



The Honourable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
United States of America

5th August 2011

Re: Proposed Rule Release No. 34-63547; File No. S7-40-10

Dear Chairman Schapiro,

LBMA Comments Relating To Dodd-Frank Section 1502 Conflict Mineral Legislation

The London Bullion Market Association submits this letter in parallel with the statement dated 29th July 2011, made by the participants in the multi-stakeholder forum for conflict-free mineral supply chains, convened by the International Conference on the Great Lakes Region (ICGLR), the Organisation for Economic Co-operation and Development (OECD) and the UN Group of Experts on the Democratic Republic of the Congo (UN GoE on DRC). The LBMA would like to express its broad support for the above-mentioned statement and to highlight the main issues which relate particularly to the gold market.

About the London Bullion Market Association

The LBMA is the international trade association that represents the wholesale over-the-counter (OTC) market for gold and silver bullion, physically based in London. The current members are shown on the attached list. London is the focus of the international OTC market for gold and silver with a client base including the majority of the central banks that hold gold, plus producers, refiners, fabricators and other traders throughout the world. The LBMA was formally incorporated in 1987 in close consultation with the Bank of England.

In the refining industry, the LBMA Good Delivery (GD) List is widely recognized as the de facto standard for the quality of gold and silver market bars. This is thanks to the stringent criteria that applicants must satisfy before being listed, as well as the on-going proactive monitoring while they remain on the List. In addition to satisfying the LBMA's technical standards, a refiner seeking LBMA accreditation must meet a number of non-technical criteria in relation to ownership, tangible net worth and operating history. The LBMA is currently revising these criteria to ensure that the output of all LBMA GD refiners is "conflict free".

LBMA Responsible Gold Guidance

In order to ensure that gold entering the loco London market is conflict free, the LBMA has developed a Responsible Gold Guidance which all GD refiners will be required to adopt and use. Adherence to this guidance and audited proof of compliance will be required for gold refiners to remain on the LBMA List. The guidance will ensure that GD refiners avoid contributing to conflict, and that they will play their part in combatting abuses of human rights, terrorist financing and money laundering.

The LBMA Responsible Gold Guidance follows the principles of the five-step framework for risk-based due diligence of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas adopted on 15 December 2010. The LBMA is working closely with the OECD and others in the development of this guidance.

The London Bullion Market Association

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Unintended Consequences – DRC Embargo

The LBMA previously submitted to the SEC (in our letter of 2nd March, 2011) comments on the Commission's proposed regulation implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In this we highlighted our concern that a de facto embargo of the DRC and its nine adjoining countries was being created by the strong incentive for users of gold to report to the SEC that their products are DRC conflict free. That concern remains strong; and indeed it has been reinforced by recent developments. These developments were covered by various news agencies, including Bloomberg. Increased scrutiny of companies working in the DRC and surrounding countries has caused mineral buyers including Traxys SA, Malaysia Smelting Corp. and Amalgamated Metals Plc to curtail or eliminate their purchases. Most trade from Eastern Congo ground to a halt in April 2011 in response to electronics-industry groups implementing new requirements for mineral smelters to ensure their products were "conflict-free."

We have undertaken to directly address our concern through active participation in the above-mentioned multi-stakeholder forum. This forum has created the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (the OECD Guidance), which has been adopted by forty-one OECD and non-OECD countries, by eleven African countries members of the ICGLR, by the UN GoE on DRC and by the United Nations Security Council.

The work of this multi-stakeholder group is still on-going with regard to gold, and the LBMA has joined the OECD Gold Working Group and its Gold Supplement Drafting Committee. It is our intention to bring our knowledge and experience of the gold industry to bear upon the difficult task of separating gold that finances conflict and abuse from gold production that is a legitimate and sustainable part of the DRC economy.

In our experience, sustainability requires not only due diligence and high standards on the part of entrepreneurs, but also recognition of the need for transition in difficult social and economic circumstances. It requires progressive improvement and constructive engagement among participants in the gold supply chain. This is particularly true in the DRC and adjoining countries, where rapid disengagement – a de facto embargo – would defeat the purposes of Section 1502.

Support for OECD Guidance

Constructive engagement is encouraged in the OECD Guidance, with its emphasis upon planned risk-management and mitigation, allowing trade to continue while significant measurable improvement is demonstrated. We believe that this approach should be adopted by the Commission in its final regulation. Thus we believe that the Commission should find that the due diligence recommendations of the OECD Guidance meet the requirements of Section 1502. More specifically, we believe that, the Commission should find that an issuer that is following the recommended due diligence in the OECD Guidance, including its recommended risk management strategies, may label its products as "DRC conflict free." This will not only give specific guidance to issuers and their suppliers, and allow them to align to consistent and rational international standards, but will also promote the admirable goals of Congress by facilitating the responsible sourcing of minerals from Africa's Great Lakes region.

Yours sincerely



Stewart Murray
Chief Executive

Encl – LBMA Membership List

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MEMBERSHIP LIST

As at 26th July, 2011

1 MARKET MAKING MEMBERS

Company		Telephone	Address
The Bank of Nova Scotia – ScotiaMocatta	C GF SF	(0)20 7638 5644	201 Bishopsgate, 6th Floor London EC2M 3NS
Barclays Bank Plc	C GF	(0)20 7773 8630	Barclays Capital 5 The North Colonnade Canary Wharf London E14 4BB
Credit Suisse		(0)20 7888 3280	One Cabot Square London E14 4QJ
Deutsche Bank AG	C GF SF	(0)20 7545 8000	Winchester House 1 Great Winchester Street London EC2N 2DB
Goldman Sachs International		(0)20 7774 2010	Peterborough Court 133 Fleet Street London EC4A 2BB
HSBC Bank USA National Association, London Branch	C GF SF	(0)20 7991 8888	Level 3 8 Canada Square London E14 5HQ
JP Morgan Chase Bank	C	(0)20 7726 4681	125 London Wall London EC2Y 5AJ
Merrill Lynch International Bank		(0)20 7995 3785	Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
Mitsui & Co Precious Metals Inc, London Branch		(0)20 7489 6761	4 th Floor, St Martins Court 10 Paternoster Row London EC4M 7BB
Société Générale	GF	(0)20 7676 8000	Exchange House Primrose Street London EC2A 2HT
UBS AG	C	(0)20 7567 8000	100 Liverpool Street London EC2M 2RH

C	=	Member offering clearing services
GF	=	Member of London Gold Fix
SF	=	Member of London Silver Fix

2 ORDINARY MEMBERS

Company	Telephone	Address
Amalgamated Metal Trading Limited	(0)20 7626 4521	55 Bishopsgate London EC2N 3AH
Ames Goldsmith UK Limited	(0) 151 547 6410	Knowsley Industrial Park Building 47 Acornfield Road Kirkby Liverpool L33 7UF
Australia & New Zealand Banking Group Limited	(0)20 7378 2547	40 Bank Street Canary Wharf London, E14 5EJ
Baird & Co Limited	(0) 20 7474 1000	20-21 Gemini Business Park Hornet Way London E6 7FF
Bank of China	(0)20 7282 8888	90 Cannon Street London EC4N 6HA
Bank Julius Baer	+41 588 888 432	P.O. Box Zurich Switzerland 8010
Bayerische Landesbank	+49 89 2171 25479	Brienner Strasse 18 80333 Munich Germany
BNP Paribas	+1 212 841 3553	787 7 th Avenue 3 rd Floor New York NY 10019 United States of America
Brink's Limited	(0)20 7247 9481	Unit 1 Radius Park Faggs Road Feltham Middlesex TW14 0NG
Britannia Refined Metals Limited	(0)20 7453 8216	Botany Road Northfleet Gravesend Kent DA11 9BG
BullionVault.com	(0)20 8600 0130	2 King Street Cloisters Clifton Walk London W6 0GY

Company	Telephone	Address
Canadian Imperial Bank of Commerce	(0)20 7234 6000	Cottons Centre Cottons Lane London SE1 2QL
Citibank N A	(0)20 7986 3866	33 Canada Square Canary Wharf London E14 5LB
Commerzbank AG Luxembourg	+352 47 79 11 2540	25 rue Edward Steichen L-2540 Luxembourg
Commonwealth Bank of Australia	+61 2 9378 2000	Level 4 120 Pitt Street Sydney NSW 2000 Australia
Cookson Precious Metals Limited	(0121) 200 2120	59-83 Victoria Street Birmingham B1 3NZ
Crédit Agricole CIB London	(0)20 7214 5500	Broadwalk House 5 Appold Street London EC2A 2DA
Credit Suisse AG Zurich	+41 (44) 333 1201	Uetlibergstrasse 231 CH-8070 Zurich Switzerland
CRI/Criterion Catalyst Company Limited	+44 01489 881881	1650 Parkway The Solent Business Park Whiteley Fareham PO15 7AH
Derek Pobjoy International Limited	(01737) 818181	Millennia House Kingswood Park Tadworth Surrey KT20 6AY
EBS Dealing Resources International Limited	(0)20 7000 5000	2 Broadgate London EC2M 7UR
Engelhard Metals Limited	(0)20 7456-7300	63 St Mary Axe London EC3A 8NH
FIXI Plc	(0)20 7096 7462	108 Cannon Street London EC4N 6EU
GFI Brokers Limited	(0)20 7422 1000	Broadgate West 1 Snowden Street London EC2A 2DQ
G4S International Logistics (UK) Ltd	(0)20 7776 1300	4 th Floor 1-3 College Hill London EC4R 2RA

Company	Telephone	Address
HSBC Bank Plc	(0)20 7992 8041	8 Canada Square London E14 5HQ
ICAP Energy Ltd	(0)20 7000 5000	2 Broadgate London EC2M 7UR
INTL Commodities Inc.	+1 212 485 3500	708 Third Avenue Suite 702 New York, NY 10017
Jefferies Bache Limited	(0)20 7548 4000	9 Devonshire Square London EC2M 4HP
Johnson Matthey PLC	+44 (0) 1763 253 000	Orchard Road Royston Hertfordshire SG8 5HE
Koch Metals Trading Limited	(0)20 7648 6300	7 th Floor 2 George Yard Lombard Street London EC3V 9DH
Landesbank Baden-Württemberg	+49 711 127 75161	Am Hauptbahnhof 2 70173 Stuttgart
Macquarie Bank Limited	(0)20 7065 2260	Level 29, Citypoint Ropemaker Street London EC2Y 9HD
MF Global UK Ltd	(0)20 3321 0000	5 Churchill Place Canary Wharf London E14 5HU
Marex Financial Limited	(0)20 7377 2550	155 Bishopsgate London EC2M 3XA
Mitsubishi Corporation International (Europe) Plc	(0)20 7025 3200	Precious Metals Dept Mid City Place 71 High Holborn London WC1V 6BA
Morgan Stanley & Co International Limited	(0)20 7513 8000	20 Cabot Square Canary Wharf London E14 4QA
Natixis Commodity Markets Ltd	(0)20 3216 9201	Cannon Bridge House 25 Dowgate Hill London EC4R 2YA
Natixis London Branch	(0)20 3216 9201	Cannon Bridge House 25 Dowgate Hill London EC4R 2YA

Company	Telephone	Address
NewEdge Group	(0)20 7676 8000	10 Bishops Square London E1 6EG
Phibro Limited	(0)20 7484 2500	6 Duke Street London SW1Y 6BN
Rand Merchant Bank, a Division of First Rand Bank Ltd	+27 (11) 282 8000	1 Merchant Place (9th Floor) Cnr Fredman Dr & Rivonia Rd Sandton, 2106 South Africa
Royal Bank of Canada	(0)20 7029 7490	Thames Court, 1 Queenhithe, London, EC4V 4DE
Royal Bank of Scotland Plc	(0)20 7085 5000	135 Bishopsgate London EC2M 3UR
Royal Mint	(0)1443 222111	Llantrisant Pontyclun Mid Glamorgan CF72 8YT
Standard Bank Plc	(0)20 7815 4130	20 Gresham Street London EC2V 7JE
Standard Chartered Bank	(0)20 7280 6990	1 Basinghall Avenue London EV2V 5DD
Sucden Financial Limited	(0)20 3207 5000	Plantation Place South 60 Great Tower Street London EC3R 5AZ
Sumitomo Corporation Global Commodities Limited	(0)20 7246 3732	Vintners' Place 68 Upper Thames Street London EC4V 3BJ
Triland Metals Limited	(0)20 7061 5510	Mid City Place 71 High Holborn London WC1V 6BA
UBS Ltd	(0)20 7567 6752	100 Liverpool Street London EC2M 2RH
VIA MAT International Limited	(0)1932 230130	Unit 13 Shepperton Business Park PO Box 92 Govett Avenue Shepperton Middlesex TW17 8UQ

Company	Telephone	Address
WestLB AG, London	(020) 7020 3116	25 Basinghall Street London EC2V 5HA
Westpac Banking Corporation	+61 2 9284 8607	Level 2, 275 Elizabeth Street Sydney NSW 2000 Australia

3 ASSOCIATES

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CANADA		
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RUSSIAN FEDERATION

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