

Visit to Malca-Amit's New Vault

By Aelred Connelly, Public Relations Officer, LBMA

Malca-Amit became a member of the LBMA in March 2012 and shortly afterwards completed the building of a new vault facility close to Heathrow airport. Stuart Playford, Emma Attridge and Aelred Connelly from the LBMA visited the facility recently. Here Aelred describes their visit.

Malca-Amit is a Hong Kong-based company established in 1963 with offices in more than 30 countries, providing a range of solutions for corporations, wealth managers, banks and high-net-worth individuals looking to source, transport and store gold, silver and other precious metals and jewellery. The new secure storage facility was opened in April 2012 near Heathrow airport to complement the vaulting facilities at other secure sites in Singapore, New York, Zurich and Bangkok.

Similar facilities are being developed at airports in Hong Kong and Beijing, and are scheduled to be completed by the end of 2012, shortly after the LBMA Conference. Plans are also afoot to double the vault space at the Singapore Freeport which will add three vaults to the two that are already in operation.

It was a balmy day when we arrived at Feltham station where we were warmly greeted by our host for the day, Allan Finn, Global Commodities Director for Malca-Amit. Allan told us that the location of the vault was top secret so he deviously drove his car round in circles until we were so disorientated we had no idea where he had taken us.



Figure 1: Silver bars being held in storage.



Figure 2: The method of warehouse racking for storing gold bars.

When we eventually arrived at our destination only the sound of planes overhead gave any indication as to where we were. That many planes could mean one of only two things: we were either near Heathrow or we were witnessing a flypast for the Queen's Jubilee celebrations. Before we went in to the building Allan explained that the perimeter fencing can withstand a 7.5-ton vehicle at 50 mph and the internal shutter anti-ram barrier which is located behind the entrance gates can withstand a 7.5-ton vehicle at 30 mph. So that's Jonah Luma thwarted then.

Built above ground, the Malca-Amit vault is one of a number of new facilities that either have been built or which will be opened shortly within the perimeter of the M25. Gold vaults are usually located within the M25 to keep transportation costs and journey times to a minimum. Proximity to an airport is an advantage. Silver can be stored in areas further away from London due to its comparatively low value.

Contrary to popular belief, the LBMA does not approve new vaults – it only approves or accredits the refiners who produce the bars which are stored in them. But the vaults in London perform a very important role as gatekeepers to ensure that the bars which are delivered into the London market meet the standards laid down by the LBMA in the Good Delivery Rules. The vaults not only physically check the quality of bars they receive, but they weigh them too.

There are lots of considerations to take into account when building a new facility, to which I am sure that Allan could testify. As well as the construction of a secure site, a vault will need high tech security equipment, a system to record bars, scales and trained staff to check and weigh them. In order to be able to weigh bars a company can apply to the LBMA for status as an 'Approved Weigher' so that they are authorised to check the weights of bars entering London for

the first time on behalf of the market.

As you can imagine no chances are taken with the level of security. The thing I noticed most of all when wandering around the facility was the plethora of cameras, which seemed to take up all the available space on both the walls and ceilings. Allan explained that some have 29 megapixels (equivalent to 95 conventional cameras) which allow staff to zoom in to view the most minuscule objects or details. All images or recordings are retained for a period in excess of 90 days.

The alarm system is linked to a guaranteed police armed response unit with direct communication to the police control room. If an alarm is triggered the immediate area is automatically sealed off from the rest of the building. Doors into and out of that area will not open. So woe betide any member of staff who sets one off accidentally!

During the tour I noticed the traditional beam balance scales as well as the electronic Sartorius scales which are currently being trialled by the London vaults. But the thing that strikes you most is the vault. Allan explained that it is a Chubb safe grade XII which offers the highest possible level of security and provides capacity for more than 300 metric tonnes of gold and 1,000 tonnes of silver. The bars themselves are stored on pallets, not your conventional wooden ones, but heavy duty capacity warehouse racking which can hold 80 gold bars on a single layer (see figure 2). This facilitates easy checking for auditors as they don't have to de-stack the bars to inspect them. Gold and silver are not the only precious items in storage: there are also diamonds and other precious stones and jewellery which are kept in storage on behalf of clients.

Our tour came to an end. Allan drove his car round in circles again until we were so disorientated that we didn't know where we had come from. But he made up for it by taking us for a nice lunch on the river at Richmond.