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# How Will Black Swan Events Impact the Gold Market in 2019?



By Gordon Cheung  
Deputy Chief Executive, SBMA

The subprime debacle in the United States (US) that triggered the 2008 financial crisis sent the world's economy into an abyss of miseries. A decade on, some countries are still trying to stay afloat. On the 10th anniversary of the crisis, the US emerged as the first country to recover from distress. Its robust growth enabled the Republicans and President Trump, who took all the credit for work done by his predecessor, to tighten their grip on the Senate following their success in the midterm elections.

The global financial markets have not fared well for bewildered investors in 2018. The economic system has been rattled by political and ideological differences. Nationalism and protectionism that bring about geopolitical and ethnic confrontations have overtaken terrorism as the number-one threat to the recovery of the global economy. The world has never been so divided since World War II in terms of core value differences and humanism. It remains to be seen if President Trump's America First policy will serve him well in the 2020 elections, but his unilateralism advocacy might backfire at some point in 2019 as the ongoing trade dispute

with China may also take a heavy toll on the US manufacturing sector. That being said, the US has inarguably dwarfed the world with its strong growth, making the dollar the most pursued safe haven this year.

## The watershed

Since the beginning of 2018, global markets have been volatile due to geopolitical tensions, particularly in Q4 when the US withdrew from the nuclear force treaty with Russia and the US-Sino trade dispute intensified (Figure 1).

In October, the leading stock indices reached historical highs, which ended up being a critical watershed where the global equity markets began to lose momentum and tail off amid the outburst of trade disputes (Figure 2). The S&P 500 benchmark alone lost \$2 trillion that month, its worst performance since September 2011. Global research firm Preqin reported that the hedge fund world collectively posted a devastating 2.35 percent loss in October. The same report revealed

that investors had withdrawn \$4.6 billion from the hedge fund pool in Q3, indicating a lopsided shift in sentiment away from risks.

The slowdown of growth in China and other emerging markets also stifled the performance of commodities. On the Commodity Trading Advisor (CTA) front, crude stood out as the only rewarding commodity for the gurus. The bearish strategies they employed have enabled them to capitalise on the fact that the US is gaining a more controlling stake in the oil markets as the influence of OPEC wanes.

## Gold enters the post-supercycle phase

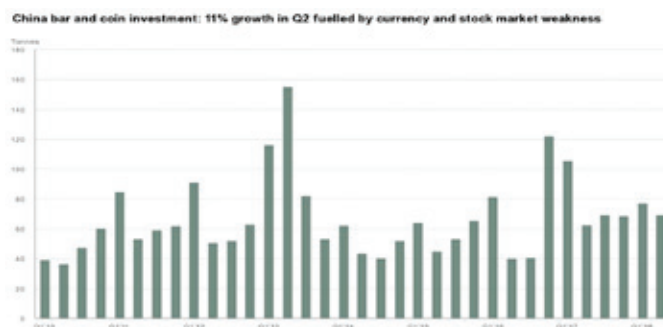
As for gold, it has a grim story to tell. After its price peaked at \$1,920 in September 2005, gold spent the next eight years scrambling for a foothold on the neckline pivot at \$1,540. The eventual breach in April 2013 marked an end to the decade-long supercycle of gold. Interestingly, importation of gold into China surged to a record high in the same year. The trend reversal saw

Figure 1: CBOE Volatility Index Chart



Source: Investing.com

Figure 3: China bar and coin investment



Source: Metals Focus, GFMS, Thomson Reuters, World Gold Council

Figure 2: S&amp;P 500 weekly chart



Source: Netdania

Figure 4: Gold spot price



Source: Netdania

gold embarking on another protracted period of corrective tracking even though demand from China has remained strong. This reveals that import statistics for China is becoming more of a reference than an indicator of the performance of gold.

Despite the prevalent risk aversion stance, gold barely appeared on the radar of investors in 2018. The overall demand in Asia barring China has declined significantly, and the supply of recycled gold has shrunk in the same period (Figure 3). This explains why gold skidded further in May to \$1,300 before hovering around the \$1,160–\$1,370 range (Figure 4). All these phenomena may indicate that a mid-term bear cycle is slowly unfolding for gold, which is a call for the gold bugs to reassess the aftereffects of the supercycle with a realistic approach.

### Potential drivers in 2019

The factors that have been driving the financial markets in 2018 will continue to do so in 2019. Black swan events will likely swarm global markets in 2019 and catch investors off guard. On the gold front, with China pretty much saturated against a backdrop of bleak economy, Chinese demand for gold will likely taper off.

Below are the potential happenings in 2019 that will keep investors on edge. The factors make up a mixed bag, the resultant impact of which will likely be negative for gold. We expect gold to test \$1,320 in H1 before making a reversal to \$1,100, which will remain intact for the rest of the year.

#### China:

- An all-time high debt-to-GDP ratio projection of 51.21 percent is putting China's economy in a dilemma. Any policies to deleverage and rein in lending will force a large amount of technology startups and private enterprises into bankruptcy, whereas to maintain the status quo will send the economy into steep recession.
- Facing an imminent implosion that will force the government to put the expansionary strategies such as the Made in China 2025 plan and the Belt and Road Initiative on hold.
- More manufacturers will relocate their production lines to Vietnam, India, Pakistan and Latin America, causing the unemployment rate to soar.
- The yuan will depreciate.
- The demand for gold will decrease.

#### United States:

- Stock markets will undergo a cyclical downturn. Economic growth will slow down. The strength of the dollar will subside.
- To raise the stakes in the 2020 presidential election, President Trump will continue to leverage on his unpredictability, making himself a black swan.
- If Michael Bloomberg reaffirms his bid to run in 2020 presidential election, he will likely win by considerable odds. The dollar will strengthen in Q4 if that happens.

#### Eurozone:

- The economy will remain sluggish and mixed.
- Stay alert to Italy, Greece, Portugal, Spain and France.

#### United Kingdom:

- Brexit will have unforeseeable consequences for the economy.
- The pound will fall further.

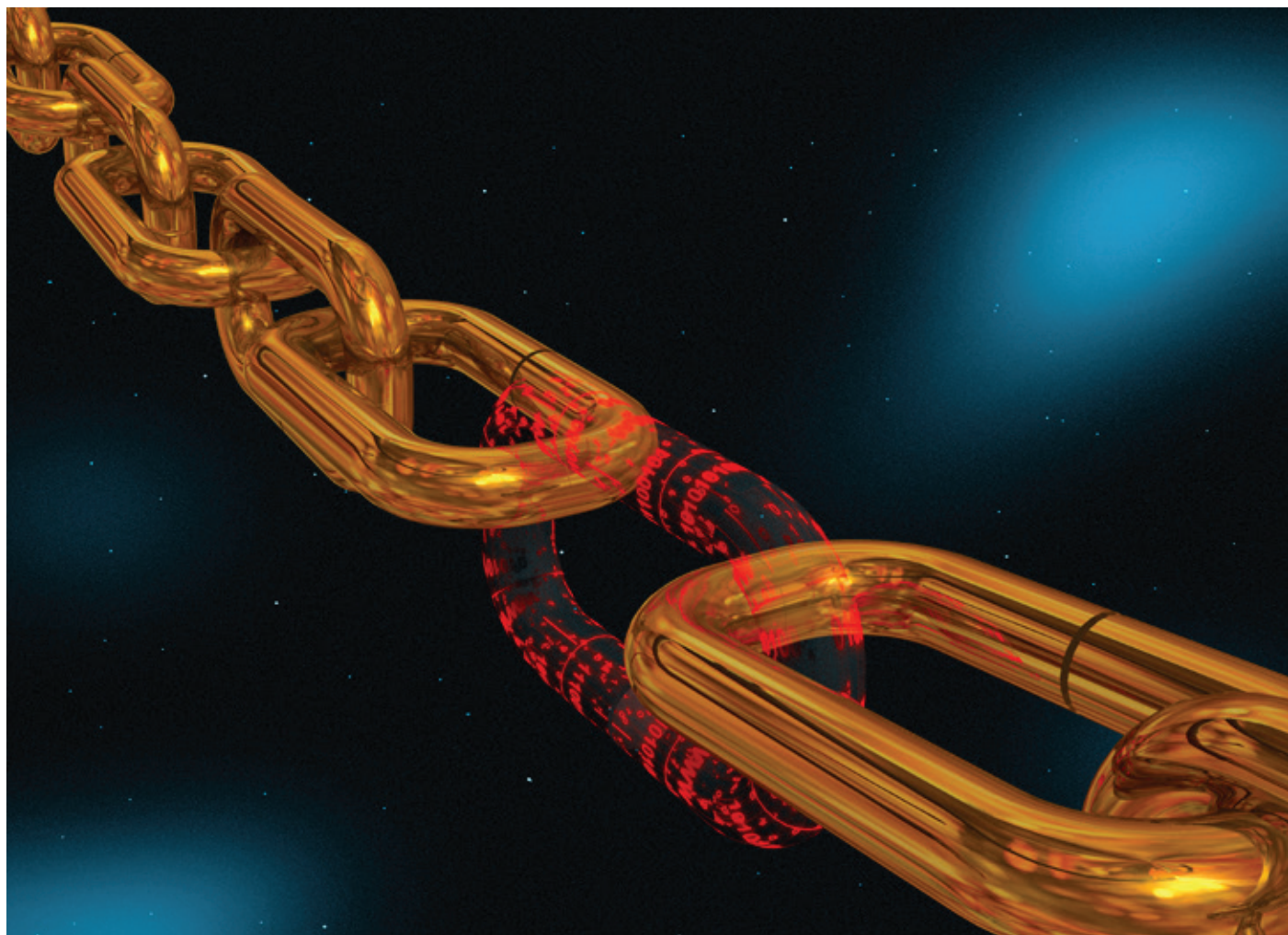
#### Global:

- The global economy likely goes into stagnation. Inflation will remain flattish, offset by lower commodity prices.
- Oil benchmark falls to \$35. The Fed will be cautious with its rate policy or put rate hikes on hold.
- Nationalism will continue to be a dominant ideology that may come at a high price for its advocates.



**Gordon Cheung** has over 25 years of trading experience in the interbank bullion market. Before joining SBMA as its Deputy Chief Executive in March 2018, he spent 12 years as the head of trading and hedge fund sales at leading bullion banks in Singapore and Hong Kong.

# Blockchain Comes to the Gold Market



By Jason Toussaint  
MD Asia-Pacific, Emergent Technology

Since the creation of Bitcoin, global financial market participants have questioned the relevancy of cryptocurrencies as investments and their implications on businesses and industries. While investors, the media and market pundits continue to debate the intrinsic value of a Bitcoin and other cryptocurrencies, they pay little attention to the evolution and benefits blockchain technology is having on entire industries.

The application of blockchain and distributed ledger technology is particularly beneficial to industries and supply chains that require secure chains of custody and irrefutable confirmation of origin of material. A recent example is the pharmaceutical industry in the United States (US), which has used blockchain along with secure

tamper-proof radio frequency identification (RFID) tags to securely and publicly trace the chain of custody of prescription drugs in the US market, thereby directly addressing and dramatically reducing the persistent issue of counterfeiting. Similarly, the US agricultural and farming industry is applying blockchain to easily trace the source of produce, dairy products, and livestock. Recently, blockchain technology has been applied in the diamond industry, allowing traceability of diamonds to their source mine – a dramatic improvement of the Kimberley Process. These examples of the benefits that blockchain provides to various industries are merely a fraction of the vast developmental changes we will witness in the coming years as the application of blockchain technology increases.

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*The industry is now able to provide end users of gold a secure supply chain with traceability back to specific mines. In my view, this is the next logical step in the evolution of the gold industry.*

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At Emergent Technology, we have developed and released the world's first blockchain solution for the global gold supply chain, called Responsible Gold. By applying blockchain and cryptoseal technology, we are able to irrefutably record the chain of custody and journey of gold from gold dore bars at the mine to the logistics company, and finally at its arrival at the refinery where the dore bars are then batched-processed and refined into 0.9999 kilobars.



The industry is now able to provide end users of gold a secure supply chain with traceability back to specific mines. In my view, this is the next logical step in the evolution of the gold industry. That is, we are enabling all participants in the supply chain to fulfil the guidelines and regulations apportioned to their role in the supply chain – including World Gold Council conflict-free mining standards, LBMA responsible sourcing standards, and OECD and Responsible Jewellery Council standards. Additionally, we are employing Responsible Gold standards to address the issues of money laundering and terrorist financing.

We currently use cryptoseals that are physically attached to each kilobar that comes through the Responsible Gold supply chain. Although an effective anti-counterfeiting measure, it is not a practical or easily scalable solution in practice. Our subsidiary Trust Stamp specialises in developing facial recognition software for the finance and banking industry and we are in the process of adopting their technology to the imaging of kilobars in an effort to increase the integrity of the global kilobar market.

The benefits of using blockchain to provide a secure, traceable supply chain and Trust Stamp's imaging technology to address counterfeiting in the kilobar market has benefits to all participants

in the gold market, including miners, refiners, logistics companies, fabricators, jewellers, and finally end gold consumers, whether for investment or physical consumption. Consumers are now able to identify, with certainty, the origin of the gold they are buying. It is also abundantly clear that next-generation consumers, aka millennials, are very aware of and focused on issues of good corporate citizenship and sustainability.

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*Consumers are now able to identify, with certainty, the origin of the gold they are buying.*

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By employing these measures to ensure the provenance of gold, market participants can ensure the relevancy and attractiveness of gold as well as increase overall gold demand. We will soon see gold coming through the Responsible Gold supply chain being used in fabricated products, which will allow consumers to know exactly where the gold in the products they purchase has come from. It will also go a long way in preventing illegally sourced gold from entering the supply chain and ending up in consumer goods.

The integrity of the gold market is paramount to its attractiveness and continued relevance to global

consumers and investors. By applying blockchain and imaging technology to the supply chain and fabricated products, we believe the industry can meet and exceed increasing demanding regulatory requirements while at the same time meet the demands of increasingly educated and socially responsible consumers.



**Jason** leads the Asia Pacific region and wealth management sector globally for EmTech. Based in Singapore, Jason is developing the Responsible Gold supply chain ecosystem and commercialisation strategies for key business segments. Jason is the co-founder and managing partner of Hard Asset Partners, an alternative investments platform providing physical gold investment to the United States Individual Retirement Account (IRA) market. He was previously CEO of the SPDR Gold Shares (GLD), the world's largest gold ETF, where he led the growth in assets to more than \$77 billion. He was also Managing Director and Global Head of Investment at the World Gold Council.

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**Digix** is the world's first Smart Asset company. We want to be the leading brand in tokenising the world's tangible assets. Digix aims to build stronghold of real-world assets represented as tokens on the blockchain with its proprietary Proof of Provenance (PoP) protocol. We uphold the highest standard of security, transparency, and auditability of assets on the blockchain. With that guarantee, we are looking to propagate our tokens into the entire crypto space and the associated crypto decentralised applications (dApps) to help create the future of the crypto economy.

Since the company's inception in 2014, our team has grown from a three-man mission to a full-fledged team of business, legal and technology experts.

We have obtained investments from prominent VCs and angel investors, some of which include Japanese VC Global Brain and Chinese VC Fenbushi Capital.

Find out more at <https://digix.global>.

## The Digital Gold Standard

**The CEO of Digix explains why he thinks the company's asset-backed virtual currency enabled by blockchain technology has the potential to allow gold to have a place in the digital realm.**

By Kai C. Chng  
CEO, Digix

The introduction of blockchain technology gave new meaning to the term "financial inclusion". The concept of non-fiat digital currencies that could be transparently traded and transferred around the globe at the click of a button have set the tech field ablaze with innovation on such protocols around them.

It has to be said, however, that much of the potential for the adoption of something like Bitcoin, Ethereum or any number of coins is largely driven by hype. At the time of writing, Bitcoin's value plunged by 24% in seven days.

### From speculative to tangible

The financial market is heavily driven by speculation, and the fact that tokens or coins are fundamentally backed by nothing means that price movements are erratic and unpredictable. As a result of this, we are beginning to see more attention placed on projects with a real-world use case.

Historically, gold has been a safe haven asset that underpinned a paper-based system under the gold standard, where notes issued by central banks could be redeemed at any time for a pegged amount of gold.

*The financial market is heavily driven by speculation, and the fact that tokens or coins are fundamentally backed by nothing means that price movements are erratic and unpredictable.*

The peg was broken decades ago in favour of the fractional reserve system we have today (currency underpinned by trust in governments), and the growing mistrust in the current monetary system is bringing many sceptics back to the gold standard.

Digix, as a pioneer blockchain company, has utilised the best characteristics of the blockchain to create a gold-backed token to always ensure that 1 DGX token is backed by 1 gram of investment-grade gold.

**Minted - Asset List**  
List of Digix Assets by state

83100 DGX TOTAL SUPPLY 83100 GRAMS OF GOLD BARS IN VAULTS

Asset	Serial	Product Name	Custodian	Weight	Effective Weight	Details & Documents
DgQhQtsQy7RvMTp9tHDBGLU5gpkVwVKZgagDTmNodvd	C894135	RAMP Gold Cast Bar - 1 kg	Safehouse SG	1000 grams	1000 grams	<a href="#">i</a> <a href="#">d</a>
DgUFdqCzZMcRZKeYm2UFHPVjuVjYMy1Jrj6i2BaBEtH	3405651	Perth Mint Gold Cast Bar - 1 kg	Safehouse SG	1000 grams	1000 grams	<a href="#">i</a> <a href="#">d</a>
DgcSchmWre1z18b7ewBLQsJhSDNdl4Ewtwa9b76RNdeqm	3405652	Perth Mint Gold Cast Bar - 1 kg	Safehouse SG	1000 grams	1000 grams	<a href="#">i</a> <a href="#">d</a>
DgQ8Pulv1rEFys6KUHGVZBeYaaXzDs6DNihaGyqmCPt2Jg	AD77020	Heraeus Gold Cast Bar - 1 kg	Safehouse SG	1000 grams	1000 grams	<a href="#">i</a> <a href="#">d</a>
DgZyFQH4C7pNK3kFue82NeLQaJJ95L6aG1TCHRaAVWTLJ	AE37379	Heraeus Gold Cast Bar - 1 kg	Safehouse SG	1000 grams	1000 grams	<a href="#">i</a> <a href="#">d</a>

Digix website asset-explorer page

### Advances in blockchain technology

With advances in blockchain technology, we now have the ability to issue and trade in cryptocurrencies tethered to off-chain assets. This harkens back to the gold standard with greater optimisation – gold-backed cryptocurrency allowing affordable, divisible and near-instant transfers to anyone with an internet connection.

The biggest barrier to overcome for crypto gold is establishing trust with the issuer of the gold tokens. If there is any doubt over the legitimacy of the reserves held by the issuer, the peg is at risk of rupture, and the tokens may turn out to be worthless. In order to function, the tokens should always be redeemable for their physical equivalent.



### Proof of Provenance protocol and DGX tokens

Digix uses the transparent and public nature of blockchain architecture and IPFS (a distributed database) to track the provenance of gold, so as to be able to issue gold backed tokens. Every DGX token is equivalent to 1 gram of gold divisible to four decimal places. Digix spent two years developing this technology, called the Proof of Provenance protocol. By design, no DGX gold tokens can be issued until the Proof of Provenance is fulfilled on the smart contract layer.

This protocol creates a blockchain time-stamped event requirement for every supply chain action. When Digix procures gold from a supplier, all related documentation is captured, uploaded, and kept as a permanent, unalterable record on a distributed database (IPFS) and public blockchain (Ethereum). When Digix moves the gold to the custodian, the same process of documentation attestation happens on the blockchain to create an immutable record. Every quarter, an independent auditor would verify the reserves, logging additional information as necessary (i.e. weight/amount of gold bullion) and via the Proof of Provenance protocol, have the documentation uploaded onto IPFS and recorded on Ethereum. It is only when these steps are fulfilled that DGX tokens can be created on the blockchain.

**Asset Documents**  
Asset: DgUCC3Luv5hKQsCQXaVfWFrusKuFWwBeyJmMQz3

Vendor: Asset Document Events: Custodian:

Receipt: [IPFS Link](#)

Images: [IPFS Link](#)

Assay Card: [IPFS Link](#)

By doing this, we remove the opaqueness of the gold holdings by having real-time immutable public records of our reserves. Everyone, not only our customers, can verify this documentation, and that all DGX tokens issued are equally backed by its weight in physical gold.

### Onwards and upwards

We have, at our disposal, a revolutionary technology that records the transfer of assets in a public and transparent manner. Proof of Provenance, as a "bridge", enables gold to have a place in the digital realm, harnessing the traits that make cryptocurrencies so interesting – round-the-clock operations, easy transferability and a global audience. In a space known for its extreme volatility, crypto-gold tokens are the natural progression in the migration of hard assets into cyberspace.



**Kai C. Chng** is the co-founder and CEO of Digix, an asset tokenisation company incorporated in Singapore in 2016 that aims to democratise access to gold for the masses. He is the co-author of *Cryptocurrency Wizards* with Shaun Djie.

# Safeguarding the Bullion Market's Integrity



Metalor kilobars with the BullionProtect security label.

## Metalor Technologies explains the company's latest innovation to protect the integrity of bars on the bullion market.

By KL Yap

*Refining Business Unit General Manager, Metalor Technologies (Singapore)*

In recent years, the precious metals market has seen an increasingly worrying number of fake and counterfeit kilobars.

Fake bars are ingots that do not contain the expected amount of gold – either because they are not in gold at all, or because they include other metals. A typical example encountered in the market is gold bars containing tungsten rods, which are very difficult to detect without advanced equipment as tungsten and gold have the same density.

Counterfeit bars are made of real gold, but they carry reproductions of hallmarks of renowned manufacturers and forged serial numbers. Such ingots are typically generated by illegal activities and hence, are highly problematic as they damage the reputation of companies and compromise the integrity of the international gold market. The integrity of the gold bullion market relies on gold market stakeholders working together against all types of counterfeiting activities.



Machine-assisted verification.



Verification using a flashlight



Visual verification of the seal's polarisation properties using a validator

Detecting fake or counterfeit bars is not easy, though there are equipment available to do so, such as the Sigmascopes from Helmut-Fischer, as well as ultrasound detectors. Some refiners have developed procedures to scan the surface of their bars to identify them later. However, all these methods require expensive tools and are time-consuming, rendering their use impractical when a single transaction can comprise hundreds of bars. To overcome those issues and safeguard the bullion market integrity, SICPA, the leading Swiss provider of global security solutions for currencies, and Metalor Technologies have jointly developed a technology-based security feature in line with LBMA guidance, known as BullionProtect.

BullionProtect is based on a security feature transferred directly on the surface of the bullion, leading to a marginal weight increase (ca. 10 mg), which is not detectable by scales used for kilobar verification. Its security is built on proven technologies with high counterfeit robustness, which have been used in specialised markets like passports for more than a decade.

BullionProtect allows all actors within the supply chain to verify the authenticity of precious metal products at three levels:

- Visual check of security seal
- Quick verification using a blinking light system or validator
- Machine-assisted detection using a hand-held device

Simple and immediate verification of security seals can be performed with high throughput even in limited space, without adequate lighting and without an internet connection – 100 kilobars can be checked in less than 1 minute.

It is compatible with existing and potential security measures without impairing gold purity at all stages of production, delivery, transaction and recycling – the inks burn upon melting without adding any impurity in the gold. It is cost-effective and time-effective – no change on production procedures is required, and there are minor cost adjustments, with no or minimal investment. The seal is very robust, but is destroyed upon removal. Additionally, BullionProtect is compatible with any bullion and is customisable and scalable to different market needs and evolving demands.

Metalor Switzerland is already adding the BullionProtect security feature on its newly

produced kilobars, with Metalor Singapore to follow shortly. Other refiners are currently considering adopting this solution, which is open to any producer on the LBMA Good Delivery list.

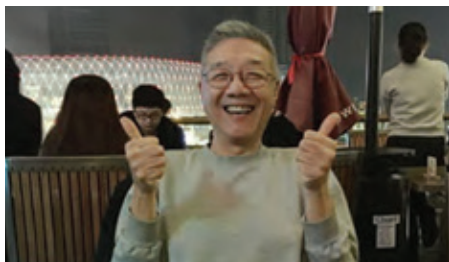
For more details, please visit [www.BullionProtect.com](http://www.BullionProtect.com), or contact [BullionProtect@sicpa.com](mailto:BullionProtect@sicpa.com).



**KL Yap** is the Refining Business Unit General Manager of Metalor Technologies Singapore, overseeing the development of the precious metal refinery that opened in June 2014.

He worked in refining and heavy industries before joining Metalor in 2013

## Raymond, You Will Be Greatly Missed



**Raymond Chan Fat-chu, a legend in the Hong Kong and global gold markets, passed away on 4 September 2018.**

By Philip Klapwijk  
Managing Director, Precious Metals Insights

Raymond Chan Fat-chu, a legend in the Hong Kong and global gold markets, passed away on 4th September. In recent years, while maintaining a lower profile, he was still active behind the scenes doing business in China and promoting the Hong Kong-Qianhai project on behalf of the Chinese Gold & Silver Exchange Society (CGSE), of which he was a past President. However, this was rather small beer for the man whom the local press had once dubbed Hong Kong's 'King of Gold'.

Raymond was indeed one of the key players in the Hong Kong gold market in its heyday in the 1980s,

when the former British colony was the fourth largest trading centre for the precious metal after London, New York and Zurich. He was an early adaptor, for instance, in the operation of gold consignments and cross border trade from Hong Kong.

In 1990, he publicly listed Tem Fat Hing Fung (Holdings) Ltd, the property and gold trading company that his father had established in 1949. As his activities expanded, in 1996, Raymond spun-off the gold business from Tem Fat Hing Fung (Holdings) Ltd, and publicly listed this in the name of RNA Holdings Ltd, the corporate entity that most came to know him by.

It was in the 1990s that Raymond Chan, assisted by his younger brother Alex, who also recently passed away, became a major force in Hong Kong gold trading and also a pioneer in the emerging mainland China market. It had been clear to him from an early stage that Deng Xiao Ping's economic reforms would one day result in China becoming the world's largest consumer of gold and Raymond wanted to be part of this. Already at the beginning of the 1990s, he was working closely with the Chinese authorities to liberalise the China gold market and facilitate official gold imports into the country.

Raymond was also a visionary when it came to developing jewellery demand in China, with his

companies investing in manufacturing facilities and, especially, in retail outlets. In 1998, he opened the Jewellery Gallery in Shanghai's Westgate Mall, at the time the largest branded jewellery store in China. During the latter part of the same decade Raymond was also intimately involved in the modernisation of several Chinese gold mining companies' operations and management.

Problems stemming from investments that went bad in the early 2000s hit Raymond hard. In their aftermath, he was eager to rehabilitate himself and had made giant steps in this direction, when he was sadly struck down with the illness that eventually ended his life.

For those who knew him, particularly during his prime in the 1980s and 1990s, Raymond was a singular individual, with a relentless focus on success in all areas of his business. Yet, this extraordinary drive rarely detracted from his positive and friendly personality or crimped his highly sociable nature. Those who wine and dined with him over the years, especially at the annual Chinese New Year banquets which Raymond hosted for all who were participants in the worldwide bullion market, will surely recall his generosity and good company.

**He will be greatly missed.**

*This obituary was previously published in The Alchemist issue 91.*

Raymond was a strong believer that all gold business is derived from the effective management of physical gold flow. He recommended that the CGSE extend its reach southward to Singapore and ASEAN in collaboration with the Singapore Bullion Market Association, to which the SBMA feels deeply indebted. The inaugural Asia-Pacific Precious Metals Conference (APPMC) would not have been so successful without the support of Raymond and the CGSE from the beginning.

— from the SBMA team



# Annual General Meeting 2018



By SBMA

SBMA's annual general meeting was an occasion for members and associates to catch up at the tail end of a busy year, while hearing about the association's activities in the past year, and what's in store for 2019.

Chairman Martin Huxley formally welcomed six new associate members and three foreign associate members to SBMA, which brings the total number of members to 47. It was highlighted that the new membership category, Affiliate Member, which was introduced in the past year, has already two members – Myanmar Gold Development Public Company Limited and Tomei Gold & Jewellery Holdings (M) Sdn Bhd.

"The past year has been a good year of progress, and 2019 looks to be a year of note", said Mr Huxley, who highlighted the greater prominence and stronger position of SBMA in the bullion community in Singapore and Southeast Asia.

He thanked members for their contribution to the successful second edition of the Asia-Pacific Precious Metals Conference (APPMC) held in June 2018, which saw a higher number of delegates than the year before.

Mr Huxley also pointed out the association's growing online presence following the website redesign earlier in the year, which has prompted an increase in website traffic, with 58% growth and 29% increase in page views, as well as increased social media presence, with engagement growing across Twitter, Facebook, Google My Business, and LinkedIn.

With the SBMA being financially healthy, with revenue generated from different streams including membership dues, LEAD funding, and the APPMC, he reaffirmed SBMA's aim to play a greater role in the region's bullion industry.

SBMA CEO Albert Cheng spoke about how the association is working with potential entrants to the ASEAN bullion market to use Singapore as a gateway to the region's growing economies, and how the association is working with authorities and industry members in various Southeast Asian countries to open up their markets and bring them in line with regional and global standards.

Lastly, he asked for the contribution and continued support of SBMA members for the forthcoming APPMC, to be held on 9-11 June 2019 at Park Royal Beach Road. The third edition of APPMC will have a focus on building a sustainable gold hub in ASEAN, and will include an ASEAN update, technology panel, and an Australian component in its proceedings.

Finally, Mr Jason Chan from Allen & Gledhill was elected as SBMA's honorary legal counsel.

## SBMA Announces Honorary Legal Counsel



SBMA is pleased to announce the appointment of Jason Chan as the new honorary legal counsel for SBMA, effective from 19 November, 2018. Jason, a partner in Allen & Gledhill's Litigation & Dispute Resolution department, was elected for a one-year tenure at the recent SBMA Annual General Meeting.

Jason's practice focuses on commercial litigation, investigations and international arbitration. As a former Deputy Public Prosecutor and judicial officer, Jason often advises on regulatory and white-collar criminal cases, including market misconduct, regulatory breaches, corporate fraud and corruption.

Jason joined the Singapore Legal Service after graduation in 2002, and was appointed as a Justices' Law Clerk to the Chief Justice and the Judges of Appeal in the Supreme Court of Singapore. He was appointed as a Deputy Public Prosecutor and State Counsel in the Attorney-General's Chambers in 2004. In 2007, Jason was appointed as an Assistant Registrar of the Supreme Court of Singapore, and a District Judge of the Subordinate Court. In 2010, Jason joined Allen & Gledhill, and was named as a partner in 2011.

## Myanmar Continues Liberalisation of Gold Market



Opening of the One-Stop Service Centre for Gold Products, Gems and Jewellery in Yangon, Myanmar (Image: Myanmar Ministry of Information)

By SBMA

The launch of Myanmar's One-Stop Service Center (OSSC) in Yangon to facilitate the entire approval process for the import and export of gold, gems and jewellery bodes well for the development of the country's gold market, and will provide stimulus for the continued growth of the market in the region, SBMA Deputy CEO Gordon Cheung said at the centre's launch in Yangon on 24 September.

"The long-awaited advent of the OSSC in Yangon

showcases the emergence of a gold producing and consuming country in ASEAN. The gold industrialists from Myanmar are looking to tap into the international supply chain in Singapore, a vibrant regional hub for trading and delivery of physical bullion", Mr Cheung said.

The centre, which will serve as the middleman between traders and end-users, includes an assay laboratory that will assess the quality of gold

and issue certificates. It is run by the Myanmar Gold Development Public Co., Ltd (MGD) and is supported by the Customs Department, Ministry of Commerce, the Ministry of Natural Resources and Environmental Conservation (MoNREC), Internal Revenue Department, Myanmar Gold Entrepreneurs Association and other local firms. Gold prices at the OSSC are based on a combination of international and local market rates.

The opening of the OSSC is part of Myanmar's efforts to develop the country's gold market and attract more foreign currency into the country by connecting local producers with international players. Its launch comes after the Ministry of Commerce announced on January 22 the country's plans to liberalize the trading of gold, and the lifting of the ban on imports and exports of gold on September 3.

Mr Cheung also spoke at a briefing session organised by MGD held prior to the launch of the OSSC, which was attended by senior officials from the Ministry of Commerce, Myanmar and MoNREC, delegates from logistic forwarders, bullion trading companies in Thailand and Singapore, DMCC Dubai, Myanmar Gold Entrepreneurs Association (MGEA), and domestic jewellery manufacturers.

The OSSC is currently located at the Myanmar Culture Valley, but will move to Times City, where Myanmar Gold Exchange is expected to be launched in the near future.

## SBMA Member Leads Delegation on Canada Visit



Delegates from China Gold Association with Royal Canadian Mint senior marketing representative Ms Amanda Bernier (front row, centre).

SBMA member David Quarmby of the Toronto-Dominion Bank led a group of delegates invited by SBMA on a visit to Canada, following the London Bullion Market Association (LBMA) Precious Metals Conference held in Boston, Massachusetts.

The delegation comprised China Gold Association (CGA) members, and included CGA Deputy Secretary General Ms Lang Qiumei, as well as the senior management of several large Chinese mining producers, jewellery companies, physical traders, banks and investment companies.

They visited the Royal Canadian Mint in Ottawa to see first-hand the manufacture of Canadian Gold and Silver bars and coins, and attended a presentation on the Mint's history and its range of products. The group then visited Toronto, where they listened to a presentation on gold's price prospects by Bart Melek, Global Head of Commodity Strategy at TD Securities, the investment bank division of Toronto-Dominion Bank Group.

Continued from SBMA News. Page 16.

**Corporate Membership List** (As of 31 December 2018)**CATEGORY 1**

1. ICBC Standard Bank PLC, Singapore Branch\*
2. J.P. Morgan\*
3. The Bank of Nova Scotia\*

**FOREIGN ASSOCIATE**

1. ABC Bullion
2. G4S International Logistics (Hong Kong) Limited
3. J.Robart & Co. (Strategic Transactions Limited)
4. LH Precious Metals Investment Pte Ltd
5. Nadir Metal Rafineri San Ve Tic AS
6. Perfect Hexagon Limited
7. The London Metal Exchange
8. World Platinum Investment Council

**AFFILIATE**

1. Myanmar Gold Development Public Company Limited
2. Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.

**LOCAL ASSOCIATE**

1. ANZ Bank
2. Baird & Co. Private Limited
3. Brink's Global Services Pte Ltd\*
4. Certis CISCO Secure Logistics Ptd Ltd
5. Chow Tai Fook Jewellery Singapore Pte. Ltd.
6. CME Group Singapore Operations Pte Ltd
7. Dillon Gage Asia Pte Ltd
8. Global Precious Metals Pte Ltd
9. GoldSilver Central Pte Ltd
10. Heraeus Material Singapore Pte Ltd
11. ICE Futures Singapore Pte Ltd
12. INTL Asia Pte Ltd\*
13. Loomis International (SG) Pte Ltd
14. Mahesh & Co Pte Ltd
15. Malca-Amit Singapore Pte Ltd
16. Metal Market Asia Pte Ltd
17. Metalor Technologies (Singapore) Pte Ltd\*
18. MKS Precious Metals (Singapore) Pte Ltd
19. MTS Gold Global Trading Pte Ltd
20. Phillip Futures Pte Ltd
21. SEA Bullion Pte Ltd
22. Silver Bullion Pte Ltd
23. Singapore Exchange Derivatives Trading Ltd\*
24. Soo Kee Group Ltd (SK Bullion)
25. Standard Chartered Bank
26. Sumitomo Corporation Global Commodities Ltd
27. The Toronto-Dominion Bank, Singapore Branch
28. TXY (Singapore) Pte Ltd
29. UBS AG
30. UOB Bullions and Futures
31. Virtu Financial Singapore Pte Ltd
32. World Gold Council\*
33. YLG Bullion Singapore Pte Ltd\*

\* Management Committee Members

**TOTAL MEMBERS: 46**

For membership enquiries, please email:

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albert.cheng@sbma.org.sg

Margaret Wong, Business Manager  
margaret.wong@sbma.org.sg

For more information, please visit our website at [www.sbma.org.sg](http://www.sbma.org.sg)**Upcoming Events**

14-15 January, 2019. Hong Kong Convention and Exhibition Centre. Hong Kong.

**12th Asian Financial Forum (AFF)**

The AFF brings together some of the most influential members of the global financial and business community to discuss developments and trends in the dynamic markets of Asia. Find registration and details at [http://info.hktdc.com/dm/aff/2019/itr156348/index\\_en.html](http://info.hktdc.com/dm/aff/2019/itr156348/index_en.html).

4-7 February, 2019. Cape Town, South Africa.

**Mining Indaba 2019**

Investing in African Mining Indaba is the World's Largest Mining Investment Conference and the Largest Mining Event in Africa. Find registration and details at <https://www.miningindaba.com/ehome/index.php?eventid=283869&>.

17-20 March, 2019. Royal Garden Hotel. Kensington, London, UK.

**LBMA Assaying and Refining Conference 2019**

The conference is designed to allow an exchange of views between technical staff of organisations interested in current issues relating to the assaying, refining and casting of precious metals, primarily covering gold and silver and also to provide them with information on the operation of the LBMA's Good Delivery system. Find registration and details at <https://www.assayingandrefiningconference2019.com/>.

28 Feb-04 March 2019. Hong Kong Convention and Exhibition Centre. Hong Kong.

**HKTDC Hong Kong International Jewellery Show**

The Hong Kong International Jewellery Show saw over 2,500 exhibitors and about 53,000 number of buyers last year. For registration and more details, you can visit: <https://event.hktdc.com/fair/hkjewellery-en/HKTDC-Hong-Kong-International-Jewellery-Show/>.

9-11 June 2019. PARKROYAL @ Beach Road. Singapore.

**Asia Pacific Precious Metals Conference 2019**

The Asia Pacific Precious Metals Conference (APPMC) is the SBMA and Enterprise Singapore's flagship event that aims at developing and strengthening a unified body in Southeast Asia for the bullion market. Registration and information can be found at <http://www.asiapacificpmc.com>.

13-15 October 2019. Grand Hyatt. Shenzhen, China.

**LBMA / LPPM Precious Metals Conference 2019**

The LBMA's annual conference feature leading experts who provide an insightful assessment of topical issues affecting the precious metals market. Find registration and details at <http://www.lbma.org.uk/upcomingevents/lbma-lppm-precious-metals-conference-2019>.

**About Crucible**

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## SBMA News

By Albert Cheng  
CEO, SBMA

SBMA would like to wish everyone a wonderful festive season and thank all our contributors and sponsors for your continued support over the past year. We are looking forward to working together with you again in 2019. Here is an update of our activities in the past quarter:

**September 11:** SBMA and its management committee attends the closed-door briefing session on the proposed AML/CFT regulatory regime for the PSMD Sector.

**September 12:** DCE Gordon Cheung attends ABC Bullion's dinner function at the Hong Kong Jockey Club.



From left, Kazuya Naoki (Managing Director, Head of Precious Metals Sales, Asia, ICBC Standard Bank), Gordon Cheung (Deputy Chief Executive, SBMA) and Damien Han (Senior Manager, Precious Metals Sales, ICBC Standard Bank) carrying the Melbourne Cup made by ABC Bullion for the derby race in Hong Kong.

**September 18:** DCE Gordon Cheung attends the half-day briefing session on the One Stop Service Centre (OSSC) on behalf of SBMA and its committee members. The OSSC will connect the Myanmar gold sector with the international gold market, and facilitate the import and export of gold and gold jewellery and accessories in Yangon. Gordon also attended the OSSC opening ceremony on September 24. Read about the OSSC on page 14.

**October 3-4:** CEO Albert Cheng represents SBMA at the 9th Precious Metals Investment Symposium (PMIS) as a keynote speaker. SBMA is proud to be the industry partner of PMIS2018, the largest and most comprehensive precious metals investment event in Australia.



SBMA CEO Albert Cheng delivering the Day 2 keynote at the 2018 Precious Metal Investment Symposium (PMIS).

**October 5:** CEO Albert Cheng and DCE Gordon Cheung represents SBMA at the Islamic Finance News (IFN) Forum Singapore. Albert moderated a panel on gold as an asset class in the Islamic finance market at the session "Gold – All that Glitters". He was joined on the panel by SBMA member Andrew Naylor from the World Gold Council.



From left, Albert Cheng (CEO, SBMA), Andrew Naylor (Director, Central Banks & Public Policy, World Gold Council), Robin Lee (CEO, HelloGold), Robin Tsui (Vice President, ETF Gold Specialist, SSGA), at the panel session on "Gold – All that Glitters".

**October 12:** DCE Gordon Cheung represents SBMA and at the Commodities Intelligence Platform launch ceremony at SGX.

**October 16-18:** SBMA organises the three-day workshop on Artificial Intelligence Application in Algorithmic Trading for traders to learn how data science can be applied to trading in the financial markets.



Participants in attendance at SBMA's very first workshop – Artificial Intelligence Application in Algorithmic Trading.

**October 28-30:** CEO Albert Cheng represents SBMA at the LBMA Precious Metals Conference in Boston.



From left, Albert Cheng (CEO, SBMA), Robin Martin, (Head of Market Development, LME) and Terry Heymann (CFO, World Gold Council) at the LBMA's annual conference in Boston.

**November 14:** DCE Gordon Cheung represents SBMA at the launch of the Skills Framework for Wholesale Trade and the opening of the inaugural Wholesale Trade Career Fair.



SBMA attends the launch of the Skills Framework for Wholesale Trade. The keynote speech was given by Dr Koh Poh Koon, Senior Minister of State, Ministry of Trade and Industry.

**November 27:** DCE Gordon Cheung represents SBMA at the LME Singapore Gala, a half-day conference for market participants. The conference provided a forum for discussion around the state of metals market in the Asia-Pacific region, including economic analysis and debate.

### Exploratory Meetings

During the quarter, SBMA held exploratory meetings with the following companies: Allen & Gledhill, AMC Asia, DIGIX, Dillon Gage, EIS Global Capital, Emergent Technologies/Responsible Gold Singapore, FBIL International Trading Pte Ltd/Foresight Bullion India Pvt Ltd, Generation X, GVS Asia, Ingenique Solution Pte Ltd, ITI@SMU, Jacaranda Commodity Partners, SMU Academy, the Ministry of Law, and 121 Group on membership and matters related to market development.

### Membership

SBMA total membership consists of 46 companies, including three Category 1 members, 33 Local Associate Corporate members, eight Foreign Associate Corporate members, and two Affiliate members.

Two applications are pending approval by the Membership Committee.