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# Policy Statement on Benchmark Review

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## Increased market transparency

SMM benchmark with detailed methodology reflects market reality, reporting the industry and market activity as it is.

SMM benchmark assessments are based on information gathered from a wide cross-section of the market, comprising consumers, producers, traders and distributors from more than 30 reporters.

Confirmed deals, offers, bids, verified by both buyer and seller, provide the foundation of our benchmark assessments.

## Market relevance and objectivity

Our in-depth market knowledge drives our specialist focus, as we recognise the importance of individual market dynamics and not a one-size-fits-all approach.

## Setting global standards

Over 20 years of reporting on key metal markets has brought global recognition of our methodology as being unbiased, authoritative and rigorous in preserving our editorial integrity.

Our global network of reporters in Singapore, Shanghai, Foshan, Beijing and Yantai ensures unrivalled coverage of established and emerging markets.

## SMM Methodology Consultations – review and change

SMM is implementing a process of rolling consultation on all of its benchmark methodologies as part of a formal process of the benchmark review and covers all of the SMM primary benchmark points included in the publications.

## PURPOSE

To provide a framework for methodology changes and ensure SMM analysts are operating within it.

To ensure the benchmark methodology documents are annually reviewed to reflect the market under assessment

Further guidance, definitions and templates for benchmark methodology review and change process guide documentation are provided in the SMM Methodology Consultation Process.

To determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology

To identify when the Interest may have diminished or become non-functioning to the extent that it can no longer function as the basis for a credible benchmark.

## Industry Feedback

Written industry feedback not marked confidential (and the SMM response) must be collated and made available

upon request following the consultation period.

All industry feedback must be documented and saved in a secure location quoting the change reference number.

In addition to industry feedback, the following information should be made available:

- A summary of any review where material revisions have been made to a benchmark.
- The rationale for revisions made to a benchmark.

### **Notifications**

Timeframe for SMM to notify Clients of Benchmark Change and launch date: Min. four weeks (28 days) prior to launch date, unless there are unavoidable and unpreventable circumstances such as natural disasters, war or bankruptcy of the exchange, which will shorten the period, or it is not practical due to market conditions.

In addition, SMM will notify Clients of urgent Change before it is launched.

### **Annual Methodology Review**

All benchmark methodologies must be reviewed annually by the the Benchmark Management Committee, whether or not material changes in some markets have led to methodology consultation and change within a year. Consider that, for some benchmarks, the interest may reasonably be expected to undergo potentially material variations on a more frequent basis than annually. So SMM require a benchmark to be reviewed when exceptional circumstances occur (such as unexpected market moves, changing macroeconomic conditions, etc.).

All benchmark methodologies have an expiry date, usually one year, before the expiry date, SMM would usually conduct a general consultation and would ask both the specific and general consultation questions for the benchmark review, then make possible benchmark methodology changes or update the expiry date.

Relevant market stakeholder feedback should be considered in the review.

Decisions must be recorded in the review meeting minutes and stored in a secure location.

If the review indicates that a change is required, this should be carried out in accordance with the principles set out in the SMM Methodology Consultation Process.