

REGULATION UPDATE

For LBMA, 2019 will bring a focus to regulation seeking to increase transparency and accountability to the financial markets.

Bullion Bank Reporting under the Conflict Minerals Regulation, the Global Precious Metals Code, the Net Stable Funding Ratio (NSFR) and the Securities Financing Transactions Regulation (SFTR) will be on our regulatory agenda throughout the year. To promote our work in these areas, LBMA will be circulating monthly updates to its membership.

Contact rachel.hart@lbma.org.uk to join the mailing list.

NET STABLE FUNDING RATIO

Under the Basel III framework to be implemented in 2022, precious metals will require 85% of Required Stable Funding (RSF) as part of NSFR.

This means that 85% of liquid assets must be held against the commodity to achieve the RSF for precious metals financing, and clearing and settlement.

This could have a detrimental impact on the clearing and settlement services provided by LPMCL and also potentially increase the cost of financing and/or lead to market participants exiting the market.

Throughout 2018, LBMA together with LPMCL and the German Precious Metals Federation have been working with Norton Rose Fulbright LLP (NRFLLP) to advocate a lower RSF factor. In July, the European Parliament's Committee on Economic and Monetary Affairs (ECON) adopted an amendment lowering the RSF to 50%. However, when put to Member States in November, this proposal was rejected by European Finance Ministers. Instead, the 85% RSF will go ahead for the financing, and the clearing and settlement of precious metals.

BULLION BANK REPORTING, THE GLOBAL PRECIOUS METALS CODE, NSFR AND SFTR WILL BE ON OUR REGULATORY AGENDA THROUGHOUT THE YEAR.



Sakhila Mirza, LBMA General Counsel and Executive Director of the LBMA Board

works very closely with the CEO on the strategic development of the

association, leading on a range of market development initiatives. She also takes responsibility for all the legal work affecting the Association, lobbying on matters affecting the market and building key relationships with governmental officials and regulators around the world.

She previously worked in the energy and commodities industry on compliance, legal and regulatory matters. She read law at the LSE and is a qualified solicitor.

It was also decided that the European Banking Authority (EBA), through a liquidity assessment of the precious metals market, would examine whether a reduction or exemption of the RSF factor could be justified. LBMA, LPMCL and NRFLLP will engage with the EBA during its review. Using the LBMA-i trade reporting data, LBMA hopes to demonstrate the levels of liquidity and transparency within the precious metals market. The objective of any upcoming advocacy activities remains to secure a full exemption from the application of the RSF for precious metals clearing and settlement services, and financing transactions.

MARKET MOVES



NEW ARRIVALS AT SCOTIABANK

Scotiabank has recently reaffirmed its commitment to the Americas metals business with a complete restructuring and hiring of key personnel and a platform designed to provide clients with cross asset coverage of precious metals, base metals and energy. Joining the Scotiabank Commodities team are Steve Scacalossi, Nicky Shiels, Amaryllis Gryllaki, Elizabeth Scarcello and Teona Lazashvili.

Steve, who joins as Managing Director, has 25 years' experience having worked at Sumitomo Corp., Mitsui Precious Metals, Credit Suisse, and TD Bank, where he was the Global Head of Metals Sales. Nicky Shiels, Director, is the team's new Commodity Strategist, providing base & precious metals content and strategy ideas. She joins with 10 years' experience from JP Morgan and Jefferies Bache. Amaryllis Gryllaki, Director, will focus on precious and base metals sales and has 10 years' market experience having worked at TD Bank, Deutsche Bank and Citibank. Elizabeth Scarcello, Associate Director, will focus on LATAM sales. She joins with 8 years' experience having worked at ING and Societe Generale. Lastly, Teona Lazashvili, joins as a Commodity Analyst, after spending 3 years at Mitsubishi.

NEW CEO AT METALOR

On 1 January 2019 Antoine de Montmollin was appointed the new CEO of Metalor. Antoine, a Swiss national, joined Metalor in June 2005 and has since taken on various roles including business controller, CFO of the Metalor North-American businesses, Head of the European Refining and more recently Group CFO from 2015. He replaces Philippe Royer, who led Metalor for more than 4 years including the acquisition by Tanaka Group.

SID TIPPLES TO LEAVE JP MORGAN

Sid Tipples, Managing Director and Co-Head of Metal Trading at JP Morgan is leaving the firm in the coming weeks. Sid joined the bank during its acquisition of RBS Sempra in 2010. He has been responsible for the clearing, custody and financing side of the metals business. Sid is currently a Board Member of LBMA.