

Regulation Update

By Sakhila Mirza, LBMA General Counsel

Responsible Gold Guidance (RGG)

It has been three years since the LBMA launched its Responsible Gold Guidance (RGG). Both the refiners and auditors have worked diligently during this time to understand the requirements and to ensure that the LBMA RGG has been implemented successfully.

Version 6 of the LBMA RGG was released in August 2015. It includes a requirement for country of origin disclosure (which will not be publicly reported), a reduced time-frame for site visits to higher-risk sources, as well as some corrections, alignments and clarifications. A webinar walking through the new version was held on 2 September 2015 and a recording of it is available on the LBMA's website.

In line with the guidelines, all refiners are granted a three-month window immediately following their financial year end to submit an independent audit report to the LBMA. We are pleased to report that all 73 Gold Refiners refiners have successfully passed their 2014 audit under the programme.

Other regulation news

Basel III: The LBMA, together with the WGC, have met with EBA twice this year. The most recent meeting took place on 9 September 2015, where the WGC, LBMA and a number of bullion banks met with the European Banking Authority (EBA). Back on 31 October 2014 the Basel Committee on Banking Supervision (BCBS) published its final report on the Net Stable Funding Ratio (NSFR) under Basel III. The report included a revised version of the required stable funding (RSF) factor for a number of assets, including gold. Gold's haircut had been increased from 50% in the 2010 proposal to 85%. At the meeting with EBA, those in attendance expressed their concerns on the impact that the 85% haircut would have on both liquidity and the cost of doing business, which would impact the end users, such as refiners (amongst others) significantly. Costs will be transferred to clients, making it very expensive to do business and market liquidity will fall as a result of firms seeking to reduce their gold holdings. EBA has requested further quantitative data on the impact that a 85% haircut would have. In particular EBA would

like to receive more illustrative examples, supported by quantitative data, and provide any information on how accounting treatments may impact the NSFR. The EBA was very clear that, without the requested data they cannot consider recommending a re-assessment. In addition, there is a public hearing on the matter, which is scheduled for 15 October 2015.

European Financial Services Regulations:

On 28 September 2015 the European Securities and Markets Authority (ESMA) published its financial technical standards on the Markets in Financial Instruments Directive (MiFID II) and the Markets Abuse Regulation. These technical standards will help stakeholders to understand how the legislation will apply in practise to market participants, market infrastructures and national supervisors. The new technical standards of the European financial markets by increasing their transparency, providing for fairer, safer and more efficient markets and also supporting stronger investor protection.

DIARY OF EVENTS 2015/16

OCT

18-20

LBMA/LPPM Precious Metals Conference 2015
Hilton Vienna Hotel, Vienna, Austria
www.lbma.org.uk

22-25

Singapore Jewellery and Gem Fair
Sands Expo and Convention Centre
Singapore
www.singaporejewelleryandgemfair.com

26-27

The Precious Metals Investment Symposium
Four Seasons Hotel, Sydney, Australia
<http://syposium.net.au/pm/>

27-29

Saudi Mining & Minerals 2015 Symposium
Al-Faisaliah Hotel, Riyadh, Saudi Arabia
www.saudi-mining.com/conference

28-29

The Silver Institute: 2015 Silver Industrial Conference
Washington DC, USA
www.silverinstitute.org/

NOV

03-04

2015 Precious Metals Summit
Park Hayatt, Zurich, Switzerland
www.precioussummit.com

07

London Coin Fair
Holiday Inn, London
<http://www.coinfairs.co.uk/london-coin-fair.aspx>

25

9th Swiss Mining Institute Conference
Baur au Lac, Zurich
<http://swissmininginstitute.ch>

26

9th Swiss Mining Institute Conference
Mandarin Oriental Hotel, Geneva
swissmininginstitute.ch

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Gold, Bears & Traders 2015
Queen Elizabeth II Conference Centre
Westminster, London
www.goldandbears.com/

30 – 04/12

Mines & Money London
Business Design Centre
London, UK
<http://london.minesandmoney.com/>

DEC

09-10

10th China Gold & Precious Metals Summit 2015
Shanghai, China
www.chinagoldsummit.com/

2016

JAN

24-27

Inside ETFs
Diplomat & Spa, Los Angeles, USA
<http://www.etf.com/inside-etfs-conference/index.html>

FEB

08-09

121 Mining Investment
Welgemeend, Cape Town, South Africa
www.weare121.com/121-events/

MAR

14-18

Mines and Money Hong Kong
Hong Kong Convention & Exhibition Centre
Hong Kong
<http://asia.minesandmoney.com/>

APR

13-15

Mining Investment Asia 2016
Marina Bay Sands, Singapore
www.mininginvestmentasia.com/

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UK Investor Show 2016
Queen Elizabeth II Convention Centre
Westminster, London, UK
www.ukinvestorshow.com/

18-19

121 Mining Investment, London
155 Bishopsgate, London
www.weare121.com/121-events/

JUN

11-14

IPMI 40th Precious Metals Conference
JW Marriot, Phoenix, Arizona
<http://www.ipmi.org/seminars/>