

In this issue

Wholesale Physical
Markets are Broken

By Seamus Donoghue
Page 3

Branding Silver – Why Does
Gold Take the Lion's Share?

By David Jollie
Page 7

Which is Inflated,
China's Demand or
China's Influence?

By Jiang Shu
Page 10

Gold, Bitcoin and
Financial Technology

By Elizabeth Ferry
Page 14

Review of the 2015 LBMA/
LPPM Precious Metals
Conference

By Aelred Connelly
Page 16

The Political Economy of
Europe: What Next?

By Lord Gus O'Donnell
Page 19

The Ross Norman
Interview: Setting a New
Gold Standard

By Michele Blagg
Page 23

Editorial Comment

By David Gornall
Page 25

Results of the LBMA's
2015 Precious Metals
Forecast Survey

By Aelred Connelly
Page 28

LBMA News

By Ruth Crowell
Page 30

Facing Facts

*By Gregory Rodwell
and Dante Aranda*
Page 31



David Jollie considers why gold takes the lion's share of the precious metals market on page 7. Also, in the Editorial on page 25, David Gornall describes a golden future for the London Precious Metals Market.



A PALLION COMPANY

ABC REFINERY HAS BEEN APPOINTED TO THE LONDON BULLION MARKET ASSOCIATION GOOD DELIVERY LIST FOR GOLD



ABC Refinery is Australasia's pre-eminent independent precious metal assayer, refiner and mint. ABC Refinery is the refining division of Pallion, Australasia's largest independent precious metal services group of companies. Pallion has been involved in the refining and processing of precious metals in Australia since 1951.

The appointment makes ABC Refinery the only independent LBMA accredited gold refinery in Australia and reaffirms the position of the ABC Bullion brand as a cornerstone of the Australasian physical gold trading system.



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LBMA News

By Ruth Crowell, Chief Executive, LBMA

Membership

On 12 October 2015, BNP Paribas was reclassified as a Forward Market Maker.

On 28 October 2015, Degussa Sonne/Mond Goldhandel GmbH was reclassified as an Ordinary Member.

On 24 December 2015, Mitsui was reclassified as an Ordinary Member.

On 6 January 2016, Merrill Lynch International was reclassified as a Market Maker in Spot and Options.

These changes brought the membership to 149 companies, comprising 83 Members (of which 14 are Market Makers) and 66 Associates.

Good Delivery List

On 4 December, the gold refinery of ABC Refinery (Australia) Pty Ltd was admitted to the Gold Good Delivery List.

There are currently 73 refiners on the Gold Good Delivery List and 82 on the Silver Good Delivery List.

Committees

Management Committee

The main focus of the Committee has been working with the Strategy User Group to progress the LBMA's strategic development. This includes discussion of the roll-out of new market services. To support these new services, the Committee will update the LBMA's legal structure and governance. The Committee will be recruiting Non-Executive Directors to give further firepower as well as enhanced governance to the LBMA. Further details are set out in the Editorial by David Gornall on page 25.

Regulatory Affairs Committee

The Committee continues to focus on the developments with European regulations, including NSFR.

Martin Ford (Jefferies Bache) recently stepped down as Chair of the Committee.

The LBMA would like to thank him for his all his hard work during his time on the Committee. The LBMA would also like to congratulate Tobias Wilson who has taken over as RAC Chairman.

Physical Committee

Since the report in the last edition of the *Alchemist*, there has been one active application for silver, which is currently in stage one.

Proficiency Testing is under way with an increased level of participation (51 participants, including three silver GDL refiners and 12 non-GDL refiners). This year, two Chinese national testing facilities will be participating.

The latest round of Pro Active Monitoring (Round 29) is almost complete with no reported issues.

The Visual Guide II has been launched. The Visual Guide will ensure consistency when questions of quality arise and maintain the smooth movement of physical gold through the London vaults.

Terminal Market Order – VAT Group

The Committee has reconstituted the VAT Group following the revival of discussions within the European Commission regarding the Terminal Markets Order. Currently, the EC is looking to resolve conflicting treatment of metal accounts between EU member states. This could lead to an end of the Terminal Markets Order, which provides VAT efficiency for the London terminal markets, such as precious metals. The Committee also noted the sad passing of the former Chair of the VAT Group, David Blaney. The Committee recorded its sincere thanks for his hard work and contributions to the Group and the work of the LBMA generally (see obituary on page 26).

Refiners Forum

The inaugural meeting of the LBMA Refiners forum was held during the Conference in Vienna. Items of interest to all refiners were discussed, including the potential challenges associated with NSFR. This Forum will be held on a semi-annual basis to discuss issues facing the refining industry.

Responsible Gold

As part of ongoing improvements, a new version of the Responsible Gold Guidance has been launched. Significant changes relate to 'country of origin' reporting, the time allowed for high-risk source site visits and mandatory use of LBMA-approved auditors. Please see the Regulation Update on page 24 for further details.

Membership Committee

The Committee continues to sustain growth in both the number of Membership applications and overall Membership levels, which is a clear and positive indicator of the relevancy and diversity of the Association. Any companies including refiners, producers or central banks that may be interested in applying for membership are invited to contact the LBMA Executive at mail@lbma.org.uk.

Public Affairs Committee

The LBMA would like to thank the Public Affairs Committee for its diligent work delivering an exceptional Speaker Programme for the 2015 Conference in Vienna. A full review of the Conference can be found on pages 16-17, but the PAC has certainly made Vienna a tough act to follow.

The Committee's attention is now focused on preparations for the 2016 Conference, which will take place at the Shangri-La Hotel in Singapore, 16-18 October. The Committee will also be involved in preparations for two Member only events: the Annual Party on Thursday, 3 March 2016 at the Museum of London and the Biennial Dinner at the Goldsmith's Hall on Thursday, 1 December 2016.

Tom Coghill (Standard Chartered), David Jollie (Mitsui) and Chris Thompson (Sumitomo Corporation) have recently left their respective companies and have accordingly stepped down from the Committee. The LBMA would like to take the opportunity to thank them for their sterling contributions to the work of the Committee in recent years.

The PAC is primarily responsible for organising events, most notably the LBMA Conference, as well

as the marketing material and publications of the Association. If anyone from a Member firm would be interested in applying for one of these vacancies, they are invited to send a brief statement of their market experience and suitability for the role to the LBMA Executive at mail@lbma.org.uk.

Finance Committee

Allan Finn from Malca-Amit has joined the Committee to replace Phil Aubertin as the Management Committee representative. The Committee would like to take the opportunity to thank Phil for his all his hard work and dedication.

LBMA Job Opportunity – Compliance Officer

Given the expanding services the Association is providing to the market, the Management Committee has agreed to further support the Executive's regulatory work through the addition of the new role of Compliance Officer. The Compliance Officer will work closely with the LBMA's General Counsel. The main responsibilities will be managing and developing the compliance programme across the spectrum of the LBMA's work, including Responsible Gold, Membership Due Diligence and supporting the work under the umbrella of the LBMA's Strategic Review. For more information, please contact the LBMA Executive at mail@lbma.org.uk.

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