

LBMA NEWS



GOLD BAR INTEGRITY RfP

In recent months, the Working Group has reviewed responses to the Request for Proposal (RfP) and consulted widely with market participants. Three main conclusions have been reached:

1

Security Standards

The prime focus will be on Security Features (to address issues such as fraud). LBMA will work towards developing two standards – one for large London gold bars and another for kilobars. It is proposed that the standards will be finalised by Q3, with implementation in early 2020.

2

Centralised Database

LBMA should explore the option of creating a centralised database to store all relevant data relating to a gold bar.

3

Supply Chain Provenance

The potential benefits of blockchain technology are recognised but the number of different potential solutions in the market raises some questions and concerns (for example, about interoperability) that still need to be addressed. In view of this LBMA has decided to wait to see which potential solution attracts critical mass before making any firm commitments.

LBMA-i TRADE REPORTING

On 10 April LBMA published for the first time trade reporting data on a daily basis for gold and silver, and weekly for platinum and palladium, broken down by spot, forward, swaps, loans/leases and deposits. These datasets complement the gold and silver weekly data sets which were first published in November 2018. Anyone who would like to purchase licencing for any of the data sets should contact: www.lbma-i.com.

IN THE PIPELINE

Further datasets will be published later in Q2, covering spot trades grouped into price tranches, options traded by strike range and time bucket as well as open trades that have not yet matured.

WHY THE DATA IS IMPORTANT

LBMA-i market data makes it possible for market participants to gauge the size, shape and liquidity of the OTC market as represented by LBMA members. It also helps support LBMA's dialogue with regulators on such matters as NSFR where we are working closely with key stakeholders to gain a full exemption for precious metals and clearing.

Join the LBMA Price AUCTIONS

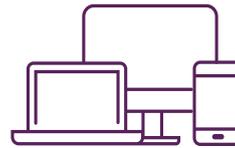


The gold price celebrates its 100th birthday this year and we have a number of events planned in 2019 to mark the occasion – see page 25

for details. Back in 1919, there were just five participants in the auction, but since IBA became the independent administrator in 2015, the number has trebled. The latest participant to join the gold price (and silver) auction is Marex Financial Limited, taking the total number of direct participants in the gold price to 15 (and 12 for silver).

As we look to the next 100 years of the gold price, LBMA would encourage any Members or Associates to join the auctions.

- Gold or silver price, please contact ICE Benchmark Administration: IBA@theice.com or +44 (0)20 7429 7100.
- Platinum and palladium price, please contact LME: market.access@lme.com or +44 (0)20 7113 8888.



NEW CHINESE WEBSITE LAUNCHED

Our new Chinese website was launched recently to coincide with the Chinese New Year and can be accessed via the homepage of the main LBMA website.

TRADE REPORTING WEEKLY TURNOVER

(total troy ounces – gold and silver data represents the latest 12 week moving average, platinum and palladium data total for the week beginning 1 April 2019)



Gold
149.3mn



Silver
1.87trn



Platinum
7.7mn



Palladium
7.9mn

BREXIT

What it means for PMs (but not Mrs May!)

The pace of political development at both UK parliamentary and EU level means that, at the time of writing, there is still much uncertainty over the exact terms and timeline of the UK's departure from the EU. However, in the absence of any agreement on the future fiscal relationship between the UK and the EU, the UK will depart the existing EU VAT model on exit day or at the end of the agreed transition period, if any.

The Terminal Markets Order (TMO) provides a framework through which certain supplies of precious metals can be zero-rated for VAT. Given the TMO's direct applicability in UK law, Brexit will have no effect on its legal validity. It remains to be seen whether the UK would amend the framework to be more favourable for businesses and consumers in the UK and outside of the EU. Brexit could empower the UK to provide for additional commodity derivatives to be contained within the TMO's scope, as the UK would no longer have to comply with the EU's single market rules. Nonetheless, the UK has announced its aim to keep VAT procedures as close as possible to those currently in place in the event of no deal.

WHETHER A WITHDRAWAL AGREEMENT IS REACHED OR NOT, LBMA CONSIDERS THAT IT IS BUSINESS AS USUAL FOR THE VAT REGIME.

Therefore, for the time being, whether a withdrawal agreement is reached or not before 31 October 2019, LBMA considers that it will be business as usual for the VAT regime after exit day.

For physical flows of precious metals, there are more immediate impacts. It is expected that general queues for all imports and exports will increase in the event of no deal. This would primarily affect silver rather than gold.

101 ACCREDITED REFINERS

We now have **101 refiners** on the Good Delivery Lists, with **67** listed for gold, **83** listed for silver and **49** refiners on both lists.



 **67**
GOLD

 **83**
SILVER

CURRENT APPLICATIONS

There are currently **10 active Good Delivery applications.**



Gold and Silver Held in London Vaults

As at the end of December 2018, there were **7,491** tonnes of **GOLD**, valued at **\$308.6** billion, and **35,386** tonnes of silver, valued at **\$17.6** billion. This equates to approximately **599,312** gold bars and **1,179,527** silver bars.

LBMA MEMBERS



We currently have **142 member companies** – **85 Full Members (including 13 Market Making Members)**, **3 Exchange Affiliates** and **54 Associates** located in more than **30 countries.**

MARKET MAKERS REVIEW



LBMA is conducting a review of its Market Maker requirements to bring these into line with today's market. LBMA is in the process of engaging with all Market Makers.

LBMA OUTREACH

LBMA Executive will be attending the following events in 2019.

Recent Event Summary



Ruth Crowell spoke at the SGE Global Summit in Xi'An, China, on 11 April to promote the 2019 Conference in Shenzhen

which will be held in association with SGE. Ruth also spoke about the work and initiatives that LBMA are involved with, particularly the recent launch of daily trade reporting.



Sakhila Mirza spoke at the European Gold Forum in Zurich on 9 April about how LBMA continues to

improve integrity, standards, develop new technologies and strengthen governance for the global OTC market.

23-25 APRIL:
OECD Forum on Responsible Sourcing
Paris, France

LBMA Executive Team will be in attendance throughout the event and Ruth will be speaking at various forums.



11 JULY:
LBMA AGM
Glaziers Hall, London



29 APRIL:
Tech UK - Responsible Minerals Dialogue
10 Bride Street, London, UK

Sakhila Mirza will be speaking about LBMA's Responsible Sourcing Programme including latest initiatives such as the launch of Version 8.



08-11 AUGUST:
IIGC
Amritsar, India



14 MAY:
LPPM Platinum Week
Cocktail Reception
Guildhall, London, UK



09-13 SEPTEMBER:
LPPM Platinum Week
New York, USA



12 SEPTEMBER:
LPPM/LBMA Reception
Lotte New York Palace, New York, USA

09-11 JUNE:
Asia Pacific Precious Metals Conference
Park Royal, Singapore



23-26 SEPTEMBER:
Denver Gold Forum
Broadmoor Hotel,
Colorado Springs, USA



15-18 JUNE:
IPMI 43rd Annual Conference
Reno, Nevada, USA



02-03 OCTOBER:
Joburg Indaba
Inanda Club,
Sandton, South Africa



28-31 OCTOBER:
LME Week
London, UK

