

Ross Norman Interview: Setting a New Gold Standard

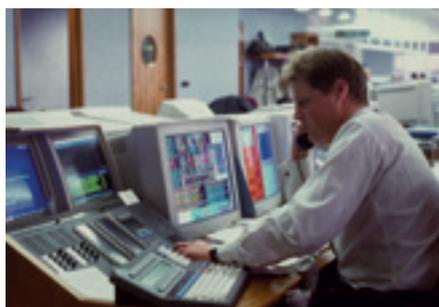
By Michele Blagg, Research Consultant and visiting Research Associate at the ICBH, Kings College London



As part of the LBMA's Voices Project Michele interviews Ross Norman about his career to date in the bullion market. Ross Norman started his career, after graduating from university armed with a business degree, with inventor and guru Sir Clive Sinclair in the mid-80s. Sinclair Research was a key player in the Cambridge Phenomenon, the UK's equivalent of Silicon Valley, however the fast-growing computer business fell into difficulties (think C5 electric car) and the rump of the business was sold to Alan Sugar.

Ross jumped ship "literally" and joined the Whitbread Round the World Yacht Race, spending six months at sea on board Great Britain II. On casting off his sea legs, Ross returned home to join a more stable company as he looked to put his career on a sound footing. An opportunity arose at Johnson Matthey, then the biggest gold refiners in the world. Joining the sales team, he was soon travelling widely to meet miners, refiners, industrials and investors which provided a vital education for what came later, gold trading.

During the eight years he worked for Johnson Matthey, Ross distinctly remembers being interviewed by his boss John Fairley, and receiving appraisals from him. He shared that:



Ross Norman in his early days at Credit Suisse.

"Being quite enterprising, I would invariably beat my targets on the sales side, but I think I am what you would probably call a maverick. In a sense that probably reflects what I am... entrepreneurial by nature."

Johnson Matthey was then in recovery mode after its banking crisis, only to be taken over by the Bank of England. Although the refining division remained largely unchanged, JM was transforming upon what it did best: chemicals and platinum group metals. Refining was then considered something of a backwater. By this stage Ross craved the excitement of a trading floor in the City. A close friend from Goldman Sachs would say: 'You really shouldn't be there, you should be in town. The salaries are far better, and the work is much more stimulating.' He took a position with N M Rothschild & Sons and was introduced to physical gold trading. His mentor was Philip Clewes-Garner, who he describes as:

"Fast and energetic, Philip was ideal for me as an understudy if you wanted to learn anything about the precious metals markets, you would struggle to find anyone better... his speed of processing information is phenomenal. His broad grasp of the markets is unsurpassed and he inculcated in me the key to get ahead... get out there, exchange cards, network, network, network."

Ross sat peddling away selling physical gold by the tonne. Occasionally, there would be a raid on London and the market would go wild, but he also spoke of the quiet times when you could find him playing:

"Cricket in the aisles with a made-up ball of paper and an old bat somebody had found. But as soon as the phone lights flashed, you moved and fast. You slipped into different gears. Was the market up or down? Who was buying or selling? So you would have to be very sharp in terms of what was going on. It was very much a world of two halves."

He worked on the trading desk for four years before moving to Credit Suisse as a senior dealer on the physical trading side. Whilst there, he recognised the opportunity for a cross between technology and bullion and began to formulate plans for a dotcom presence in gold. Ross explained how:

"The bullion market of the mid-90s became very uninteresting as regulation began to tighten, prices and volatility fell and a lot of banks shut their commodity desks. So in 1999 when gold started to come back into vogue, it created a massive vacuum for someone to fill... in short; it provided a great opportunity for a bullion dotcom. The banks didn't go into it because of 'know your client' issues."



Mr Stewart Pixley, circa 1890.

Between himself and Dominic Hall, FastMarkets was born. The business became a leading bullion information platform as TheBullionDesk.com which is still recognised as a key player in the field. Over the next 12 years, the business expanded to 40 staff but Ross felt it never lived up to his original ambition which was to also sell physical gold. Having sold his shareholding in FastMarkets, Ross had meanwhile acquired the company brand name 'Sharps Pixley' from Deutsche Bank, which had expired in 1995. Ross then launched his new venture under this heritage brand in 2010.

One of the first things Ross did was to contact Stewart Pixley then aged 92 and the last working family member of the business when it was sold to Kleinwort Benson in 1966 before it passed to Deutsche Bank. On letting him know he was bringing the firm back to life, Ross explained:

“At first, Stewart didn’t seem too happy about it. He said, ‘No, now there is no-way I can come into work’. I said, ‘No, I just wanted you to know that we were going to look after the business and what our plans are.’ At which Stewart went very quiet and said, ‘I’ll do Wednesdays!’”



The new Sharps Pixley showroom in St James's Street, Mayfair.

Sadly, Stewart died a few months later ahead of the launch party to which all the former Sharps Pixley traders from around the world were invited.

In 2013 Degussa Goldhandel Group, said to be Europe's leading physical bullion house

in the retail sector, acquired Sharps Pixley Ltd. The partnership brought together two well established names in bullion, cementing their foothold in arguably the leading global professional market for gold - London. Of the merger Ross said “with the expertise and success of Degussa behind us, Sharps Pixley is well positioned to replicate its success in other countries in making gold readily visible and accessible to the ordinary investor. This stands as the most exciting opportunity in my career - and that is democratising bullion”. As CEO of Sharps Pixley, Ross has continued to drive a world class information platform and he remains the leading LBMA bullion forecaster over the last 15 years. More importantly, Sharps Pixley is uniquely positioned to put physical gold onto the ‘High Street’ as Ross continues his vision to expand the reach and access to precious metals. This has all been leading to the launch of a bullion showroom - the first of its kind - which opened in St James's Street in January 2016.

Ross's past has proved his success by staying just ahead of the curve, something he attributes to his maverick nature. Just as there was once an opportunity for dot com gold, he believes that his new venture alongside Degussa will fill the vacuum of what he describes as ‘the physical renaissance’.



Dr Michele Blagg (BA, MA, PhD) is a visiting Research Associate at the Institute of Contemporary British History (ICBH) at King's College London. Until

recently Michele was Research Consultant for the LBMA, engaged on the oral history project ‘Voices of the London Bullion Market’. As part of a collaborative doctoral award granted by the Arts and Humanities Research Council, she was based at the Rothschild Archive. Her doctoral research focused on the Royal Mint Refinery, operated by N M Rothschild & Sons between 1852 and 1968, and how it adapted to the changed London gold market.

Her areas of interest are in financial and business history with special regard for the actors and networks located in the London market.

She teaches on the MA in Contemporary British History and assists with the Witness Seminar Programme. She sits on the Business Archives Council Executive and is involved in the annual ‘Meet the Archivists’ workshop held in the City that aims to explore ways in which research students can identify and use business records in a variety of different research fields.

Regulation Update

By Sakhila Mirza, LBMA General Counsel

Responsible Gold Guidance (RGG)

Refiner audit reports

It has been four years since the LBMA launched its Responsible Gold Guidance (RGG). Both the refiners and auditors have worked hard during this time to understand the requirements and to ensure the LBMA RGG has been implemented successfully. The LBMA RGG extends the OECD Gold Supplement for Refiners and builds on existing Anti-Money Laundering and Know Your Customer management systems and auditing practices. It also makes what is a voluntary system (the OECD Guidance) mandatory for all LBMA Good Delivery gold refiners wishing to be accredited for the London Bullion Market. As per the RGG, all refiners have three months from the end of their financial year to submit the independent audit report to the LBMA. For most refiners, this deadline for the 2015 production is March 2016.

Vienna

The Responsible Gold Forum in Vienna was the best attended yet, with more than 100 delegates attending. The forum was an opportunity to provide an update on the EU Draft Regulation on Conflict Minerals and Global Developments in the implementation of the OECD Due Diligence Guidance. Guest speakers from a broad cross-section of organisations throughout the Gold

Supply Chain from mining to jewellery and minting as well as high-level representatives from the European Commission and OECD ensured there was an enriching and lively debate.

OECD Update

India

The LBMA and OECD hosted a roundtable discussion in India on the OECD Due Diligence Guidance. The objectives of the roundtable were to provide an opportunity for the Indian industry and relevant government officials to learn about the international standards, regulatory developments and industry efforts being taken globally on the subject of due diligence. The LBMA took the opportunity to share the development of its Responsible Gold Guidance and moderate a session on due diligence for refiners and gold traders.

The LBMA attended the 2015 International Workshop on Responsible Mineral Supply Chains in Beijing held on 2-3 December. The Chinese Due Diligence Guidelines for Responsible Mineral Supply chains were launched. The event was well attended, with senior policy makers representing, amongst others, the Chinese government, various EU governments, civil society and business. The LBMA presented on audit governance

and lessons learnt from international audit standards and guidance, as well as participating in a panel session on audit protocols.

Other Regulatory News

Basel III: The LBMA together with other industry bodies, namely the LPPM, European Precious Metals Federation, International Platinum Group Metals Association and Edelmetalle submitted a joint letter to the European Banking Authority (EBA) on Net Stable Funding Ratio, under which the Required Stable Funding (RSF) factor for gold is required to be 85%. After consultation with the refining members of the LBMA, the letter highlighted the concerns of the end users of the market, particularly the anticipated fall in liquidity and significant increase in costs.

In December 2015, the EBA published its report on the impact assessment of the NSFR, recommending the introduction of the NSFR in the EU to ensure stable funding structures. Although the EBA did not change its position to introduce an 85% haircut for gold, it did highlight that its assessment only focused on the EU banks. The EBA reported that analysis from other perspectives, for example end users, should not be disregarded.