

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



Page 3

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.



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



Page 5

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



VISUAL GUIDE WEBSITE CONCEPT





Page 7

VISUAL GUIDE WEBSITE CONCEPT





VISUAL GUIDE WEBSITE CONCEPT

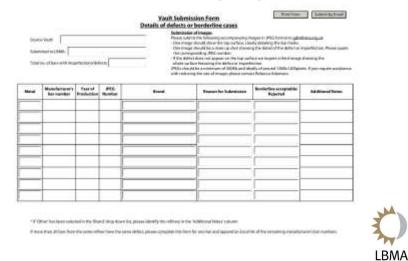




Page 9

VAULT DEFECT SUBMISSION FORM

Form used by vaults for submitting images since mid-2011



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



Page 11

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



DEFECT CATEGORISATION

Shapes and Dimensions

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



Page 13

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



DEFECT CATEGORISATION

Markings

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



Page 15

DEFECT CATEGORISATION

Edges

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



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 LRMA place to the grade the information in Visual Children

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



Page 17

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!



