the world's leading and most diverse derivatives marketplace, and Thomson Reuters, the world's leading source of intelligent information for businesses and professionals, have launched the new LBMA Silver Price mechanism in partnership with the London Bullion Market Association (LBMA). CME Group, Thomson Reuters and LBMA have joined forces to provide the over-the-counter spot silver market with a new transaction-based price-setting mechanism for the LBMA Silver Price that is IOSCO-compliant and fully electronic. CME Group will provide the electronic auction platform on which the price will be calculated, Thomson Reuters will be responsible for administration and governance and the LBMA will accredit price participants. The new LBMA Silver Price benchmark will be published and distributed by Thomson Reuters and will be available on the LBMA's website.

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The London Silver Fix, most recently administered by London Silver Fixing Market Limited, which ceased operations as of August 14, was a global benchmark for 117 years. The new price setting mechanism developed by CME Group, Thomson Reuters and LBMA for establishing the over-the-counter spot silver price will ensure continuity for market participants via a transaction-based auction platform. It will continue to be London-based and will offer a fully IOSCO-compliant solution to the London bullion market. Deep industry engagement and broad market support leading up to the launch of this new benchmark should minimise disruptions and enable a seamless transition for the market.

"Through our existing relationships with market participants and the broader silver marketplace we are uniquely positioned to provide a seamless transition for the spot silver benchmark in London," said William Knottenbelt, Senior Managing Director at CME Group. "CME Group has a long and successful history of offering benchmark risk management and price discovery solutions for the global precious metals markets. With the recent launch of CME Europe, strong growth in CME Clearing Europe and the other recent announcements around our European growth strategy, the launch of the LBMA Silver Price adds another commodity benchmark service to our quickly growing suite of leading European services."

"This new system combines a robust and reliable pricing mechanism with strong governance, as well as transparency for all of its users," said Kris Carlson, Global Head of Metals, Thomson Reuters. "It also aims to involve as many of those users as possible - from miners to market makers. There is no fixed number of participants, and we look forward to welcoming many. We are combining continuity with innovation, ensuring not only that everyone continues to receive a reliable daily silver price through this transition to the new system, but also that they enjoy a greater understanding of how this process works by watching the auction live on their desktops, including via Thomson Reuters Eikon."

LBMA Chief Executive, Ruth Crowell said, "I am pleased that we have been able to deliver an on-time solution which meets the requirements of the London Silver Market. The new mechanism allows more direct participation and the automated auction feed ensures that the same real-time information is available to all participants and market users via numerous data vendors. The LBMA is grateful for all the market engagement and feedback it has received from market participants throughout the consultation, and in particular during the live-testing process."

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