

LBMA's Good Delivery Rules: Updates Build Trust and Transparency in the Market

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Only gold and silver bars that meet LBMA's Good Delivery standards are acceptable in the settlement of a Loco London contract – where the bullion traded is physically held in London. The Good Delivery Rules set out every aspect of Good Delivery administration, including the specification standards for gold and silver bars traded in the Loco London Precious Metals Market.

Ensuring both refiners and vaults implement the Good Delivery Rules relating to a bar's assay (purity) and weight, as well as its safe handling and stacking, establishes a high level of consistency in the market.

The LBMA Good Delivery Rules are reviewed on an annual basis and every three years an enhanced review takes place to ensure that they remain relevant and fit for purpose.



Ms Varsha Peiris

“Each review is extremely thorough,” explains Varsha Peiris, Head of Good Delivery at LBMA. “We hold a consultation to ensure key market participants are supportive of the proposed changes, and we listen to their feedback. This collaboration helps ensure the Good Delivery Rules and application processes are as robust as possible to underpin the Loco London market, currently worth some \$596.4 bn.”

The latest review has resulted in some updates to the Good Delivery Rules and the Good Delivery Application Procedures for gold and silver for 2024, and the changes came into effect on Monday, 1 January 2024. What are the changes, and how will they further build on transparency within the market? guidance on non-acceptable surface treatment.

Good Delivery Rules

A summary of changes is below:

- Section 1 - Background and High-Level Principles: 1.5 Suspension and Reinstatement
- The suspension and reinstatement of refiners has been defined. The Rules now clearly define the process of long periods of suspension, when a suspended refiner is transferred to the Former List, reinstating refiners to the Good Delivery List, where applicable, and what requirements must be met prior to reinstatement.
- The Rules also define when Good Delivery bars produced prior to the date of transfer to the Former List will not be considered Good Delivery.
- Section 2 - Technical Specifications: 2.1.4 Appearance
- An additional point has been added providing further guidance on non-acceptable surface treatment.
- Annex C - Weight Lists
- Following feedback from the market an additional column has been added to the weight lists to include the year of manufacture. This will not be required for older bars already in the market that do not have this marked on the bar.
- Annex D - Proactive Monitoring - Procedures and Criteria: 2.2 Witnessing of Dip Sample
- The requirements of suitable dip samples have been defined and included in the annex.

In addition to the Rules, LBMA has developed Weighing Guidelines for gold and silver bars. These guidelines have been designed to assist those who weigh Good Delivery gold and silver bars with electronic balances. The full guidelines can be found on the LBMA website. [<https://www.lbma.org.uk/articles/lbma-launches-weighing-guidelines-for-gold-and-silver-bars>]

Good Delivery Applications

In addition to the current non-technical criteria, we have implemented the following:

- The applicant must appoint a Good Delivery Supervisor to carry out an inspection visit to support the submission of the short video.
- Additionally, the applicant will be required to pay 25% of the application fee at the point of submitting their Responsible Sourcing audit for review prior to submitting their application.

What does it take to become a Good Delivery Refiner?

To be accredited to the Good Delivery List, refiners must undergo stringent checks. LBMA is likely to consider

your application for listing if you have:

1. Been in existence for at least five years and been refining the metal for which you are applying for Good Delivery status for not less than three years.
2. An established annual refining production (which need not be in the form of standard bars) of not less than 10 tonnes for gold, or not less than 50 tonnes for silver.
3. A tangible net worth of not less than the equivalent of £15 million.
4. Ownership, financial standing and reputation that would satisfy the due diligence tests practised in the Loco London Market.
5. The applicant must implement LBMA's Responsible Sourcing Programme and pass an independent audit prior to submitting their application for Good Delivery listing.

"The Good Delivery Rules establish a global benchmark for the quality and integrity of gold and silver bars, ensuring they meet stringent criteria in weight, dimensions, and purity," adds Varsha Peiris. "The rules provide assurance to all market participants that the precious metals traded are of the highest standard and play a pivotal role in building trust and transparency in the market."

Find out more

The updated Good Delivery Rules and Procedures for GDL Applications documents can be found on the LBMA website [<https://www.lbma.org.uk/good-delivery/good-delivery-rules-and-governance>]

