



VISUAL GUIDE 2

Coming Soon!

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SCOPE

Introduction – the story so far

Brief review of the development of physical quality aspects of Good Delivery bars

Coverage of the first edition of the Visual Guide published in 2009

An advance look at what is going to be included in the new Visual Guide website...

... and who will be able to access it.



WHY THE FOCUS ON DEFECTS?

- ▶ Development of ETFs
- ▶ Bar audits by ETF agents
- ▶ Presence in London vaults of some very old bars
- ▶ Lack of understanding in some refiners about what is and is not acceptable in London
- ▶ Need to distinguish between **Defects** and **Imperfections**

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BAR ACCEPTABILITY

What characterises an acceptable bar?

It should:

- ▶ contain the amount of metal indicated by its assay and weight;
- ▶ be safe to transport, handle, stack and melt;
- ▶ be uniquely identifiable in terms of its manufacturer and year of production and
- ▶ its weight should not change, eg by losing metal in the form of flakes, or gaining weight through the accretion of dust.

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ENSURING ACCEPTABILITY

The LBMA's Good Delivery Rules and bar specifications have been developed to clarify to refiners and other depositors the criteria for acceptability that need to be satisfied in terms of:

- ▶ Fineness
- ▶ Bar weight
- ▶ Bar dimensions
- ▶ Physical appearance
- ▶ Markings
- ▶ Health and safety issues

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VISUAL GUIDE 2

Visual Guide 2 - in Summary

Format	Password-protected website
Contents	Illustrations of typical defects and imperfections Explanations of origin of the defects Pointers to acceptability of borderline cases
Accessibility	Vaults and GD Refiners
Sources	Vault submissions on unacceptable bars Vault inspections Referees' investigations of GD applicants' bars

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VISUAL GUIDE WEBSITE CONCEPT



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VISUAL GUIDE WEBSITE CONCEPT



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IDEAL vs PRACTICE

It's not always easy to get the best images

Ideal Situation

- ▶ Lots of examples of every defect type
- ▶ Ranging from extreme failures to minor blemishes
- ▶ Professional photographers with special lighting
- ▶ Multiple images of each defective bar

Practical Situation

- ▶ Precious metals are difficult to photograph
- ▶ Vault operators are busy people..
- ▶ ... and minor imperfections are often not reported
- ▶ Often with very ordinary cameras (or mobile phones)
- ▶ And vault usually have “unflattering” lighting

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SAMPLE IMAGES

The presentation will include a sample of some of the images submitted by vaults.

Some of them are extraordinary ..

..but all of them managed to find their way past quality control

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DEFECT CATEGORISATION

Shapes and Dimensions

- ▶ Out-of-range dimensions & weights
- ▶ Curved surfaces
- ▶ Excessive shrinkage
- ▶ Projecting ledges
- ▶ Wedge shapes

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DEFECT CATEGORISATION

Surfaces

- ▶ Buttons and plug-like defects
- ▶ Cast surface roughness
- ▶ Needles
- ▶ Exaggerated shrinkage rings
- ▶ Solidification marks
- ▶ Nodules and ridges
- ▶ Roughness due to defective mould surfaces
- ▶ Hammering
- ▶ Machining
- ▶ Shrinkage cavities and cracks
- ▶ Surface holes and dimples
- ▶ Internal cavities
- ▶ Layering

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DEFECT CATEGORISATION

Markings

- ▶ Former Marks
- ▶ Added marks
(Independent assayers, dealers, BoE numbers)
- ▶ Double stamping
- ▶ Unacceptable marking methods
- ▶ Missing marks
- ▶ Altered or over stamped marks
- ▶ Poor or weak marks
(Assays, Bar Numbers, Brand Marks, Year stamps)
- ▶ Duplicate numbers
- ▶ Marking fonts too small

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DEFECT CATEGORISATION

Edges

- ▶ Damaged edges
- ▶ Flaky edges
- ▶ Sharp edges

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VISUAL GUIDE 1 - REVISED

Visual Guide 1 published as a pdf focused on older US bars

Many vaults still have large numbers of these bars

The LBMA plans to upgrade the information in Visual Guide 1 by means of a similar website approach ...

..... for the benefit of investors, vault managers and central banks

Date: to be decided

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WHAT NEXT?

Publication Timeline

April 2015:

LBMA will invite vaults and refiners to nominate registered users of the VG Website

Watch out for an update in the April Alchemist

June 2015

The website will go live by the end of the month

Development, expansion and improvement will continue ad infinitum!

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