

LBMA NEWS



Net Stable Funding Ratio (NSFR) haircut has been reduced from 85% to 50% and we are working with the EU member states to reduce this further.



LBMA-i – 100% of Market Making members have signed legal agreements to report trades.



25 service providers submitted responses to our Request for Proposals (RfP), and we are looking at technology, including blockchain, to strengthen supply chain provenance.



75% of members have already signed statements of commitment to the Global Precious Metals Code (the Code).



Responsible Sourcing Guidance for platinum and palladium has been developed and published recently.



An independent **Effectiveness Review** of LBMA Board has been recently commissioned, which we will be updating you on later this year.



NSFR

The European Parliament (EP) recently adopted the proposal to lower the 85% haircut for all four metals under Net Stable Funding Ratio (NSFR) to 50%. The EP will use this to negotiate a common position with the member states. Whilst clearly this is welcome news for the market, we continue with our lobbying efforts with member states, in order for them to recognise the need to exclude both precious metals financing and the LPMCL clearing model from NSFR (see Regulation Update for further details).

LBMA-i TRADE REPORTING

It is anticipated that the true size of the global over-the-counter market in gold, silver, platinum and palladium will be known later this year. Not only will the actual volume be known for the first time, but the data collected will help form LBMA's dialogue with regulators (see Regulation Update for further details).



The amount of gold held is sufficient to make

2m
FIFA world cup
TROPHIES

ONE FOR EVERY
PERSON LIVING
IN PARIS

GOLD AND SILVER HELD IN LONDON VAULTS

As at end March 2018, there were 7,780 tonnes of gold, valued at \$331.2 billion and 33,786 tonnes of silver valued (as at end March 2018) at \$17.7 billion. This equates to approximately 622,423 gold bars and 1,126,214 silver bars.

THE CODE

75% OF MEMBERS HAVE ALREADY SIGNED STATEMENTS OF COMMITMENT.

The remainder have been authorised an extension on the basis that firms could demonstrate steps taken towards compliance and provide a future date for submitting a statement.

Market participants (in particular refiners and industrials) should adopt a proportional approach when implementing the requirements under the Code. Those institutions that choose not to publicly attest their commitment to the Code will, after a grace period, face a range of sanctions and, ultimately, revocation of their LBMA membership.

To assist members and market participants in adherence to the Code, LBMA has developed a training module in partnership with ACI Financial Markets Association (ACI). This will provide LBMA member institutions and individual practitioners with access to an E Learning, Attestation and Certification (ELAC) portal. By offering access to the ELAC portal, LBMA has ensured that its members participate in a standardised, high-quality training and education programme. For further details, please contact regulatory.affairs@lbma.org.uk.

RESULTS OF THE AGM



LBMA'S 30TH ANNUAL GENERAL MEETING TOOK PLACE AT GLAZIERS HALL ON 12 JULY.

This year was the turn of the three Full Members of the Board to stand for re-election. Mehdi Barkhordar, Hitoshi Kosai and Grant Angwin were re-elected for a further two-year period.

After 10 years' service on the Board, Steve Lowe was required to stand down. Edel Tully, UBS was elected to replace Steve as a Market Making representative. LBMA would like to thank Steve for his service, contribution to LBMA and the wider market.

Details of the subcommittee and Chairman's reports are available on the member's section of our website.

LBMA MEMBERS



144

member companies

88
members

56
associates

in **30**
COUNTRIES

We currently have 144 member companies – 88 members (including 13 Market Making Members and three Exchange Affiliates) and 56 Associates located in more than 30 countries.

Any companies including refiners, miners or central banks that may be interested in applying for membership are invited to contact the LBMA Executive at: mail@lbma.org.uk.

100 ACCREDITED REFINERS

We now have **100 refiners** on the Good Delivery Lists, with **68** listed for gold, **83** for silver and **51** refiners on both lists.



 **68**
GOLD

 **83**
SILVER

CURRENT APPLICATIONS

There are currently **9** active Good Delivery applications.



Keynote Speaker Confirmed for the 2018 Biennial Dinner

The Rt Hon the Lord Hague of Richmond will deliver the address to LBMA at the biennial dinner on 5 December at the Guildhall. During a distinguished political career, he served as Conservative Party Leader, Foreign Secretary and Leader of the House of Commons, and is now serving as a peer in the House of Lords. With his own inimitable sense of humour, he will share his unique insights into world affairs, different styles of leadership and why he pressed the Prime Minister on the existence of Father Christmas!

Any members who would like to register for the dinner please email events@lbma.org.uk

REQUEST FOR PROPOSAL (RfP)

LBMA is focusing on how blockchain or other technology processes can help to ensure the highest levels of integrity, transparency and quality for the global precious metals market. This is in line with the strategic intent of LBMA. Consequently, the RfP is designed to develop the market by introducing:

- i. new technology, which helps to mitigate the risk faced throughout the life cycle of the bar and helps to securely record bar-specific data (i.e. brand, origin, custody, location) on a trusted platform, and
- ii. a security feature or security process adopted for bars to help ensure that any bar can be registered and reliably identified with confidence.



LBMA has been engaged in discussions with various service providers to better understand the benefits of blockchain and whether this can help the market, or if there is other technology which is preferable.

RESPONSIBLE GOLD GUIDANCE (RGG)



LBMA is working on Version 8 of its RGG, expanding the scope to include Responsible Business Practices, particularly in the areas of Environment, Sustainability and Governance, further strengthening the links the LBMA programme has with both upstream and downstream sectors.



LBMA Outreach and Industry Events in 2018/19

We recognise that global presence is vital in encouraging meaningful dialogue with the key regions; therefore, LBMA has stepped up its engagement in and travel to markets around the world. We have also engaged Jeremy East as a Senior Advisor based in Hong Kong. You can read Jeremy's Editorial on page 3.



24-26 Jul 2018

China Gold Congress and Expo '18, China National Convention Center, Beijing
en.china-gold.org

LBMA Executive participated in the 'Gold Supply Chain Forum' and the China Gold Market Internationalization Development Forum.



14-15 Nov 2018

Electrical and Electronic equipment and the Environment Conference London Hilton, Heathrow, TW6 3AF
www.rina.org/en/media/events/2018/11/14/eee-conference

Sakhila Mirza will be speaking at the event on *Tracing Gold in Supply Chains* to explain how to trace metals in supply chains responsibly and the issues faced by the gold user sector, how we have addressed them and how we continue to develop LBMA's responsible sourcing programme.



13 Sep 2018

LPPM/LBMA Members' Cocktail Reception Lotte New York Palace Hotel, New York
www.lppm.com



5 Dec 2018

LBMA Biennial Dinner Guildhall, London
www.lbma.org.uk/events



23-26 Sep 2018

29th Denver Gold Forum Broadmoor Hotel & Resort, Colorado Springs, Colorado
www.denvergoldforum.org

Neil Harby will be attending the event as LBMA's representative.



17-20 Mar 2019

Assaying and Refining Conference The Royal Garden Hotel, Kensington, London
www.lbma.org.uk/events



28-30 Oct 2018

LBMA/LPPM Precious Metals Conference Boston Park Plaza Hotel, Boston
www.lbma.org.uk/events