

Good evening Ladies and Gentlemen and thank you very much to the organisers for inviting me here to speak to you today. I am honoured to be one of your keynote speakers as well as Chief Guest for this important event. It's been a while since I was in India, in fact not since the LBMA last brought me here for its annual Conference back in 2007. I'm delighted to be here today to share with you my views as well as to share with you the recent strategic work of the LBMA.

As LBMA Chairman, I am fortunate enough to be involved with much of the international work, which we do from our office in London. Our members are truly global and hail from 23 countries across a wide cross-section of the gold and silver industry, from refiners to banks; mining to vault operators and logistics. We are delighted to have four Indian Associates and we welcome further companies to join in our work. During the course of the next few days we welcome your feedback as to how the LBMA can be of service with regard to local market issues.

In the past twelve months, our work has taken the Executive team to Singapore, Russia, DRC, France and Peru, amongst others, and most recently to Shanghai, China, for our Bullion Market Forum back in June. Everywhere we go, our conversations tell us about the issues facing local markets and also continue to remind us of the truly global nature of the bullion market.

In Shanghai, we were delighted to work with the Shanghai Gold Exchange to develop a set of mutually recognised specifications for 9999 gold kilobars. The kilobar standard focuses on the fineness of the gold and allows for the inclusion of all existing refiners current production, including all SGE and LBMA accredited refiners. It also streamlines the information on certificates of analysis to focus on the critical information required. We would hope that this joint recognition of a

single standard will greatly assist our mutual members trading in Shanghai and in other 9999 kilobar markets around the world.

I think this demonstrates the type of cooperation and ultimately mutual endorsement that we are striving to create between gold markets and I hope that we can work together with the markets in India and Dubai to both broaden and strengthen standards.

Up until now the LBMA, the World Gold Council and most parts of the Indian gold market have discussed informally how a better collaboration could take further steps forward to galvanise the various initiatives that have been discussed. Can you imagine the impetus that could be created if all of these organisations came together within a more formal arrangement? A triologue could be created, not for the purpose of financial profit but one of benefit for the Indian market as a whole. To expand on this theme, I would like to take you back to 2013.

On the last occasion the LBMA Chairman addressed this conference in Jaipur, he was asked to talk about innovation, the mantra to survive in tough times. The speech was based on ideas that could stimulate a large debate on how the Indian market could go about solving the issues that arose prior to 2013 whilst being more than sympathetic regarding the country's current account deficit. In 2013 over 18 changes had been implemented by various government agencies, which resulted in confusion, which in turn lead to more uncertainty. The local market effectively was not in a position to plan ahead. It was also pointed out that Gold buying was a symptom of economic malaise and therefore the government should be looking at ways to treat the cause and not the effect.

So just to refresh what was discussed let me recap on the three points that were offered for discussion;

1. Turkey's example of an official Gold Deposit Scheme was cited as an idea that could be built for India.
2. The concept of swapping gold for USD.
3. To find a way of allowing official gold imports without further changes to the market, within a manageable current account deficit.

So now let's have a look at what has happened to the Indian gold market since that speech. Well its quite a lot and on the face of it makes quite very encouraging reading.

The new Government put an end to the 20:80 regime in November 2014, and the Indian bullion industry heaved a very heavy sigh of relief. Various comments were made in the press that indeed showed that the new Government had realized that the "cause" had to be addressed, not the "effect".

Thereon, a variety of proposed schemes were announced that included a Gold Monetization Scheme, a Sovereign Gold Bond and an Indian Gold Coin. Perhaps this was the point when the impetus I referred to earlier really began.

I'm not intending to debate the merits of these ideas as they will become manifestly clearer in good time, instead I would say that the Government has understood the need to manage Gold in India and that includes importing Gold when it is required. As we are all aware in this room this is of course an integral component of the market. Looking forward, there will be the need for more patience from the market as imperfections will be ironed out in order to create and preserve a very successful local bullion market.

India's ability to be more of a self-sufficient market and not solely based upon the impossible premise of relying on the countries foreign exchange reserves, lies in its total gold holdings of 25,000 tonnes. In the past, ideas on how this could be achieved have concentrated on commercial banks and large holders of gold rather than the millions of individual holders of gold in India.

To be able to achieve maximum results you have to think inclusively. You already have a commercial banking and non-banking sector, which provide the ability to access various forms of credit, as you would expect. They provide a service that allows metal to be deposited that in turn can be converted into cash loans.

The other precious metal activities such as assurance of provenance, purity and quality along with storage and delivery are provided by a group that includes refineries, transport companies and suppliers of metal.

This separation of responsibilities has to continue as these two distinct groups have different disciplines which in turn collectively creates inclusivity.

You also have good trade bodies, which are recognized by the LBMA.

As an international trade association and market body, the LBMA is intimately associated with the global development of the gold industry, of which the Good Delivery List of refiners, Proactive Monitoring and Responsible Gold Guidance are but a few very significant achievements, that are all industry driven. The main achievement for the Indian market in this respect came on the 16th May 2014, when we were delighted to announce that India became home to its first and only LBMA Accredited Good Delivery Gold & Silver refinery.

This accreditation now provides the opportunity for the Indian Banks the option to deliver their mobilized gold in order for it to be refined into gold of international standard. Thus providing a transparent operating environment and assuring optimum realization for all deposit holders.

The story cannot finish here as there are some very critical improvements needed. The successful implementation and operation of an All-India Gold Monetization Scheme has to be dependent on a national network of Purity Verification Centres. This of course is in addition to the requirement for a world-class refining and fabrication facility as well as multiple secure storage and distribution services.

Any Scheme must cater to the requirements of all stakeholders, such as the retail depositors, jewelers, trade borrowers, commercial banks and the RBI. It must support all related business flows and in the ultimate analysis enable efficiency gains. The advent of world-class domestic refining in India finally provides this enabling platform. New technology such as block chain management systems may also provide some cost saving benefits.

As in the case of Turkey, if you can begin with acceptable collateral within a well-coordinated Gold Monetization Scheme you create a strong motivator for both banks and account holders. For any Gold holder however small, there has to be a strong incentive in a scheme such as this as it will generate income to them that preciously was not available. The strongest commercial banks from a credit and service perspective will be in the best position to offer this service. In the future we may well see new methods of transferring all types of assets by way of de centralized clearing.

This is a historic opportunity to address a long-standing challenge that has persistently been nagging India. It remains to be seen how well policy makers are

able to get their act together to unshackle the nation from the compulsions, ease and consequences of gold import.

Thank you for time and attention and I, for one, am very looking forward to listening to the excellent presentations that are lined up over the next day, many of which will touch on the issues raised in this speech.