



# RESPONSIBLE GOLD

Overview, Update and Next Steps  
2016

# SCOPE

## LBMA/RJC Responsible Gold Forum

01 Responsible Gold

Development

Audit Implementation

02 Industry Harmonisation

Implementation Process

03 LBMA Next Steps

# LBMA RESPONSIBLE GOLD GUIDANCE

## Purpose & Structure



- ▶ To ensure London Market is free from metal that had financed conflict or been used for money laundering or terrorist financing.
- ▶ Global, long term focus.
- ▶ OECD + KYC, AML + mandatory audits =  
**LBMA Responsible Gold**
- ▶ **All feedstock** (mined production, scrap, investment bars) subject to due diligence and audit.
- ▶ Risk-based: Higher risk = more due diligence is needed (and vice versa)
- ▶ **All production** (large bars, kilo bars, scrap etc.) therefore conflict-free.
- ▶ Focuses on conflict-free process, **not** conflict-free product.



# OECD GUIDANCE

Internationally recognised global framework

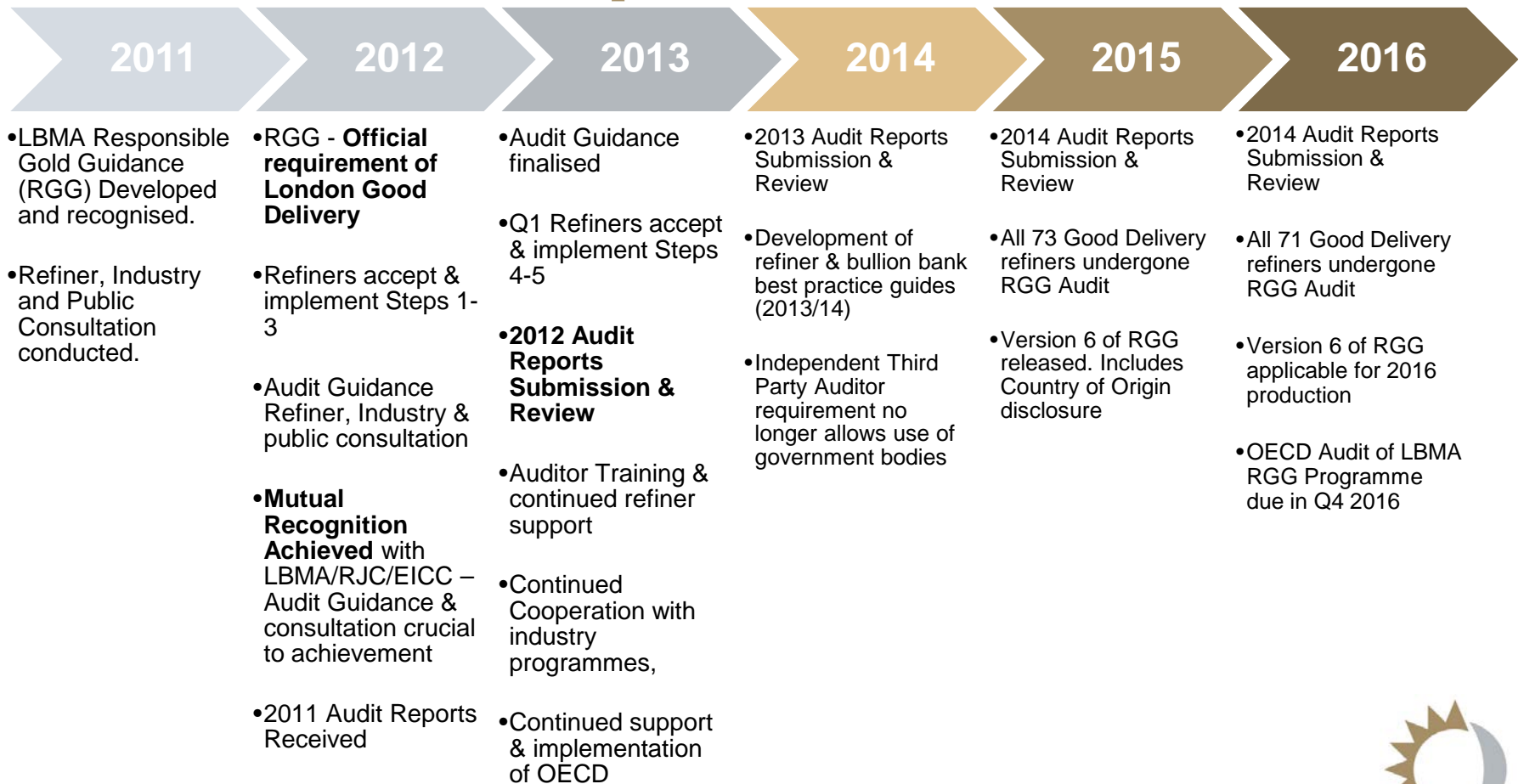


- ▶ Recognised by the **SEC Rules**.
- ▶ **Encourages** responsible engagement in worldwide conflict areas, including DRC.
- ▶ Provides internationally recognised framework for all actors to engage in conflict areas responsibly on a **global** level.
- ▶ The LBMA is currently Co-facilitator for the OECD Multi-Stakeholder Group (MSG).



# RESPONSIBLE GOLD GUIDANCE

## LBMA & GD Refiner Implementation



# RESPONSIBLE GOLD GUIDANCE

## Audit Implementation



### **Third Party Audit Guidance**

- ▶ The Third Party Audit Guidance provides transparency and consistency for the Responsible Gold programme.

### **List of Approved Auditors**

- ▶ The LBMA has published a list of Approved Auditors.
- ▶ Any independent, certified auditors are eligible to conduct the LBMA audit, provided they have the required credentials.

# GOLD INDUSTRY INITIATIVES

Support & Recognition throughout gold supply chain



# INDUSTRY INITIATIVES

## Harmonisation and Recognition

### Current



### Future



**中国五矿化工进出口商会**  
China Chamber of Commerce of Metals,  
Minerals & Chemicals Importers & Exporters





# RESPONSIBLE GOLD GUIDANCE – VERSION 6

## The story so far...

All 71 LBMA GDL gold refiners are compliant.

### More choice of auditor firms

- ▶ Separate offices of global firms, increase in organisations wanting to carry out audit. Increased competition, increased variety. Continuous improvement.

### Enhancing mutual recognition

- ▶ E.g. CFSI and mutual refiners encouraged to do the LBMA audit due to AML aspect.

### Recognition by CME

- ▶ LBMA RGG programme, is recognised by the exchange.

### EU draft Conflict-Free regulation

- ▶ Extensive engagement with EU commissions, parliament and member states to facilitate recognition of the LBMA RGG.



# RESPONSIBLE GOLD GUIDANCE – VERSION 6

## What's new in Version 6

### Onsite visits for high-risk sources

- ▶ Reduction of time-frame from 12 to 6 months
- ▶ RGG introduced in 2012 – should have performed EDD/site visits by now
- ▶ New accounts/Changes in circumstances

### Country of Origin Reporting

- ▶ Disclosure
- ▶ ISO v ISAE (annex)
- ▶ Global regulatory requirement (CSFI/Dodd-Frank)
- ▶ Further enhance Mutual Recognition

### Corrections, alignments and issues of clarity.

# RESPONSIBLE GOLD GUIDANCE – VERSION 6

## Approved Auditors

Increased List (variety and choice)

Expanded Geography

Competition

Only Local Office recognition

Regular review/Quality Control

Government agencies removed



# RESPONSIBLE GOLD GUIDANCE – VERSION 6

## Current versus Future state

### The Current State of Affairs

- ▶ All 71 refiners...
- ▶ Progress on Reviews
- ▶ Associate (Non-GDL) refiners
- ▶ All new GDL applications
- ▶ Recognition/Licensing

### Future State

- ▶ Continuous improvement
- ▶ Fit for Purpose
- ▶ European Union
- ▶ OECD
- ▶ Conformity of “Best Practice”



# NEXT STEPS

## Refiner Support & Bullion Bank Implementation

- ▶ Best Practice Guides for Refiners:
  - ▶ Criteria/Indicators for determining High-Risk & Conflict-Affected Areas
  - ▶ Guidance on how best to conduct KYC for scrap
  - ▶ Templates
  - ▶ Other, as needed
- ▶ Regular webinars/seminars to address implementation challenges
- ▶ Developing KYC best practice guide for bullion banks in order to ensure they are compliant with the OECD, SEC due diligence rules.



## Contacts

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