

## **LBMA – 24th Annual General Meeting**

**20<sup>th</sup> June, 2012**

### **Chairman's Report by David Gornall, Natixis London Branch**

Ladies and Gentlemen,

I now have the pleasure of presenting the Chairman's report for the past year. And it is a pleasure, because there is much to report about how the LBMA has responded to the various challenges facing our market - challenges which can be summed up in one word: regulation. The need to respond to regulatory developments in both the United States and in the EU has become ever clearer in recent years and the fact that we have been ready to meet these challenges pays tribute to the previous work of the Management Committee and in particular of my predecessor as Chairman, Kevin Crisp. Kevin's tireless approach to the job of chairing the LBMA meant that there were no nasty surprises, no skeletons in the cupboard awaiting me when I took over from him last year. So let me pay tribute to Kevin and thank him for his fantastic efforts on our behalf during his time in the hot seat.

This is my first time addressing the membership as such so I have given some thought to what it is that you want from me this evening. I hope I am right in assuming that you are not here solely as a precursor to the exclusive networking event which will follow (namely drinks in the Telegraph pub). Some of you have no doubt come in order to cast your votes in the particularly interesting ballot for the Management Committee but I am confident that the great majority of you are here because you want to find out what your Association has been doing and where it is heading.

Having read a number of previous chairman's reports, I note that many of them begin by saying they are going to be brief. I shall say the same but this time I really mean it! I am totally confident that what you want from me is above all brevity. I will do this by keeping my remarks very general. And it is easy for me to be brief because we have with us this evening the chairmen or other representatives of our five subcommittees which together represent the engine room of the LBMA. I will leave them to tell you about what their committees have been doing.

Continuing my nautical analogy, on the bridge of the SS LBMA we have the Management Committee. In case any of you think that the job is merely to hobnob with the passengers, let me disabuse you of that idea. The members of the Committee not only give up the best part of a morning to attend its meetings every month or two but almost all of them also sit on the subcommittees as representatives of the Management Committee. Add to this the need for them to read in advance the voluminous papers prepared by our hard-working Executive and you will immediately see what a debt of gratitude we owe to them. Talking of the Management Committee, let me remind you that we are very fortunate to have observers from both the Bank of England and the FSA on the committee. I would like to thank Trevor Stone and Don Groves for their participation in our affairs.

The same of course applies to the members of the subcommittees, without whose time, effort and expertise the LBMA would not be able effectively to undertake the huge range of activities that you are going to hear about shortly. Let me say just a very few words about why their work is so important to us.

- The Regulatory Affairs Committee, or RAC - our newest subcommittee - is clearly in the eye of the storm. It has made tremendous progress in the year and a half since it was formed.

- The Physical Committee continues the never-ending task of ensuring that the metal traded by our market meets the highest standards and together with the RAC has had to deal with the complex issue of conflict gold, an issue which unfortunately is unlikely to go away. Associated with this work, I must also thank the other groups which contribute to this area of our work: the referees, the vault managers and the VAT group under David Blaney of UBS.
- The PAC, as always, is hard at work ensuring that our next conference will be another great success but it has a lot of other tasks to accomplish in making sure that our message gets across to the wider market and industry.
- Turning to the Membership Committee, one of the decisions of the Management Committee this year has been to boost its size so as it could better address the task of ensuring that our membership, like the metal we trade, remains of the highest quality.
- And finally, the Finance Committee or more accurately, the Finance and Administration Committee, takes a very active interest in keeping us on the straight and narrow.

Something that has been most gratifying in the past years is that whenever there has been a vacancy on any of the subcommittees, there has been a tremendous level of interest on the part of the membership in putting forward candidates – and I must say of a very high quality – to fill them. For example when there was a vacancy on the Membership Committee earlier this year, we had 12 candidates from the members. I believe this testifies to the success of the LBMA in galvanising the membership into playing a full role in steering the great ship of state. No more nautical analogies I promise!

At the risk of disappointing those of you who interpreted “Brevity” on the low side, let me say just a few words about some general developments.

- First our recent relocation to new premises in the Royal Exchange Buildings. The Executive will be very pleased to welcome any of you who would like to come and see the greatly improved office space in the facilities for welcoming the many visitors that the LBMA now receives from abroad. Previously it was not only the staff but also the Management Committee that felt cramped in our old office in Basinghall Street.
- At the same time we have now increased the staff to a total of eight essentially again because of that R word.
- And finally, looking ahead, we have the celebration of our 25th anniversary. I'm sure that you and many of your colleagues will be taking part in our silver anniversary dinner in the splendid surroundings of the Mansion House on 10th December.

Finally, no chairman's report would be complete without a very sincere word of thanks to our Executive under the leadership of Stewart Murray and Ruth Crowell as well as the rest of a very competent team. There is no doubt that the past year has been a record one in the LBMA for meetings, travel and in Ruth's case conference calls, almost all due to the need to defend our market by responding appropriately to the challenges of conflict gold. I will resist the temptation to pre-empt the reports of the RAC and Physical Committee except to say that the workload has been awesome and the outcome has been quite simply a stunning success. So many thanks to all the team for a job well done.

20<sup>th</sup> June, 2012