

# Minutes of Meeting on 8 May 2019

Item 2, Wednesday 23 October 2019, Singapore



## Members in Attendance

Bill Shields (Chairman), Thomas Carstensen (Arla Foods AMBA, from 10:18am), Robert Chesler (INTL FCStone Inc.), Vince Curtin from 1013am (Burt Lewis Ingredients LLC), Kishore Jhala (Gujarat Co-operative Milk Marketing Federation Limited), Nick Morris (NZX Limited), Joshua Sigmund (Fonterra Co-operative Group Limited), Xiaochun Wang (Inner Mongolia Mengniu Dairy (Group) Co. Limited)

## Operational Attendees

Eric Hansen (Market Administrator, GlobalDairyTrade Holdings Limited)

Brad Miller (Trading Manager, CRA International Inc.)

Note: Under Clause 4.4 of the GDT Events Oversight Board Charter, GDT and CRA are not formal members of the Oversight Board, but are present to provide specific comment or information regarding their respective functions and roles in respect of the auction platform.

## Secretary

---

Eric Hansen (GDT)

## Meeting opened at 9:08am

---

Chairman Bill Shields opened the meeting and welcomed Xiaochun Wang to his first meeting. He noted that the Agenda and all relevant papers had been circulated in advance of the meeting and would be taken as read. Chairman also noted the Guiding Principles and anti-trust compliance requirements attached to the Agenda.

## Item 1: Apologies and Anti-trust Briefing

---

Apologies were received from Hafid Brhama (Falait SPA) and Nigel Brunel (OM Financial Limited).

## Item 2: Minutes and Matters Arising from previous meeting

---

Members agreed that the Minutes of the previous meeting be signed by the chairman as final.

On Matters Arising relating to contingency plans for vendor insolvency (item 2), Eric Hansen commented that GDT and CRA have agreed an approach in principle but have delayed implementation until after launch of the refreshed trading platform.

## Items 3: Director's Report

---

Chairman referred members to the papers "Director's Report" including the Annex requesting input on GDT's future priorities.

Resolved:

- NOTED the contents of the Directors Report.

On future priorities, members discussed:

- The need to continue to evolve the independent governance of Global Dairy Trade (including appropriate consideration of a future ownership structure which might better address current perceptions amongst some

market participants);

- Progress made on transparency with the recent investigations conducted and reported publicly, noting the need to continue to progress transparency;
- The need for GDT to demonstrate its efficiency as a sales channel, including developing metrics on price outcomes relative to other benchmarks;
- The need to ensure the widest possible participation of buyers;
- The need to attract more sellers.

#### **Item 4a: Oversight Board Charter**

---

Chairman referred members to the covering paper “Oversight Board Charter” and accompanying marked up and clean versions of the proposed amended Charter.

Matters discussed included:

- If a situation ever arose where a second Recognised Financial Market existed, that it would be desirable for both to be represented on the Oversight Board;
- That the new provisions relating to tenure of individuals on the Board would start from the time the amended Charter is adopted;
- An amendment to delete clause 13.1(c) and reword clause 13.1(d) on the confidentiality of communications between members was considered as still too restrictive and impractical as well as unnecessary given the other parts of clause 13. GDT was requested to clarify this with its legal advisers.

Resolved:

- AGREED that the proposed amendments to the GDT Events Oversight Board Charter, including the deletion of 13.1(c), be published for public consultation.

#### **Item 4b: NZX/GDT Information Sharing Agreement**

---

Vince Curtin joined the meeting.

Chairman referred members to the covering paper “NZX/GDT Information Sharing Agreement”, and associated draft announcement and NZX/GDT Information Sharing Agreement.

It was noted that the proposal for a regulated entity to provide information to a private unregulated entity for investigation of apparent anomalies appeared to be unusual but that it had been agreed to by NZX Regulation.

Resolved:

- ENDORSED GDT’s intention, subject to appropriate rule changes being adopted, to enter into the information sharing agreement with the NZX;
- ENDORSED that the proposed agreement be published as part of the public consultation on the proposed rule changes.

#### **Item 4c: Trading Rules**

---

Chairman referred members to the covering paper “Trading Rules” and clean version of the proposed amended GDT Trading Event Rules.

Matters discussed included:

- Whether the last sentence in the proposed amended Rule A1.12(b) was necessary and requested GDT to refer to GDT’s legal advisers;

Resolved:

- AGREED that the proposed rule change to expand the role of the Oversight Board be published for public consultation;
- AGREED that the proposed rule changes to enable GDT to enter an information sharing agreement with the NZX Regulation be published for public consultation;

- AGREED that the proposed rule changes to accommodate new and enhanced features in the new trading platform be published for public consultation, subject to legal advice on the suggested amendment to Rule A1.12(b).

#### **Item 4d: Compliance Report**

---

Chairman referred members to the paper “Compliance Report”.

Resolved:

- NOTED that GDT has submitted a summary of its first annual self-assessment review of compliance with the Governance Principles;
- NOTED GDT’s self-assessment that it continues to comply with all the Governance Principles;
- ENDORSED the structure and level of detail provided in the self-assessment report.

#### **Item 5a: Operations Report**

---

Chairman referred members to the paper “Operations Report”.

Resolved:

- NOTED that the key performance indicators show a stable environment over the past two quarters since the previous meeting;
- NOTED GDT’s judgement that GDT Events continues to provide a good basis for price outcomes to reflect the balancing of demand and supply conditions.

#### **Item 5b: Risk Report**

---

Chairman referred members to the paper “Risk Report”.

Resolved:

- NOTED the addition of a separate Participant Manipulation risk since the May 2018 Risk Report;
- NOTED GDT’s assessment that there has been no material change to the ‘high’ and ‘significant’ risks since the May 2018 Risk Report;
- NOTED that GDT will continue to monitor the adequacy of existing mitigation controls and investigate opportunities to further reduce these risks;
- NOTED that GDT continues to work on a vendor insolvency contingency plan for the relevant service providers and will confirm its completion to a future Oversight Board meeting.

#### **Item 6: General Business**

---

Members agreed that the next meeting will be held in Singapore on the afternoon of Wednesday 23 October 2019.

Thomas Carstensen gave notice that he would be unable to attend due to prior commitments.

Members noted the schedule of future meetings and thanked GDT for the proposed partial reimbursement of cost of attending the Oversight Board meetings.

#### **Meeting concluded at 10:49am Chicago**

Signed as True & Correct

Bill Shields  
Chairperson

