



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

21<sup>st</sup> August 2012

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**

Following our discussions with SEC staff and Commissioners in April this year, the London Bullion Market Association submits the attached chart to illustrate the range of gold-containing feedstocks used by gold refiners in producing their final refined product. In addition to gold from mines (known as doré) these feedstocks include recycled scrap from jewellery and industrial processes and by-products of other metallurgical plants (such as copper refinery tankhouse slimes). The data on which this chart is based have been provided by a representative sample of the refiners on the LBMA Good Delivery List. Very few refiners use a single type of feedstock and those which do are likely to derive material from various sources and often from more than one original country. Furthermore, segregating the various feedstock into separate refining streams is not economically viable for the great majority of gold refiners. The chart thus illustrates the general impossibility of a refiner being able to allocate countries of origin to the bars leaving its premises and entering the market. This is the underlying reason that the LBMA has developed its Responsible Gold Guidance using an OECD due diligence process based on the concept of Know Your Customer. The Responsible Gold Guidance requires due diligence on all types of gold feedstock. However for recycled gold, the LBMA follows the OECD definition “the origin of recyclable gold is considered to be the point in the gold supply chain where the gold is delivered to the refiner”. This focuses a refiner’s due diligence for recycled gold on the counterparty it is purchasing it from.

**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 has revised these criteria to ensure that the output of all LBMA GD refiners is “conflict free”.

**The London Bullion Market Association**

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**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 are now required to adopt and use. Adherence to this guidance and audited proof of compliance is now a requirement for gold refiners which wish to remain on the LBMA List. The guidance ensures 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 has also committed to providing audit guidance to assist each refiner's chosen auditor in carrying out the Responsible Gold audit. We aim to have the audit guidance completed by mid-September.

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 and the Gold Supplement adopted 17 July 2012. The LBMA continues to work closely with the OECD and others in the development of this guidance.

Yours sincerely



Stewart Murray  
**Chief Executive**

Typical Feedstocks used for Good Delivery Bars

