



THE PRECIOUS METALS MARKET IS GETTING MORE REGULATED FOR THE BETTER OR WORSE?

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LONDON BULLION MARKET

Our mission is to ensure the highest levels of **leadership, integrity and transparency** for the global precious metals industry by setting standards and developing market services.



Benchmarks

**Benchmarks
LBMA & 3rd Party
Administrators**



Clearing System

**Market Infrastructure
provided by
LBMA, LPMCL &
Benchmark
administrators**



Metal Accounts

**LPMCL
Metal Accounts,
Clearing System**



Good Delivery

LBMA Good Delivery



Vaulting Services

**Vaulting
LBMA
& LPMCL**

LEGISLATION – REGULATION – SELF-REGULATION

Integrity, Transparency, Leadership

Legislation

Sanctions lists

Terminal Markets Order
(UK)

Proceeds of Crime /
equivalent

Commodity Exchange Act
(US)

Regulation

Dodd Frank Regulation

Benchmark Regulations

MiFID I / II

Market Abuse
Regulations / equivalent

Self Regulation

Good Delivery Rules

Responsible Sourcing
Guidance

Global Precious Metals
Code

Trade Reporting

GLOBAL PRECIOUS METALS CODE: INTEGRITY

Mandatory for LBMA Members



Public register on the LBMA Website



The Bank of England attested their adherence to the Code



Global application

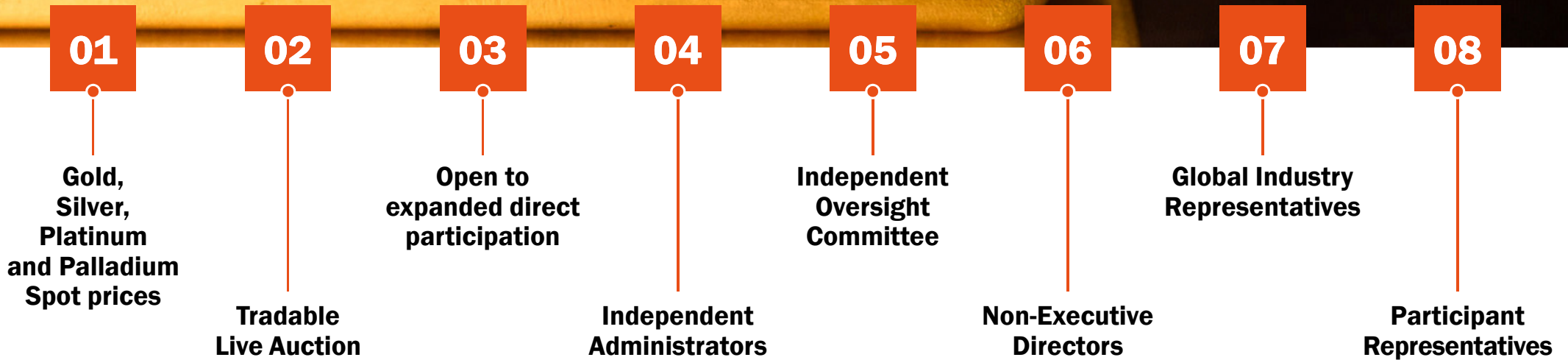


Proportionality is key

	Chapter	Principles
1	Ethics	High ethical and professional standards; manage conflicts of interest
2	Governance, Compliance, Risk Management:	Appropriate oversight; compliance and risk management frameworks; escalation' independent reviews/assessments
3	Information sharing	Handling confidential information; provide for clear, accurate communication
4	Business conduct	Pre-trade and execution; due diligence; handling orders fairly; guidance on Mark-ups; benchmark auctions
5	Business conduct	Post-trade (confirmation process, netting, settlement, shipping)
	Annex	Illustrative examples: definitions, conventions

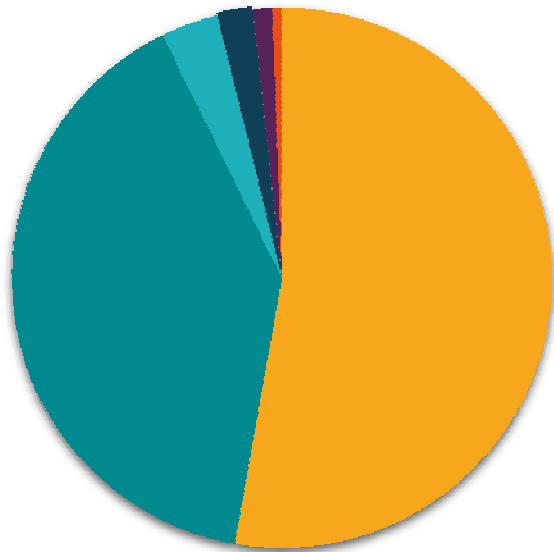
BENCHMARKS TODAY: TRANSPARENCY

LBMA Precious Metals Prices



GLOBAL GOLD MARKET: TRANSPARENCY

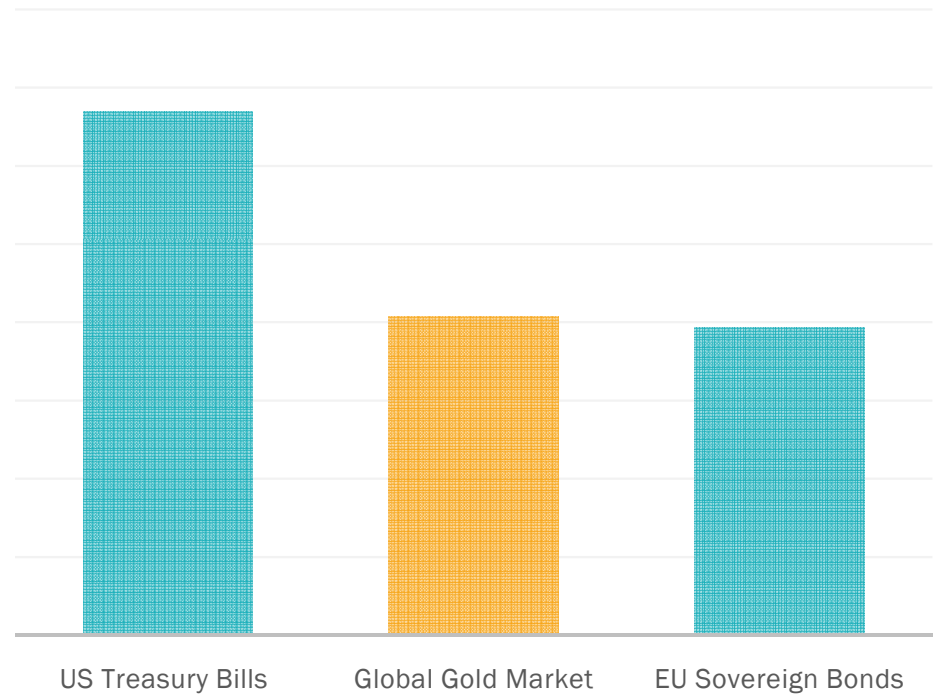
Global Gold Market
Average Daily Volume
70 Million toz



■ LBMA-i Gold ■ Comex ■ SHFE ■ ETFs ■ Tocom ■ SGE

Source: LBMA-I and Metals Focus

Asset Comparison
Average Daily Volume



Sources: SIFMA, LBMA, AFME

RESPONSIBLE SOURCING: LEADERSHIP

Implementing Legislative /Regulatory requirements, but also future proofing



LEGAL ISSUES

- Global Sanctions List
- Anti-Bribery and Corruption
 - Human Slavery Act



RESPONSIBLE SOURCING

- Conflicts Minerals
- Anti-Money Laundering
- Terrorist Financing
- OECD Annex II risks



ALL COMPANIES SHOULD

- Have policies and procedures to address the risks
- Monitoring and Surveillance to identify suspicions
 - Report on suspicions

EU CONFLICT MINERALS: LEADERSHIP

Enforced from 2021

LBMA's Responsible Sourcing Programme to apply for recognition

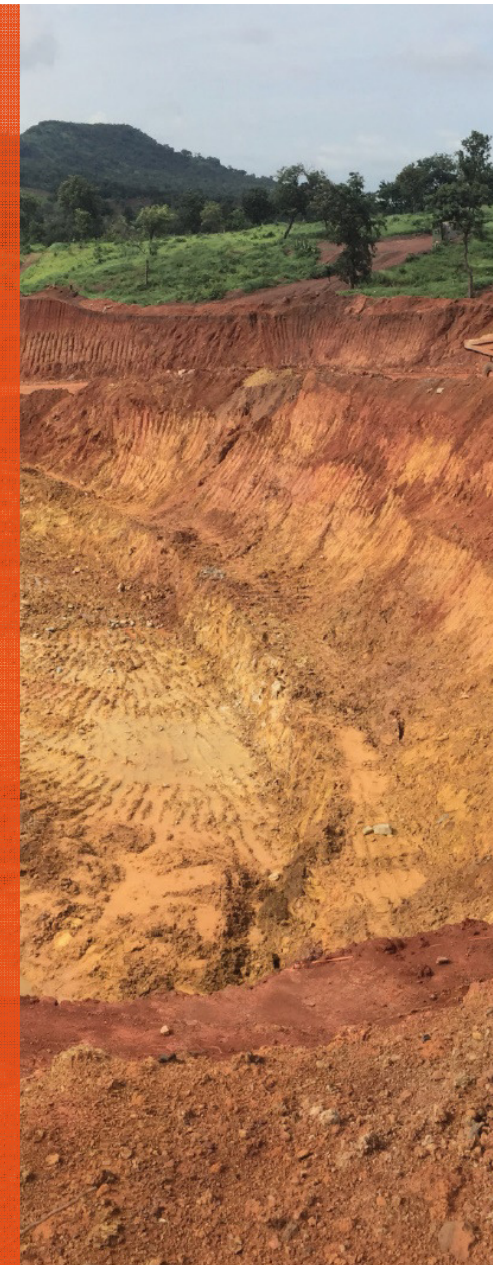
EC will produce a list of recognised refiners and assessing industry schemes

The Regulation introduces mandatory reporting for bullion banks

OECD Alignment Assessment to support the process for recognition under the Regulation

Alignment Assessment

- Closely follow the structure and content of the OECD **Guidance**.
- Responsibility and accountability clearly understood by **refiners**.
- Strong internal governance and structured management **processes**.



TECHNOLOGY DEVELOPMENTS: LEADERSHIP



This initiative builds on the LBMA's Responsible Sourcing Programme and focuses on how blockchain can ensure supply chain provenance.



In addition, it will also look at minimising the risks associated with fraud and breaches of security. Phase One will focus on kilobars & large bars.



Technology to help mitigate the risk faced throughout the life cycle of the bar, and help to securely record bar specific data (i.e. brand, origin, custody, location) on a trusted platform.

Technology to develop covert and overt security features to provide confidence in the bar being what it purports to be.



Gold Bar Integrity to further strengthen the gold supply chain



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