

## **LBMA – An Eye on the Future**

**Ruth Crowell**

**LBMA Chief Executive**

Thank you Minister Lim for your enlightening update on the developments in the Singapore market. Grant, Paul and Tim thank your kind words and I know we are all looking forward to another exciting Conference. I'm personally grateful to Gina Lim and Albert Cheng along with all their teams at IE Singapore and SBMA over the years for bringing us here for what has already a highly successful Conference, just based on the number of delegates. I remember first discussing the idea of a Singapore Conference at the 2012 event in Hong Kong. Hong Kong was the highest ever attended Asian LBMA Conference. That is, until today. As of this morning, we have 706 delegates from 39 countries, making Singapore highest attended Asian LBMA Conference of all time. A record for Asia and only narrowly beaten by Rome as the best attended conference ever. Thank you Gina & Albert for making this all possible.

So where do we go from here? And I don't mean for the Conference. That we already know – it's Barcelona 15-17 October, and I'll see you at Hotel des Artes. I mean what's the future of the LBMA and the precious metals market? I don't need to tell you we are all going through an extraordinary period of change. Physical market volumes are down, the role of bullion banks is changing/has already changed and we see more and more trading desks moving to refineries.

As Grant mentioned, the Board has been hard at work these last two years in order to respond meaningfully to these changes and to equip the LBMA for the future. We've focused on creating a vision & strategy to respond to this changing environment. One of the fundamental questions we have been pondering is where is the LBMA going? What is the Long-term Vision?

And I'm happy to say that we have some real answers to that. The LBMA is the global competent authority for the precious metals market. The market doesn't need the LBMA to become a competitive exchange or trading platform. There is already a wealth of strong partners available. If you have any doubt please go see our wonderful exhibitors next door. The market needs the LBMA to be a champion for the Members and help shape market infrastructure that works from the bottom up. Arranging services that works for the members and their clients, first and foremost. That's where the LBMA adds the most value. By engaging service providers for the market and holding those providers accountable for providing services that work.

Now, what are these New Services? First and foremost, Phase One will focus on reporting and will launch in Q1 2017. This reporting covers all Loco London Spot, forward & option trading. The decision to start with reporting comes directly from our on-going consultation with the market, primarily through the Market User Group. Reporting will not only make us more transparent and professional as a market place, but also adds important benefits such as forward curves. It will also demonstrate of the size and liquidity of the market for clients, investors and regulators.

Once we agreed that reporting was the starting point late last year, the selection of a service provider narrowed from 17 possible providers to 5 as we moved into a Request for Proposal (RFP) process. And we are grateful to all the providers who took part for all of their time and energy involved in the high-level submissions; the high quality of the presentations made the decision that much harder. After much consultation and reflection, the RFP process has ultimately culminated in the selection of Cinnober Boat to assist us with reporting. Boat has a wealth of experience in reporting as well as providing other services to OTC markets. The selection of a first class financial technology firm or FinTech means we can ensure that the LBMA can achieve its long term vision of creating services that work from the bottom up.

The selection of Fintech also means once we move past reporting and into Phase Two and start to really look at other services (CCPs, clearing etc.), we can be more open to the many options and initiatives available. Now I say FinTech, but as Jamie reminds me, BOAT is actually RegTech, which is one step beyond FinTech, but I'll let him and Sakhila tell you more about that and all the other details during the LBMA Update session directly following lunch.

Now speaking of innovation, there is a lot going on. I remember a time when the Conference didn't have this many side meetings! In particular, however, I'd encourage you to join ICE Benchmark Administration during today's afternoon coffee break to discuss the two key innovations they are bringing to the Gold Price Auction. Minister Lim has announced the Pre-am Price feasibility study and we are all keen to hear feedback and see a demonstration of real support for this additional benchmark.

IBA's second innovation is the introduction of central clearing for the LBMA Gold Price auction. This will start in March 2017 and it is really excellent news. This is something that as a market, we have been aiming for since the benchmarks were transitioned in 2014. Central clearing during the auction will allow the number and diversity of direct participants to grow exponentially. Otherwise the number of participants will continue to be limited by credit. Please join Matt and his team at 3:30 in the White Magnolia room to hear more about central clearing and how you can also get involved.

I'm delighted with the progress we have made this year as a market and I'm looking forward to the implementation of the New Services coming year. In terms of progress, as Grant mentioned we have made landmark progress on governance this year. I am honoured to be joined by both my Chairmen Grant Angwin and Paul Fisher on today's stage. Grant has been instrumental in leading the Association and the market through a time of great change and on to solid footing. Paul, represents a new chapter for the LBMA & the market as a whole. Paul was a senior figure at the Bank of England for 26 years, retiring at the end of July this year. Prior to joining the LBMA, his last role was as Deputy Head of the UK Prudential Regulation Authority.

Having an Independent Chairman brings further credibility to the LBMA to the work we do. And given the LBMA's Long Term Vision to be an authority for the market, Paul is just that. We are truly fortunate to have someone so respected and accomplished willing to lead us into the next evolution of the market. I knew that Paul was who we were looking for when he asked me what we were looking for in a Chairman, someone to simply shake hands or someone who would get involved and make a difference. Because he wasn't interested in simply being a figurehead; he wanted to give back. But Paul can't do this alone. He needs the support of the market as well as professional Non-Executive Directors.

Following an extensive independent search, the Board has recently appointed Andy Quinn as a second Non-Executive Director. Andy is a 40 year veteran of the mining industry and an experienced Non-Executive Director for a FTSE 100 gold mining company, Randgold. I look forward to working with Paul, Andy, Grant and all the Market Representatives on the Board as we look to continue to develop the markets to better serve the members and their clients.

Speaking of making a difference, it is not just on the New Services where the LBMA has been hard at work. It's important to everyone around the world who relies on the London Good Delivery List that it can be trusted. In order to have that integrity it means that we must safeguard the standards and be consistent with their application. This year the LBMA enhanced those standards and consistency in a real meaningful way. Now before I go on too long and steal all of Neil's materials & jokes again as I did in India, Russia and New York, a bit of housekeeping before I promise to turn you over to our illustrious keynote speakers.

Digivoting – everything you need to know in 30 seconds. During the presentations, you can send your questions through to the moderator via this device. When it comes to open question time at the end of each session, you will only be able to use your handset as a microphone, no texting. Simply raise you had to speak and when the moderator recognises you, press the button the microphone button and hold it six inches from your mouth. Got it? Great – here's a pop quiz to test you. What sections of the market do we have in the room? We work to attract more diverse attendance each year and it would be useful to know who is in the room today. Now, what the press are all waiting for, the gold price forecast. Last year you got the direction right for the second year in a row, let's see if you're third time lucky this year. Please enter your price forecasts for gold now. And... the results will be waiting for you tomorrow. I need something to make sure you get out of bed after what I'm sure will be a spectacular evening.

One last surprise before I go. For those who have never had the privilege, Metalor has kindly arranged for you to be able to hold a gold bar in your own hands. Be sure to go next door & get a photo. Thanks to Metalor and thanks to all of you for your kind time & attention. I wish you a successful conference.