



LBMA

ANNUAL REPORT

2021



LBMA – ADVANCING STANDARDS FOR THE COMMON GOOD OF THE GLOBAL INDUSTRY

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

We are the world's independent authority and standards setter that upholds trust in the global precious metals market.

Leadership | Integrity | Transparency



The front cover image 'Nugget from Western Goldfields, Australia' is taken from our online Wonders of Gold exhibition that launched earlier this year. To delve in and explore more artefacts please visit www.lbma.org.uk/wonders-of-gold/.

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CHAIRMAN'S REPORT

Welcome to our 2021 Annual Report, highlighting the work of our Association over the past year. A second year of the global pandemic created interesting challenges for all of us, but I'm happy to report that LBMA has continued to deliver its mission to advance standards and create market solutions for the common good of the global industry.

In June, the UK Prudential Regulation Authority (PRA) announced an exemption from stable funding requirements for banks clearing precious metals in London. This was the outcome of over 10 years of lobbying work by LBMA and its Members, which included the creation of an entire precious metals trade data repository.

LBMA Trade Data particularly demonstrated the performance of gold during the 2020 Covid crisis, which meant that regulators were willing to reconsider its liquidity status.

We continue to campaign for High-Quality Liquid Asset status, but the PRA exemption was a very important win for the effectiveness and liquidity of the global market.

The latest version of Responsible Gold Guidance went live in November 2021, following two extensive rounds of consultations with stakeholders both inside and outside the industry. Sustainability continues to dominate the agenda, with environmental issues and climate change taking centre stage. This is why we have recently issued a call for global action to adopt an industry-wide transition plan to deliver net-zero greenhouse gas emissions. LBMA is well positioned to work collectively with the wider industry to achieve this target. We look forward to collaborating with all stakeholders to drive progress on this issue in 2022.

Beyond sustainability, ownership of responsible supply chains is shared across the entire value chain. It is the role of LBMA to lead in establishing and improving standards, but we can't do this alone. Collaboration and engagement are absolutely essential to help ensure supply chain integrity and we welcome the support of all gold trading centres, national authorities and, of course, participants in the wider precious metals market. Our International Bullion Centres Recommendations were launched in 2020 to create capacity for global action on these important issues and we have been delighted with the engagement to date.

Thank you as always for your support, and I look forward to discussing our work with you in person at our events, starting with the Sustainability Summit, 28-30 March 2022.

Paul Fisher
LBMA Chairman

Contents

- 04 CEO's Report
- 07 Responsible Sourcing
- 11 Physical Market Enhancements
- 15 Financial Market Enhancements
- 19 Communications & Engagement
- 21 Membership
- 23 Board & Governance
- 24 Market Sub-Committees & Executive Team
- 25 Financial Overview

CEO's REPORT



Advancing Standards for the
Common Good of the Global Industry

THE INDEPENDENT AUTHORITY FOR PRECIOUS METALS

RESPONSIBLE SOURCING Increased demand for responsibly sourced bullion	PHYSICAL MARKET ENHANCEMENTS GDL innovates to remain the leading global standard	FINANCIAL MARKET ENHANCEMENTS Increased client confidence in transparent, accessible market	COMMUNICATIONS & ENGAGEMENT Highly accessible with presence in all key markets
<ul style="list-style-type: none"> • International Bullion Centres • Broaden sustainability agenda • Responsible ASM • Further engagement with the upstream /downstream • Advancing the Audit Programme 	<ul style="list-style-type: none"> • Gold Bar Integrity ecosystem (all GDL production) • Security Features on bars • Stock Management • Advancing professional training & resources 	<ul style="list-style-type: none"> • Gold as HQLA • Clearing & Settlement Review • New GOF0/IRS • Further Trading Transparency • Gold tokenisation • Advancing Precious Metals Code 	<ul style="list-style-type: none"> • Improved Member satisfaction rate • Broader industry engagement • Increased accessibility for Members • Strategic events & education programme

LBMA STRATEGIC PLAN 2022-24

Following engagement with our Committees and the Board, I'm delighted to launch our proposed Strategic Plan for 2022-2024 and would welcome your comments and feedback. We have reconfirmed our mission to advance global standards and have identified four key workstreams.

Responsible Sourcing reflects the increased demand for responsibly sourced bullion and encompasses our sustainability agenda, responsibly sourced Artisanal and Small-Scale Mining (ASM), increased engagement with both upstream and downstream actors, as well as initiatives such as our work on International Bullion Centres.

Physical Market Enhancements highlights the key deliverables in order to maintain the Good Delivery List (GDL) as the leading global standard. This includes our work on the gold integrity ecosystem, developing new Security Features on bars, as well as advancing the development of rules, standards and training.

Financial Market Enhancements reflects the requirement to increase transparency and represent the interests of the market on issues such as NSFR, as well as undertaking reviews on transparency, clearing and settlement issues.

Communications & Engagement highlights our intention to be highly accessible and visible across all key markets. An important aspect of this work is to enhance our one-to-one engagement with Members, as well as creating additional Member working groups, events, webinars and reports.

Each of these four key strategic pillars, and the governance and business models to support them, are covered in more detail in subsequent sections of this Annual Report.

I welcome Members and all industry stakeholders to engage with me, my Leadership Team and our entire Board. It is your feedback and engagement that helps us better serve the common good of the global industry.

Please send any comments and feedback to ask@lbma.org.uk.

MEMBERSHIP SATISFACTION AND ACCESSIBILITY

A key part of measuring how we are at meeting our strategic goals will be through key metrics, such as Member Satisfaction rates. This autumn, we commissioned an independent Membership Survey to seek feedback from Members, Refiners and Subscribers on how LBMA is delivering against its strategic mission, as well as to consult on the key pillars of our new Strategic Plan. We wanted to offer Members, Refiners and other key stakeholders an opportunity to

The survey was designed to better understand your needs and expectations as LBMA Members and Refiners, and how we are doing in terms of meeting them.

provide meaningful feedback and have a say in the future direction of the Association.

The Survey was managed by an independent research consultancy, Prescient, with all responses aggregated to ensure that they remained anonymous and confidential. I am delighted to

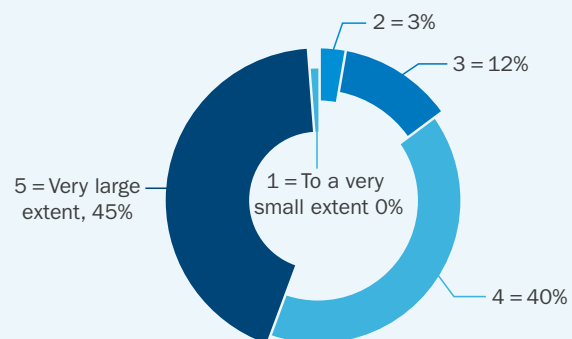
report that we received 127 complete online survey responses from LBMA Members, Refiners and Subscribers. We also held 20 in-depth interviews with key industry stakeholders from inside and outside the Membership. These interviews were designed to dig a little deeper to fully understand how stakeholders engage with LBMA and what they want to see in the future.

The full results of the Survey will be published early in the New Year, but I can share some preliminary results with you. Overall, LBMA is performing well, achieving an overall Members Satisfaction rate of 67%, with 20% saying they are extremely satisfied.

I would like to thank you all for taking the time to take part in the Member Survey and provide your feedback. The feedback will also help shape our Strategic Plan for 2022-24, and how we communicate these plans. I hope the conversation and further feedback will follow as we consult on our Strategic Plan in the New Year.

Majority aligned with LBMA role to advance global standards for common good

Agree role of LBMA is to advance global standards (5 point scale)



C1 To what extent do you agree that the role of LBMA is to advance standards for the common good of the global industry?

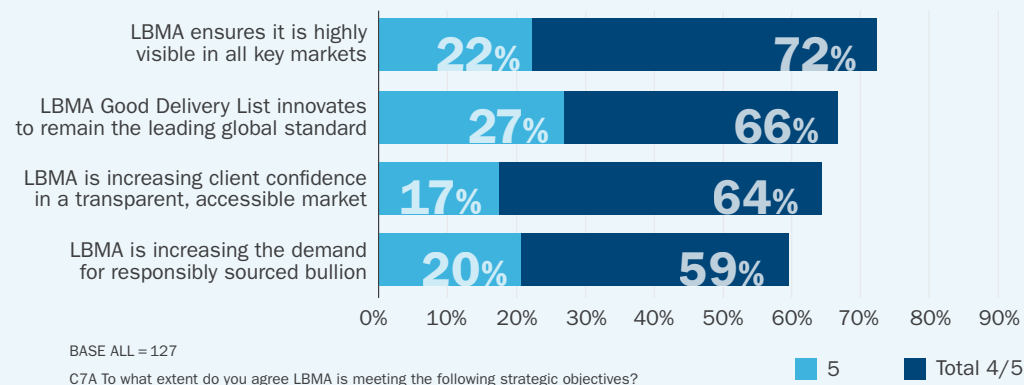
BASE ALL = 127

Over 8 in ten give top 2 box agreement rating

- Bank/Trading House members particularly support this role: 55% give a top box rating
- Refinery members more likely to give second box (55%) than top box rating (27%)

At least six in ten Members agree LBMA is meeting each of its strategic objectives

Agree LBMA meets strategic objective 5 = 'to a very large extent'

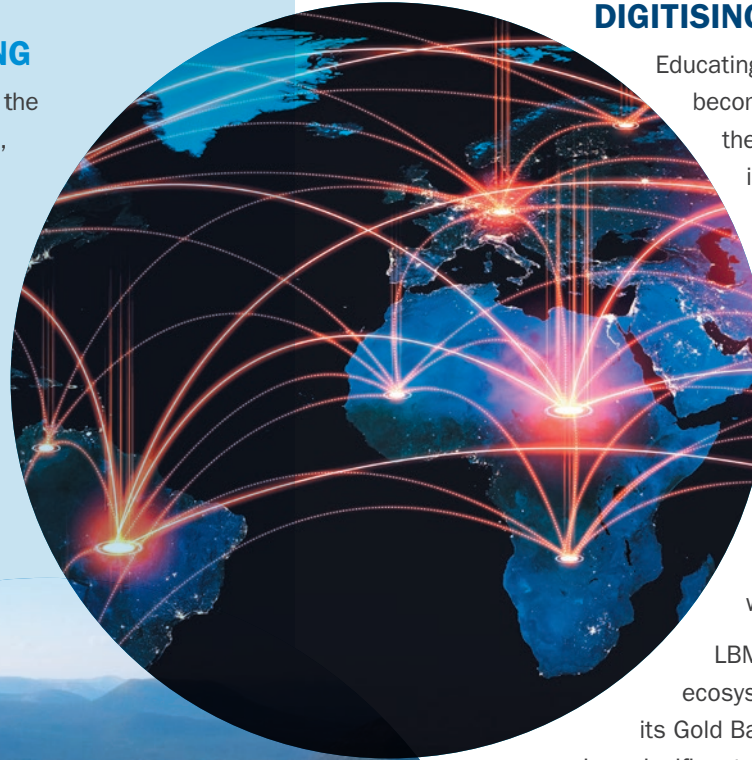


SUSTAINABILITY – AT THE CORE OF RESPONSIBLE SOURCING

As people reflect on the lessons learnt from the pandemic, the issue of sustainability once again comes sharply into focus, particularly in terms of climate, pollution and biodiversity.

Ensuring a sustainable future for the gold industry is, of course, a vital part of what we all do. It requires us all to take action, not just in terms of governance, but by also having a clear strategy, taking appropriate risk management measures, and setting out targets and metrics. Beyond our individual firms and markets, we should come together to help build a sustainable future for the industry. And let's be clear, this isn't just about saving the planet or satisfying the authorities.

This is a business agenda to ensure that the precious metals industry stays healthy and profitable. We must act now, given the pace of global warming and the possibility that the 2050/2060 greenhouse gas emission targets may even be brought forward.



DIGITISING THE FUTURE

Educating consumers and downstream companies becomes significantly easier when you can share with them the life story of the gold they are buying. It is even easier if they can see this value chain journey on their own phones. With real data, consumers can understand the different types of gold supply and trust that the gold they buy has been sourced responsibly.

Choosing to buy ASM gold becomes more straightforward when you can see its digital life story. Blockchain technology can allow consumers and investors to see exactly where the gold they own was mined, refined, recycled and traded. There are many products available which can do just that.

LBMA has been working with the professional vaulting ecosystem to digitise the global value chain, through its Gold Bar Integrity initiative. Digitising the gold industry is a significant challenge, but I'm delighted to report that we have made real progress this year. LBMA has launched a Security Feature Standard and accreditation process to recognise security features. The next step is the launch of the track and trace database to not only bring the value chain to life, but to enhance these security features. Refiners and mints around the world have used security features for years to protect the integrity of their individual production. A global database, which brings these efforts together, not only enhances the Security Feature Standard, but delivers a better, transparent service to clients, investors and consumers worldwide. I'm grateful for all the stakeholder engagement to date and look forward to bringing this digital ecosystem into reality.

RESPONSIBLE SOURCING

GOLD AND SILVER REFINERS' PERFORMANCE

In 2021, the review process for all 2020 audits was further strengthened. This was supported through the addition of more resources to provide for an enhanced first-level review by both the Responsible Sourcing Manager and the Responsible Sourcing Officer.

During the assessment process, the Responsible Sourcing (RS) team routinely requests additional information from refiners and auditors in order for LBMA to achieve maximum comfort from the audit reports. However, during this year's review, and out of an abundance of caution and in line with changes made to [RGG Version 9](#), refiners were asked to voluntarily disclose additional information on recycled material listed in their CoO data. This included disaggregating recycled material according to source (i.e. grandfathered stock, industrial by-products or jewellery) and listing the number of suppliers. While out of scope of RGG Version 8, most refiners willingly provided this information.

In 2020, no GDL refiner was moved to the Former List for failure to comply with the Programme. Despite the higher than normal reliance on virtual audits, LBMA did not encounter any deleterious impacts to the integrity of the audit framework. Whilst there were several escalations related to sourcing concerns during 2020, each one was addressed appropriately, with full co-operation from the GDL refiner in question.

Our second [Annual Responsible Sourcing Report](#) was published in November 2021. The aim of this annual report is to increase the transparency of our [Responsible Sourcing Programme](#) (the Programme). It reviews the refiners' and auditors' performance during the previous 12 months and provides detail on the Country of Origin (CoO), where [Good Delivery List](#) (GDL) refiners mine and refine gold around the world. The continuing aim is to provide information on the preceding 12 months and on how the Programme performed.

Non-conformances: What the Numbers tell us

		RISK LEVEL			TOTAL
		Low	Medium	High	
Gold	2020	31	10	0	41
	2019*	82	9	5	96
	2018	29	8	2	39
	2017	37	2	0	39
	2016	33	5	0	38
	2015	46	4	1	51
Silver	2020	45	12	2	59
	2019	93	35	10	138
	2018	64	44	24	134

*First year of RGG Version 8

GOLD NON-CONFORMANCES

2019 saw an overall increase in medium-risk and high-risk non-conformances for responsible gold audits. The two high-risk non-conformances for gold related to one GDL refinery based in the Europe and Africa CoO category. All medium-risk non-conformances for gold related to two different GDL refineries based in the Americas and were escalated to the Compliance Panel. LBMA engaged with the auditors and with both GDL refiners throughout the development of Corrective Action Plans to ensure appropriate timescales were agreed before issuing 2018 RGG certificates. No zero-tolerances were reported in 2019.

SILVER NON-CONFORMANCES

As 2018 was the implementation year for silver GDL refiners, the 2019 reports highlighted a high number of non-conformances for silver. This was expected, as several silver-only GDL refiners were implementing new controls and going through the audit for the first time. We expect to see these numbers trend down as silver GDL refiners fully embed systems in their operations and work towards continuous improvement. However, no zero-tolerance non-conformances were identified, which confirms the commitment that each GDL refiner has in trying to achieve full compliance with the international standards.

As is expected for gold, all silver high-risk non-conformances were addressed within 90 days.

Please refer to the [2021 Responsible Sourcing Annual Report](#) for a breakdown of the most common types of non-conformances raised against the five steps of the RGG and RSG.

AUDITOR TRAINING

LBMA collaborates closely with the Responsible Minerals Initiative (RMI) and Responsible Jewellery Counsel (RJC) to identify opportunities for the joint training of auditors.

The training focused on enhancing auditors' understanding of LBMA RGG requirements and other relevant reference standards (e.g. OECD Due Diligence Guidance) as well as the ISAE 3000 risk-based assurance approach and its application for LBMA RGG audits.

Participants also explored the contextual risks related to mineral supply chains, and gold supply chains in particular, and how to identify and address these in the audit process.

The training sought to equip LBMA auditors not only to check whether traceability and due diligence systems are in place, operational and compliant with LBMA requirements, but also whether risks are being effectively identified, assessed, managed and reported. The training provided a platform for auditors to share common challenges and approaches to effectively address these. The training also touched upon LBMA's disclosure guidance and the expectations auditors should have of the quality and completeness of the Refiners' Compliance Reports as well as the consistency in audit deliverables.

In November 2020, the mandatory auditor training programme, a key pillar of our Responsible Sourcing Strategy, was rolled out. LBMA teamed up with Synergy Global Consulting and Nirali Shah, an independent consultant to LBMA, to facilitate an eight-hour online training of more than 120 auditors worldwide.

The key objectives of the audit training were to:

- 1** Establish a common understanding of the contextual risks in precious metals supply chains.
- 2** Help to effectively transition from ISO to ISAE 3000 assurance.
- 3** Provide a platform for continuous professional development.

The training was very well received by our auditors, with overwhelmingly positive feedback provided. More than 30 auditors attended the training, which included passing a test as a requirement for completing the course. The training was mandatory for all auditors on the [Approved Service Provider List](#).

Further online training opportunities are planned in the near future. In 2022, we anticipate a return to in-person training built around informing auditors of material changes made in RGG Version 9.



One of the main focuses in 2021 was the development of **Version 9** of the **Responsible Gold Guidance (RGG)**. It was published on **29 November, 2021** after undergoing two thorough public stakeholder consultations. It is applicable to all **Good Delivery List (GDL)** refiners from **1 January 2022**.

The main changes to **RGG Version 9** cover the following key areas.

RECYCLED GOLD

Provides further clarity on the due diligence expectations for recycled material, including what forms of paperwork are required to give assurance of origin and legality. It will be expected that the refiner's assessment of the supplier should cover all precious metals activities carried out by the supplier rather than the refiner's direct supply chains only. To address calls to extend due diligence beyond Tier 1 suppliers, RGG Version 9 stipulates the requirement for secondary refiners supplying recycled melted gold to GDL refiners, to undergo independent assurance on conformance with an OECD-approved responsible sourcing scheme.

ELIMINATION OF CASH TRANSACTIONS

This is a first step towards prohibiting cash transactions, except in jurisdictions with rigorous checks and balances or when dealing with Artisanal and Small-Scale Miners between mine site and national level aggregator only.

For transactions over \$10,000 in value, refiners must make and receive payments for gold through official banking channels and should not undertake any cash-based transactions. Refiners may only make cash transactions with suppliers who have successfully passed an identity check and are issued with an official tax receipt. Such suppliers are limited to a maximum of two such transactions in a calendar year.

PROVISION OF SUPPORT FOR RESPONSIBLE ARTISANAL AND SMALL-SCALE MINING (ASM)

The guidance will continue to stipulate LBMA's support for measures to create economic and development opportunities for ASMs and assist legitimate ASM producers to build secure, transparent and verifiable gold supply chains from mine to market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Builds on the ESG requirements that were first introduced in Version 8. It requires refiners to consider and report on adverse ESG factors in their gold supply chain. While LBMA acknowledges the inclusion of ESG to be a significant step change for refiners, LBMA's vision is to deploy a graduated programme of implementation for this important aspect of precious metals due diligence.

RISK MITIGATION REQUIREMENTS

Clarifies the risk mitigation strategies to be taken by GDL refiners to complete their alignment with the OECD Due Diligence Guidance.

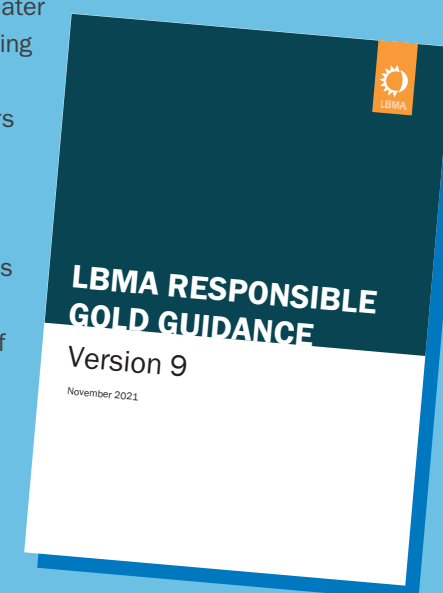
AUDITOR INDEPENDENCE AND AUDIT QUALITY

Refiners will be required to rotate auditors every ten years in line with the EU mandatory audit firm rotation requirements to enhance independence. The Third-Party Audit Guidance will also be updated to align with RGG Version 9.

DISCLOSURE GUIDANCE

Reaffirms our commitment to ongoing improvements to the public disclosure of information. This is particularly relevant as LBMA meets the challenge of complying with OECD reporting requirements relating to high-risk supply chains and any discontinuance of relationships due to concerns about a supplier's sourcing practices.

Following consultation with the OECD, LBMA will require refiners to begin disseminating high-level information to LBMA on a phased-in basis. With effect from 1 January 2022, refiners will disclose to LBMA the number and location of high-risk suppliers. In 2023, refiners will complete all relevant contractual changes with suppliers to allow for greater disclosure, while continuing to provide information to LBMA. Thereafter, refiners will provide LBMA with the full list of suppliers operating in high-risk locations. Future versions of the RGG will focus on fuller public disclosure of this information.





FUTURE DEVELOPMENT

Two years ago, LBMA set out the five strategic objectives for the Programme. Huge progress has been made, with the launch of both the [International Bullion Centre Recommendations](#) (please see page 16 for further details) and RGG Version 9, improving the transparency and disclosure requirements, and strengthening the auditor training programme. Looking ahead, LBMA is committed to working with the industry to define sustainability for the global precious metals market. This will involve identifying the supporting priorities, in line with the UN Sustainable Development Goals, as well as developing the next three-year strategy for Responsible and Sustainable Supply Chains. LBMA will be engaging with market participants in the first half of 2022 to help develop the proposals and agree the strategic outcomes.

OUTREACH

The pandemic changed the way we engaged with external stakeholders, imposing a virtual presence at key international events, such as the OECD Forum on Responsible Mineral Supply Chains. LBMA also actively sought out the views of key partners on priorities, objectives and actions through bilateral conversations, participation in constructive external events, such as African Mining Indaba, and through ongoing engagement with collaborative initiatives with partners such as the RMI, RJC, WGC and ICMM.

In 2020, LBMA developed a webinar programme to help stakeholders understand the market challenges and developments. These proved, and continue to prove, to be very popular, and have supported the efforts to engage and better communicate across all key stakeholders. The monthly Responsible Sourcing Newsletter has gone from strength to strength and continues to be a valuable source of information to a wide range of stakeholders.

PHYSICAL Market Enhancements

BUSINESS CONTINUITY

It has been a challenging and busy year, but ultimately a successful one, with a full agenda during a time with restrictions in place due to the pandemic. We have continued engaging with key stakeholders to support their Business Continuity Plans.

Good Delivery Applications, Proactive Monitoring, Responsible Sourcing audits and key projects, such as the Security Feature Standard and Referees Expansion, have either resumed or are in the process of being restarted.

We have continued to work closely with the CME to ensure that the London and New York markets operate efficiently – specifically, regarding the acceptance of silver London Good Delivery bars onto COMEX. Earlier this year, CME announced a Rule Amendment, effective from 27 September, that silver bars without weight stamps would be acceptable provided they have been weighed by an LBMA Approved Weigher.

REFINER NUMBERS



There are now 101 Refiners on the [Good Delivery Lists](#) (GDL). We have 69 refiners listed for gold, 82 listed for silver and 50 appear on both Lists. There remains a large number of refiners attempting to get their brand onto the Lists and there are currently eight active applications, with half that number pending. There have been no removals; however, there has been one suspension due to an ongoing Incident Review Process.

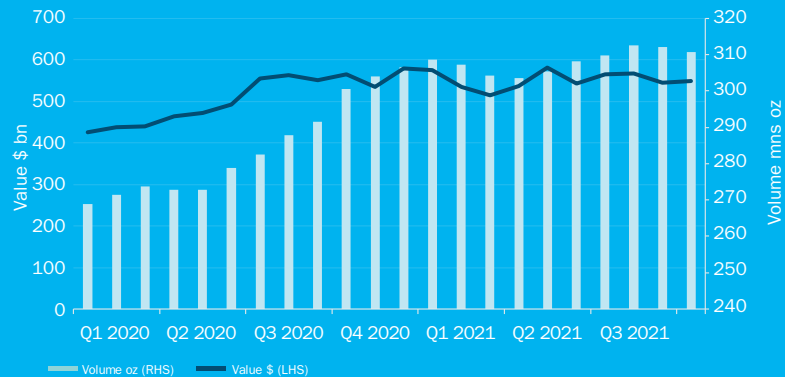
NEW LISTINGS

Silver Portovesme s.r.l
ABC Refinery (Australia) Pty Ltd

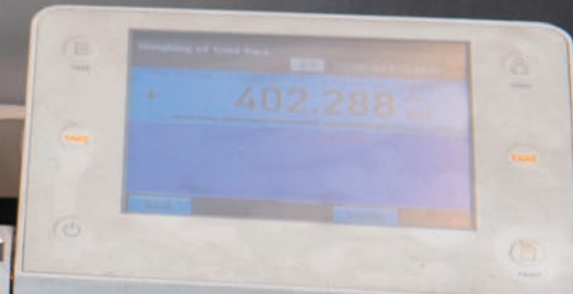
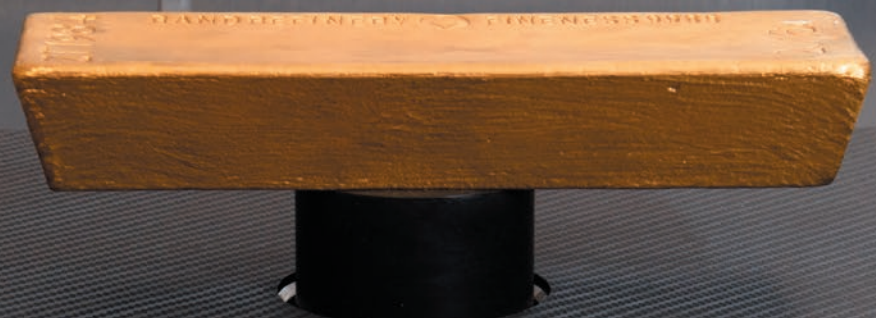
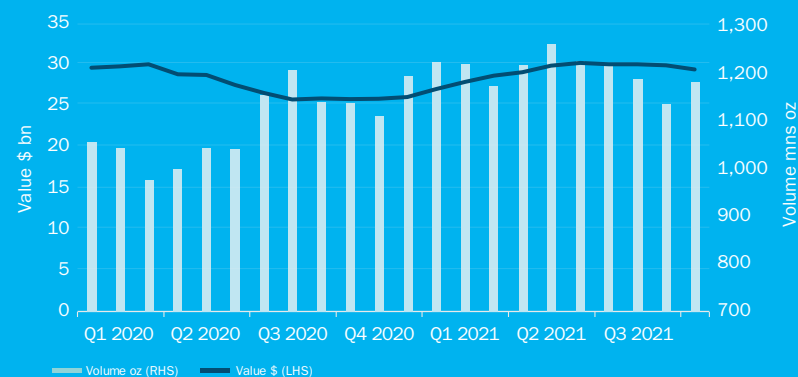
There continues to be a strong interest to list from China, for both silver and gold. The pending applications are from various regions and mostly from silver refiners.

VAULT HOLDINGS

London Gold Vault Holdings



London Silver Vault Holdings



The graphs show the monthly holdings of gold and silver held in London vaults both by value (\$ billions) and volume (millions/oz).

In terms of weight, gold holdings have grown steadily to record levels reported in September, 2021. Silver holdings decreased significantly during the initial period of COVID-19 lockdown but have since recovered, recording a record peak earlier this year.

GEOGRAPHICAL BREAKDOWN - WHERE ARE THE REFINERS LOCATED?

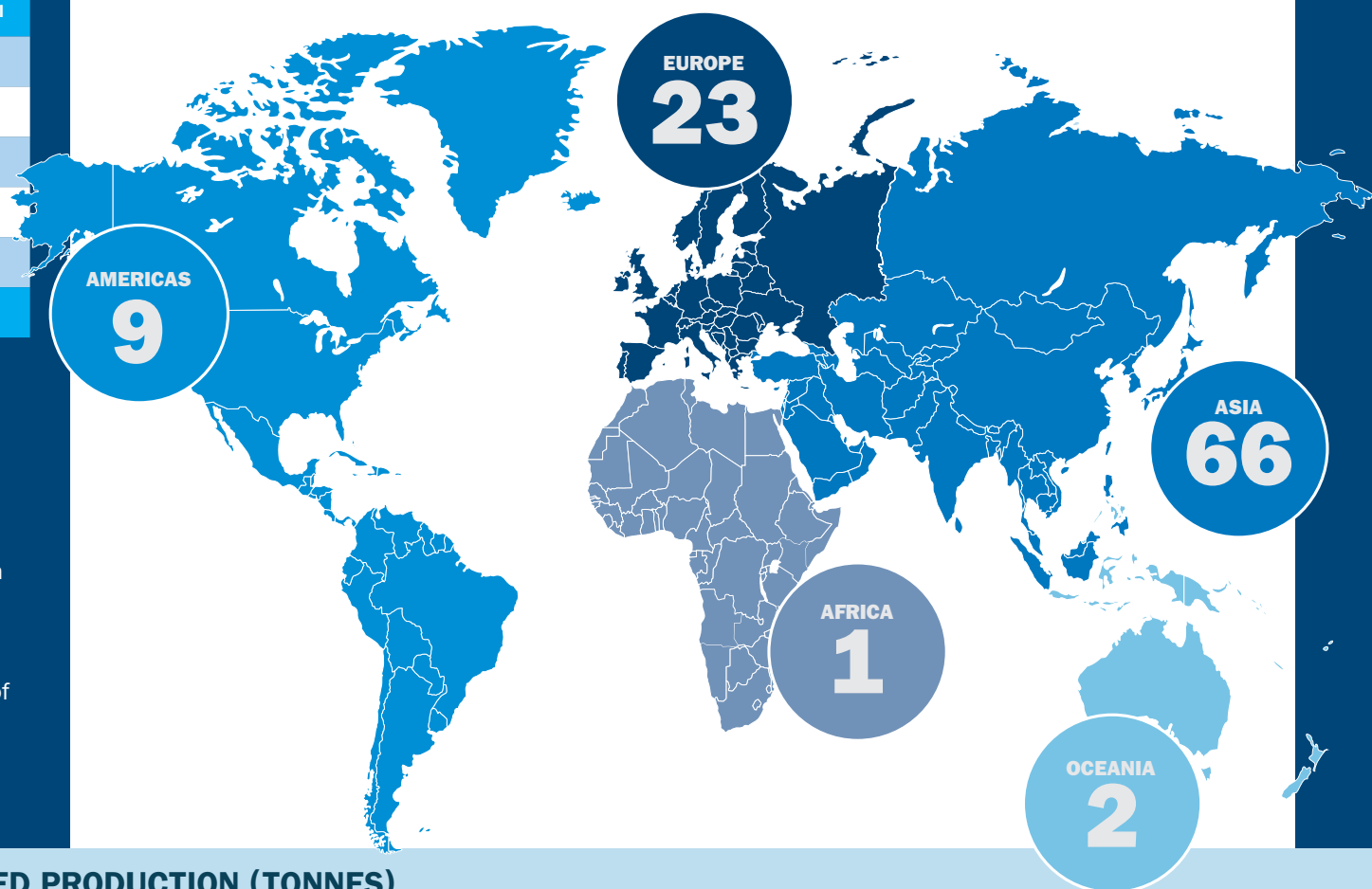
Area	Gold and Silver	Gold Only	Silver Only	Total
Africa	1	0	0	1
Americas	7	1	1	9
Asia	29	14	23	66
Europe	11	4	8	23
Oceania	2	0	0	2
Refineries	50	19	32	101

CHANGES TO RULES

An updated Rulebook will come into effect from 1 January 2022. The most significant change to the Rules is the inclusion of a criterion for refinery relocations in Section 3: Quality Assurance/Section 3.2: Corporate Changes.

Other changes following further discussions with relevant stakeholders will include the introduction of a minimum depth of bar markings requirement, as well as a criterion for four-nines test failures during Proactive Monitoring (PAM).

GLOBAL FOOTPRINT - LOCATION OF LBMA GOOD DELIVERY LIST REFINERS



REFINED PRODUCTION (TONNES)

	2013	2014	2015	2016	2017	2018	2019
GOLD	4,579	4,921	5,034	4,860	4,881	4,548	4,560
SILVER	28,013	31,131	32,355	31,874	30,569	29,461	29,065

VIRTUAL ASSAYING & REFINING (A&R) CONFERENCE

The ninth biennial LBMA A&R Conference was held on 16-18 March 2021, during a very challenging time, when we were not able to meet in person. However, we found a way to transition the conference to a virtual platform.

We were honoured to have Prof. José Luis Todoli as our keynote speaker, who provided an overview of Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES) and an excellent technical workshop on the same subject. All our speakers provided the highest-quality technical programme to date, covering a range of topics.

PROFICIENCY TESTING (PT) SCHEME

The results of the tenth round of the PT Scheme were published in January 2021, with 45 labs participating in gold and 37 in silver. Despite the pandemic, the number of participants remained consistent with previous years.

The performance of laboratories participating in the LBMA PT Scheme continues to improve steadily.

CERTIFIED REFERENCE MATERIALS (CRMs)

The LBMA Reference Material Steering Committee has produced the latest set of high-purity gold certified materials suitable for the validation of analytical methods as well as for calibration of analytical instruments to the LBMA Good Delivery standard.

These materials represent an evolution of the earlier reference materials AuRM1 and AuRM2, which proved to be immensely popular amongst quality laboratories around the world. The elemental concentrations are based on feedback received from users of the previous materials and now have added cadmium, cobalt, indium, iridium and ruthenium.



London Precious Metals Clearing Limited (LPMCL)

LPMCL is responsible for managing the clearing and settlement of the global OTC precious metals market through its central electronic hub, Aurum. LBMA provides the executive function on behalf of LPMCL, acting as company secretary and providing corporate governance and support.

Visit LPMCL's [website](#) for further updates and news.

HIGHLIGHTS

In 2021, the net daily clearing gold volumes averaged 17.6 million ounces, with a corresponding value of \$31.7 billion. For silver, the net daily average volume was 247 million ounces, with a corresponding value of \$6.4 billion.



LPMCL have produced a new video to explain their role within the London OTC precious metals market. The video will be released shortly.

Financial Market ENHANCEMENTS

NET STABLE FUNDING RATIO (NSFR)

In November 2021, the [European Banking Authority](#) published its report on Required Stable Funding (RSF) for precious metals clearing and financing. The report concluded that, according to its studies, NSFR had limited impact on precious metals markets. It said that “reducing the RSF from 85% to 0% would have a negligible impact”.

In June, the Bank of England and the Prudential Regulatory Authority (PRA) replied to responses to their consultation CP5/21. In the subsequent policy statement, the PRA amended its approach to precious metals deposit taking and clearing by introducing an interdependent precious metals permission, for which firms may apply in respect of their own unencumbered physical precious metals stock and customer precious metals deposit accounts. When the permission is granted, firms would apply a 0% RSF factor to their unencumbered physical stock of precious metals, to the extent that it balances against customer deposits.

LIQUIDITY COVERAGE RATIO (LCR)

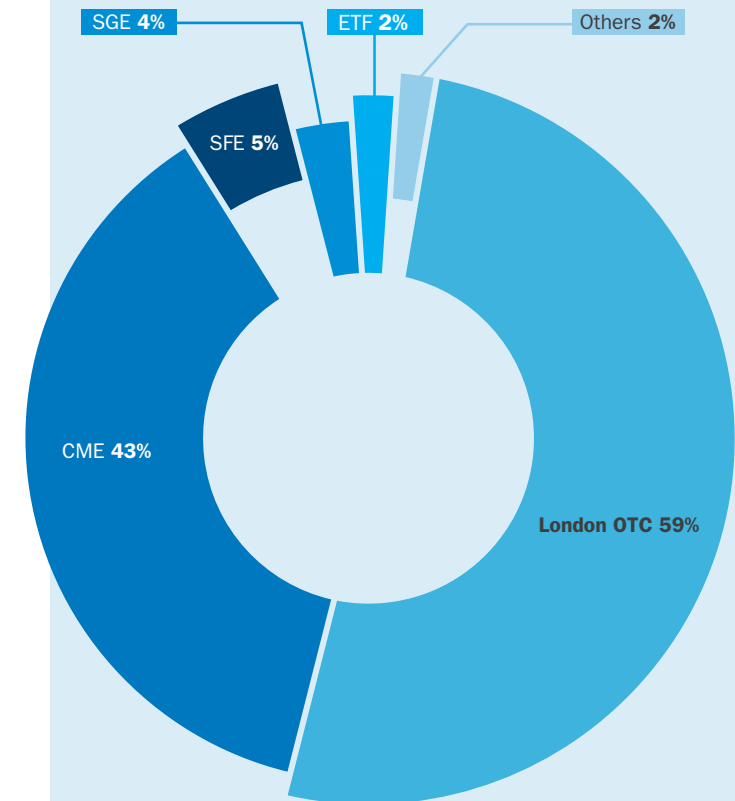
Our data continues to demonstrate that gold has maintained its high profile as a candidate for High-Quality Liquid Asset (HQLA). LBMA will continue to publish liquidity and other statistics that will help support the case for gold being considered HQLA at a Basel level.

TRADE DATA

LBMA trade data in 2021 shows a decrease in volumes from 2020. The data across all sources now show volumes returning to pre-pandemic levels. Total gold volumes for YTD 2021 are in the region of \$116 billion average daily volume, compared to \$112 billion in 2019 and \$136 billion in 2020.

DAILY GLOBAL GOLD TRADE DATA

2021YTD \$115.8bn total



In addition to their publication on the [Bloomberg](#) terminals, we are pleased to see that LBMA trade data can now be accessed on [Refinitiv](#) terminals. The service is also available from [Nasdaq](#), who provide and manage the service in partnership with LBMA. Some new features have been added to include price information for spot, option strikes and loan lease deposits.

GLOBAL PRECIOUS METALS CODE (THE CODE)

In November 2021, the Code was also formally recognised by the UK Financial Conduct Authority, which was welcomed by LBMA.

The Code sets out the standards and best practice expected from market participants in the global OTC wholesale precious metals market. The first version was published in 2017, and all LBMA members have continued to support the implementation of the requirements under the Code.

Looking ahead, LBMA will be setting up working groups to update the Code and make sure it continues to remain relevant to the global precious metals market.



INTERNATIONAL BULLION CENTRES (IBCs)

A global effort among all the value chain actors, national authorities, and law and enforcement agencies is required to continue addressing the outstanding supply chain challenges and risks. In November 2020, LBMA wrote to 12 major International Bullion Centres (IBCs)* with recommendations to encourage consistency in responsible sourcing standards across these major trading hubs. The IBCs operate important market infrastructure for bullion trading activities. The breadth of the activities undertaken within these IBCs and the involvement of international counterparties mean that these centres can be vulnerable to responsible sourcing risks.

The IBC Recommendations focus on three strategic priorities:

- 1 The responsible sourcing of recycled gold.
- 2 The elimination of cash transactions.
- 3 The provision of support for Artisanal and Small-Scale Mining (ASM).

Over the course of 2021, LBMA undertook bilateral outreach with all the IBCs. An initiative of this magnitude requires extensive collaboration between many actors and will take time to achieve its objectives. Since sending the initial letter, all 12 IBCs have been supportive of LBMA's initiative and are proactively developing their own agendas to support the development of responsible sourcing practices. In addition, the OECD engaged directly with all 12 centres, starting with a meeting in May 2021 to further their countries' work on implementing the OECD Due Diligence Guidance.

Furthermore, LBMA, together with an external consultant, is developing a methodology to help review the responsible sourcing progress in each IBC. This will help the LBMA's constructive dialogue with each centre in 2022 and will help continue to provide integrity, trust and confidence in the international market.

*China, Hong Kong SAR, India, Japan, Russia, Singapore, South Africa, Switzerland, Turkey, UAE, UK and USA.

TECHNOLOGY DEVELOPMENTS

DIGITAL GOLD

Throughout 2021, LBMA organised a series of webinars, focusing on the development of digital gold and how blockchain technology can help to digitise gold. The webinars provided more context on the benefits of digital gold and, in particular, how this can help make gold more accessible to a broader range of participants. It was highlighted that digital gold will eventually be highly liquid, cost-effective and allow access on a scale not seen before. However, while some digital gold projects have gained a lot of momentum, overall market share is still relatively small. It was argued that time is needed, and support from mainstream exchanges, regulators and sovereign vaults is required before digital gold can be meaningfully embraced. Look out for further webinars in our ongoing programme, and listen to what the experts have to say and understand the detailed insight into the benefits and challenges that the market is facing.

GOLD BAR INTEGRITY

This year, LBMA launched its Security Feature specifications application process, enabling vendors of security features for gold bars, as well as users of existing security features, to benchmark their respective solutions. All applications will be reviewed by the Technical Review Panel, a group of experts, who will assess whether the Security Feature will meet the LBMA specifications. This process forms part of the Gold Bar Integrity (GBI) initiative to enhance the integrity of the physical gold market by ensuring gold bars entering the market are genuine and have a known provenance.

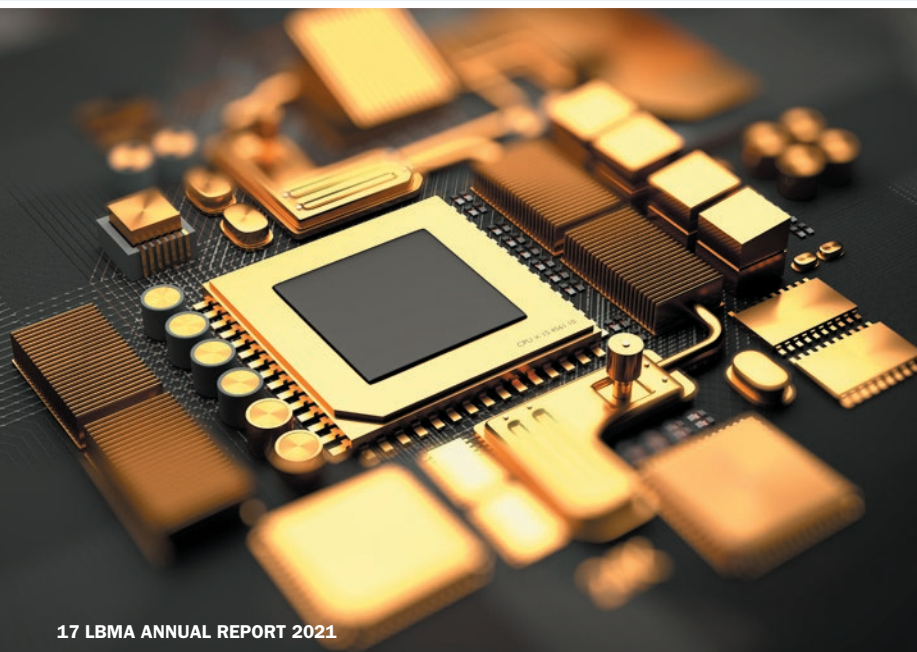
The Security Feature specifications, which were launched in 2020, will integrate with a bar database solution (currently under consultation) that will track and trace the life cycle of a bar.

UK REACH

Following the withdrawal of the UK from the EU, the EU REACH Regulation has been brought into UK law in the form of UK REACH, which retains key principles of the EU REACH Regulation.

LBMA has been working with a consultant, Caroline Braibant, to create guides and support Members with compliance with UK REACH. Three submissions were needed to be prepared and submitted to the Health and Safety Executive (HSE) in 2021 as a first step of compliance: grandfathering REACH dossiers submitted under EU REACH, downstream user importer notification (DUIN) and article 26 inquiry.

Although the deadlines have past, HSE has agreed to grant an extension for the grandfathering submission. As regards the DUIN submission, this is likely to also require an extension in order for/to allow for all Members to comply with this obligation.



BENCHMARKS

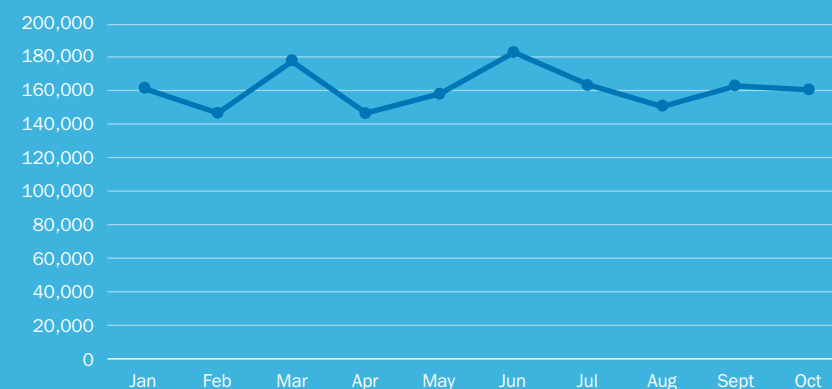
The LBMA gold price auction, administered by ICE Benchmark Administration (IBA), now has 16 direct participants, and the silver price auction 13, with participants located in Asia, Europe and North America. This follows the addition of one new direct participant, DRW Investments, who joined both auctions in May, 2021.

The LBMA gold and silver price auctions have performed extremely well in 2021, despite the challenges of global pandemic with the benchmarks continuing to remain liquid, reliable, transparent and robust.

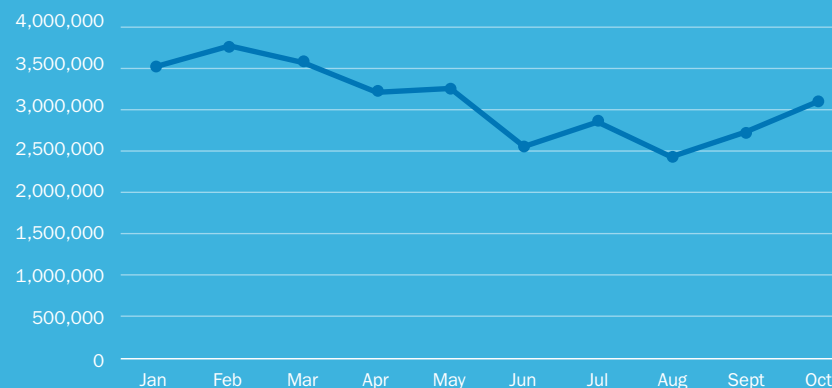
Gold monthly gross volumes passing through the auction in October 2021 were approximately 161k oz, broadly in line with volumes at the start of 2021.

In February 2021, IBA completed the cessation for all non-USD prices, except for EUR and GBP, following a period of consultation with the market. IBA continue to have excellent and regular dialogue with the participants of both auctions.

Gold - Monthly Average Auction Gross Volume in 2021 (ounces)



Silver - Monthly Average Auction Gross Volume in 2021 (ounces)



Source: ICE Benchmark Administration

Communications AND ENGAGEMENT

EVENTS

COVID-19 has restricted our ability to host in-person events during 2021. In September, we held our first in-person event in 18 months together with the London Platinum and Palladium Market (LPPM) — a networking reception in London during our virtual Precious Metals Conference, 20-21 September 2021.

Some 462 delegates digitally attended the Conference, which featured an exceptional line-up of speakers, panellists and guest chairs. Delegates participated in Q&A breakout sessions and speed networking, and predicted what precious metals prices would be at the start of the 2022 Conference in Lisbon (see table). Delegates were most bullish about the prospects of platinum, predicting a 41% increase in price.

DELEGATES' PRICE FORECASTS AT THE LBMA 2021 VIRTUAL CONFERENCE

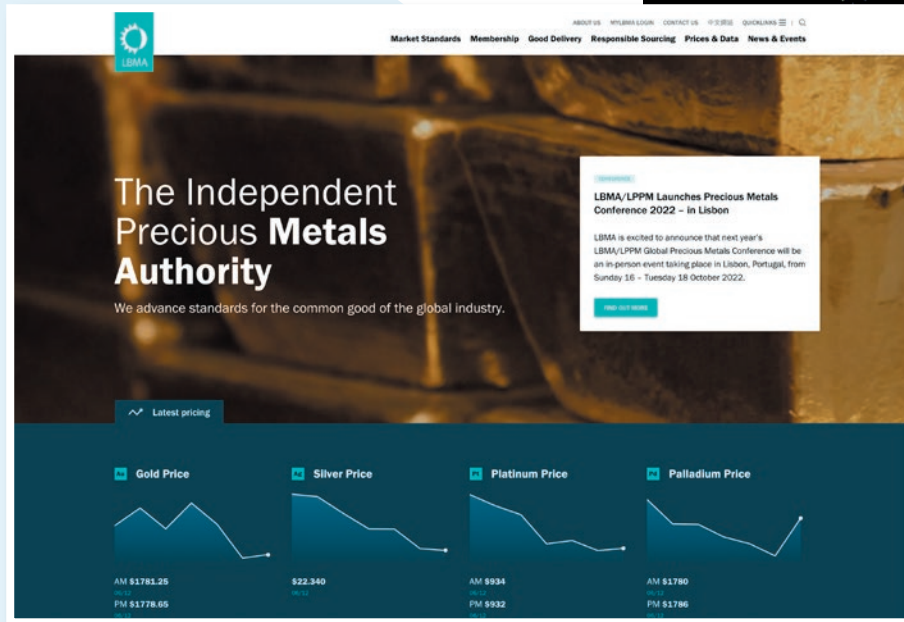
	FORECAST AS AT 17 OCTOBER 2022	LATEST PRICE AT TIME OF FORECAST (17 SEPTEMBER 2021)
Gold	\$1,969	\$1,756
Silver	\$26.76	\$23.01
Platinum	\$1,345	\$953
Palladium	\$2,025	\$2,023

Unfortunately, we had to cancel this year's annual dinner, scheduled on 1 December, 2021 due to tightening COVID-19 restrictions in the UK and around the world following the discovery of the new 'Omicron' variant.

However, we were able to salvage the seminar planned earlier in the day and delivered the seminar virtually. This proved a great success and certainly helped make up for the disappointment of the dinner cancellation.

KEEPING MEMBERS INFORMED

As the world continues to face up to the challenges of COVID-19, we have stepped up our lines of engagement and communication. We have liaised closely with key stakeholders throughout 2021 to ensure that the Loco London market continues to operate efficiently and effectively. Our fortnightly webinar programme has featured a wide range of topical issues covering all sectors of the global precious metals market, whilst our weekly Newsletters have helped to keep Members and other interested audiences/non-Members up to date with all the latest news and market developments.



WEBSITE RELAUNCH

In March this year, we launched our redesigned website to make it easier for visitors to find their way around and to better showcase some of the industry-leading initiatives that we have been working on. We improved our site navigation, and launched new functionality and features such as the ability to download prices and data. The relaunch also included a refresh to our Newsroom and Events page, where you can find our latest news, features and events. A new Press page provides a handy reference for journalists, including quick links to publications and resources that outline our key strategic priorities. We've also given our publications section a digital facelift.

WONDERS OF GOLD EXHIBITION

Earlier this year, we launched a digital exhibition entitled 'The Wonders of Gold' – curated by Stewart Murray, LBMA's GDL Consultant.

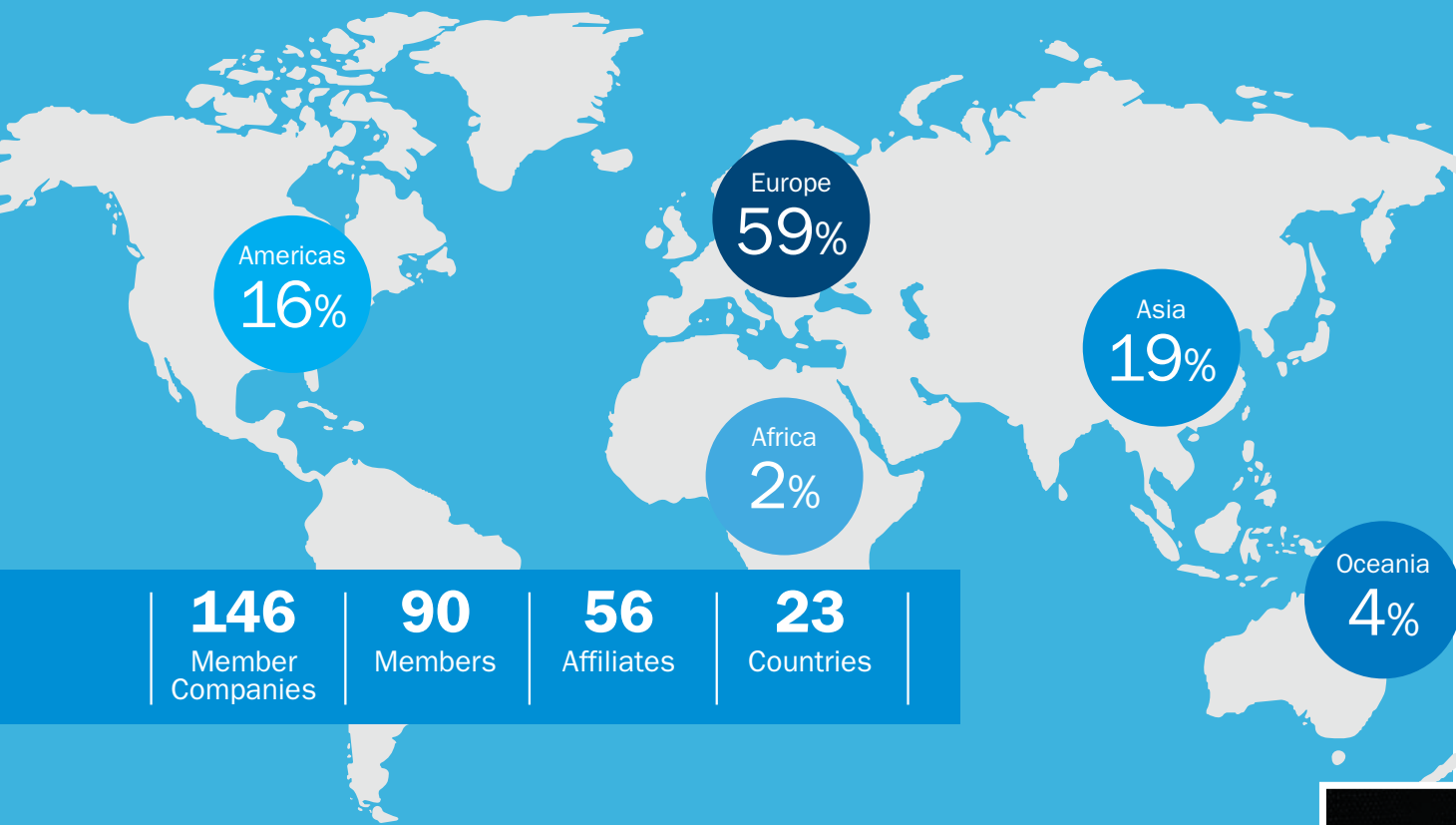
The online exhibition showcases approximately 150 items from around the world. From the Bimaran Casket and Croesus Stater to the discovery of Tutankhamun's Tomb, this exhibition reveals a fascinating insight into the history of gold – and hints at its future. The earliest item in our timeline – the Birth of Gold – even predates the formation of our own solar system some 4.5 billion years ago.

The [Wonders of Gold](#) exhibition is available to view on our website.



Membership

LBMA membership – your seat at the heart of the precious metals market



146 Member Companies	90 Members	56 Affiliates	23 Countries
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Region	MEMBERS				
	Full Members	Market Making	Affiliate	Total	%
Europe	51	11	23	85	59%
Americas	7	2	15	23	16%
Oceania	6	0	0	6	4%
Asia	11	0	17	28	19%
Africa	2	0	1	3	2%
TOTAL	77	13	56	146	

A SEAT AT THE TABLE

LBMA membership provides a seat at the table for Members to influence and guide the work of LBMA and its role within the global OTC precious metals market. Many new market representatives have joined our sub-committees over the last year to offer their expertise to the Executive and help it deliver LBMA's long-term strategic aims and key initiatives.

MEMBERSHIP RECLASSIFICATION

Full membership of LBMA is available to companies in the UK and abroad. All Members must be operational in areas that are closely related to the London bullion market. In 2020, LBMA undertook a strategic overhaul of its membership classifications and in doing so, made membership available to those organisations active in other markets around the world through our Affiliate Member classification.

Affiliate Membership is available to a range of international market participants, service providers, technology providers, exchanges, and intermediaries, as well as firms relevant to the London bullion market such as mining, inspection, assaying and consultancy-related activities.

Membership Classifications

- Full Membership
- Market Making Membership
- Affiliate Membership



We have produced a new film to explain the benefits of LBMA Membership and to encourage new firms to become Members. [Find out more.](#)

TRAINING AND EDUCATION

In early 2021, LBMA expanded its Training and Education offering by adding a follow-on course from the highly successful 'An Introduction to Loco London' course which launched in 2020. The new course, 'How to use Loco London', builds on the principles covered in the introductory course, and offers investors and institutions an opportunity to understand more about the products traded on the London OTC market.

AN INTRODUCTION TO LOCO LONDON

This LBMA course is designed specifically to get you up to speed if you:

- **Have exposure to precious metals** and need to understand how the market operates and how to manage risk.
- **Interact with the precious metals markets** in any way and would like to understand more about how they work.
- **Have recently joined an LBMA member organisation**, or transferred to the precious metals area from another part of that organisation.

MEMBER SURVEY

In the second half of 2021, LBMA engaged a third party to conduct a Member Survey, which aimed to identify what Members expect and need from LBMA now and in the future. Feedback will directly shape LBMA's strategic goals for 2022-24. We would like to thank all members and key stakeholders who participated in the survey, as well as those who took part in one-on-one interviews. Please see the CEO Report on page 4 for further details.

What you will learn:

- How the global metals market, centred in London, operates.
- How the clearing and settlement process functions.
- How the Good Delivery Lists assure metal quality.
- How the precious metals auctions work and how to use bullion derivatives.

Expand your business understanding of how the Loco London market works.

FIND OUT MORE

MEMBERSHIP COMMITTEE

The Committee continues to be central to the maintenance, development and application of membership procedures and policy. This year, the Board approved that up to two places on the Committee should be reserved exclusively for Affiliate Members. This is an important step towards encouraging Members from outside the London market to participate, making LBMA even more representative of the global OTC precious metals market.

If you would be interested in joining the Committee, or indeed any of the other LBMA Committees, then please get in touch and contact us at: mail@lbma.org.uk.

BECOME AN LBMA SUBSCRIBER

Designed for central banks, downstream multinationals, fintechs and others wanting to keep up to date with the precious metals and play a part towards shaping its future.

Market development

Gain insight and participate in working groups to support market development initiatives, including the work on Gold Bar Integrity, Digital Gold and Responsible Sourcing.

Have a seat at the table

Shape the future direction of the precious metals market via the development of global standards and solutions.

Grow your network

Discounts on LBMA events and training, platforms (Global Precious Metals Conference, Seminars, Assaying & Refining Conference, Vault Operators Training etc.)

Information services

Stay up to date with advice and guidance on a range of market topics, currently only available to Members.



LBMA BOARD



DR PAUL FISHER
Chairman



ANDREW QUINN
Non-Executive Director



ISABELLE STRAUSS-KAHN
Non-Executive Director



RUTH CROWELL
Chief Executive



SAKHILA MIRZA
General Counsel &
Executive Board Director



MEHDI BARKHORDAR
Vice Chairman
MKS PAMP Group



DAVIDE COLLINI
Head of EMEA Metals
and Agricultural Sales
BNP Paribas



FANG WENJIAN
CEO
Bank of China (UK)
Limited



HITOSHI KOSAI
Chief International
Planning Office Tanaka
Kikinzoku Kogyo K.K. &
TANAKA HOLDINGS Co., Ltd



RAJ KUMAR
LBMA Vice-Chairman
Managing Director
ICBC Standard Bank Plc



PAUL VOLLER
Managing Director
Global Head of
Precious Metals HSBC

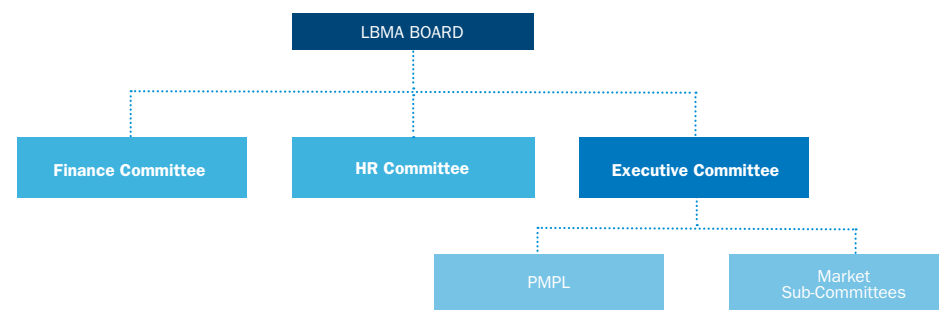
BOARD & GOVERNANCE

LBMA's 33rd Annual General Meeting (AGM) took place in a virtual capacity on Thursday, 1 July, 2021. Members voted on the Rule changes to the Memorandum and Articles of Association which had been agreed by the Membership at the AGM in 2020. Members voted overwhelmingly in favour that they be approved and adopted. These changes introduce greater transparency, stronger governance and align LBMA with industry best practice.

Voting also took place at the AGM to re-elect, for a further two year term, the following Market Maker representatives of the Board: Davide Collini, BNP Paribas, Raj Kumar, ICBC Standard Bank Plc and Paul Voller, HSBC Bank Plc. Following the Full Member election, Mehdi Barkhordar (MMTC-PAMP India) was re-elected to the Board and Raj Kumar was also elected Vice-Chairman.

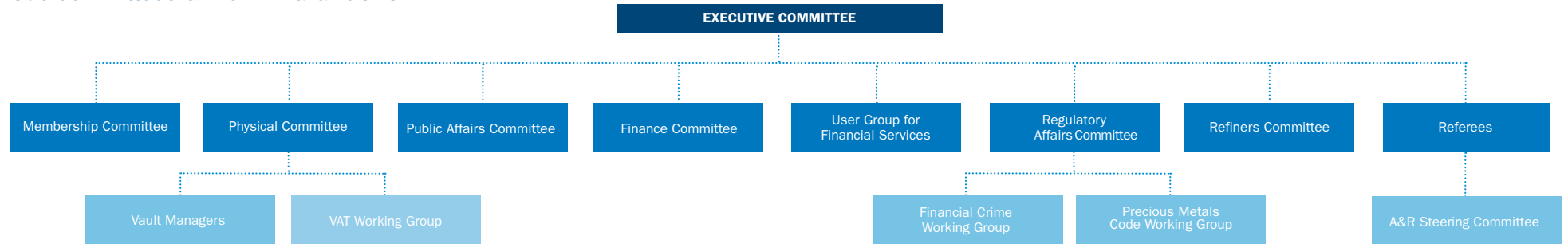
INDEPENDENT BOARD

Board sub-committees with delegated powers



MARKET SUB-COMMITTEES

Sub-Committees & WORKING GROUPS



LBMA EXECUTIVE



FINANCIAL Overview

It would be fair to say that 2020 was a tough year for many businesses and LBMA was not immune to this. With revenue significantly down by £1.1M (32%), LBMA wrestled with the challenge of cutting costs whilst trying to mitigate against further losses arising from contractual exposure due to the cancellation of most of its events programme. Despite significant cost cutting LBMA still returned a loss of -£267.5K.

Conversely, PMPL revenue grew in 2020, resulting in an improved profit return. This surplus provided an essential contingency to mitigate potential cash flow risk from December 2020 to February 2021. This period is traditionally the point at which LBMA working capital is at its lowest ratio, driven by the annual invoicing process for membership and GDL fees.

Alongside contingency planning, the LBMA Executive worked closely with the Board and Sub-Committees during 2020 to define and address the strategic financial risks impacting on our ability to conduct business as usual as well as deliver the programmes and solutions required by the market. In doing so, it concluded that:

RESERVES Cash reserves needed to be re-established after the impact of COVID-19.

RESOURCING STRATEGIC PLAN The demands and priorities determined by the Members and the market have been fed into the three-year strategic plan and have driven significant resource requirements across future years.

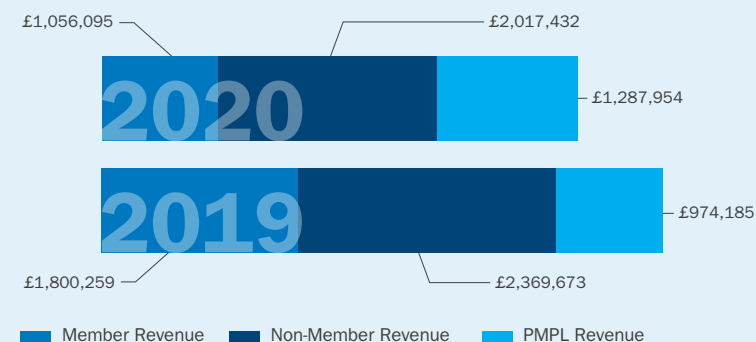
FINANCIAL STABILITY LBMA needed to become financially independent and reduce its reliance upon PMPL revenue to more sustainable levels.

SHORT-TERM RISK LBMA needed financial contingency to cover the short-term extended financial risk represented by COVID-19.

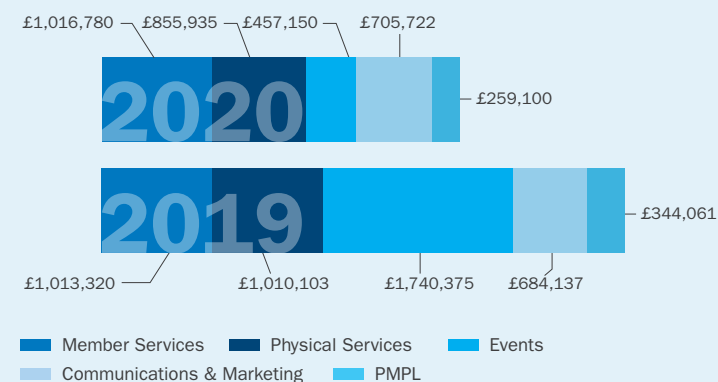
Taking these risks into account, and after significant review and scrutiny by the Sub-Committees, the Board took the difficult decision to increase fees significantly, from the 1 January 2021, representing the first increase for many years.

The measures and decisions taken in 2020 were tough but essential to the maintenance and development of the standards that underpin the reputation and provenance of the Global OTC precious metals market. Throughout 2021, the benefits are already being realised as LBMA strives towards re-establishing the stable financial base necessary to deliver its long-term strategy.

LBMA & PMPL INCOME ANALYSIS



LBMA & PMPL EXPENDITURE ANALYSIS



The years 2019 and 2020 refer to the financial year from 1 January to 31 December.

Global Precious Metals Conference 2022



3

Days

30+

Expert Speakers

300+

Organisations

5★

Venue

REGISTRATION NOW OPEN

Register your place now to receive our attractive Launch Sale rate and look forward to a prestigious five-star venue and high-profile speakers, with plenty of opportunities to network and reconnect.



16 - 18 OCTOBER 2022, LISBON, PORTUGAL