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Educational Shorts

Precious Metals Insights, Facts, and Resources

Getting to Know the Wholesale Gold Bar Supply

From what countries does a refiner source their gold? What is a gold bar's storage history?



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These are just some of the questions that the market should be able to answer quickly but currently cannot. The LBMA is setting up the Gold Bar Integrity (GBI) database to speed up data collection. The LBMA envisions that GBI will, down the line, foster change that will modernize the settling of trades and much more. Launch is set for January 2025.

LBMA

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For background, the LBMA is an international trade association that represents the global gold and silver market. A main LBMA function is to accredit refiners. These refiners comprise the Gold Delivery List (GDL),

The GDL is relied upon by wholesale trading firms the world over to settle trades every day.

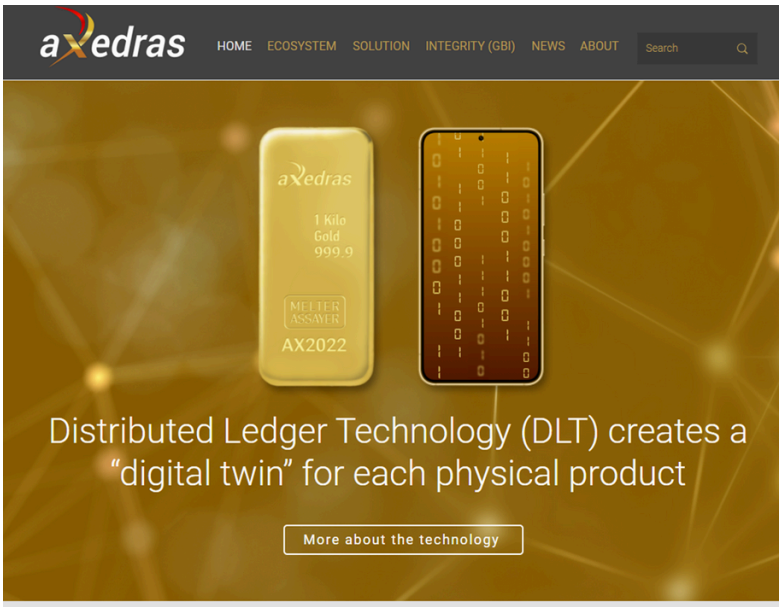
How will GBI work at launch?

LBMA member refiners will upload data to support provenance tracking, such as a metal's country of origin and whether it is mined or recycled material. Refiners already report this to the LBMA, but the process is antiquated and the last update to the public was in 2022.

LBMA member vaults will enter identifying data on each Loco London gold and silver bar. Ownership, however, will remain confidential. Loco London bars are those stored in vaults that are part of the London settlement network for daily wholesale trades. For gold, these bars are either large (400 troy ounces) or kilo bars. Silver bars weigh 1,000 troy ounces. Like refiners, vaults already report to the LBMA. However, reporting at the bar level a new requirement; previously, vaults reported just total Loco London ounces. Why the granularity now? Likely for the LBMA to be one step ahead in case sanctions are implemented against a precious metals producing country. Currently, the LBMA publicizes vault holdings once a month.

What is the technology behind the database?

A Swiss company, aXedras, built the GBI database. The technology used is blockchain. aXedras creates a digital twin for each bar. A key expectation is that digitalizing the market will decrease settlement risks and make using precious metals as collateral easier. Some even see a day when a trade settles instantly.



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To say there is more to come on this topic is an understatement.

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