



LBMA

# LBMA GOLD PRICE CONSULTATION SEMINAR

Mayor Brown, London EC2M

24 October, 2014

# HOUSE-KEEPING & TIMELINES

## ▶ Chatham House Rule

- ▶ When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

## ▶ Anti-trust & Competition Law Disclaimer

- ▶ A reminder to all participants, while it is entirely appropriate to meet as an Association to discuss common problems and areas of interest, it must be kept in mind that the participants are competitors and any action taken to eliminate, restrict, or govern competition among members is a violation of the Competition laws. All participants will need to reach their own assessments as to whether the information they share at LBMA meetings may be used by others in such a way as to have an adverse effect on competition in any particular market. In the UK, the OFT can impose a financial penalty on an undertaking which has intentionally or negligently committed an infringement of the UK Competition Act.

## ▶ Format & Timings

- ▶ 45 minutes per solution, including prepared remarks and Q&A

## ▶ Next Steps – Participant Feedback

- ▶ Survey to Market and potential price contributors (**deadline 31 October**)
- ▶ 1) What is your preferred solution?
- ▶ 2) Which solution would you be prepared to take part in at the launch



# MARKET CONSULTATION FEEDBACK

## First Survey Results – 10 October

- ▶ The survey received 130 responses
- ▶ 83% noted a proportion of their trading was carried out on the gold fix with 69% using it daily.
- ▶ 76% said the current fix was sufficient
- ▶ 7.8 average rating of usefulness on a scale of 1-10
- ▶ Possible improvements focused on enhanced transparency, electronic solution, real volumes, and governance.
- ▶ 42.34% would like to see banks contributing to the price but was noted that it should be open to other participants.
- ▶ Regulation and compliance restrictions make it difficult for participants to contribute. Credit and bilateral settlement also played a significant part to the functionality for all to take part
- ▶ **34 indicated a willingness to take part. LBMA looking for Stage 1 Participants.**



# TIMELINE & NEXT STEPS

## Background

- *16 June: Gold Fixing Ltd announcement & LBMA Consultation launched*
- *4 Sept: Initial Survey & RFP launched*
- *10 Oct: 8 RFP proposals received*
- *16 Oct: Data Working Group*

## Next Steps

- **24 Oct:** Market Forum – open to all LBMA, ISDA Members, WGC, clients, BoE & FCA
- **31 Oct:** Second Survey deadline
- **4 Nov:** Market Meeting to review results & form consensus
- Communication to Market (ISDA documentation)

## Implementation

- Dec/ Jan depending on chosen solution





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