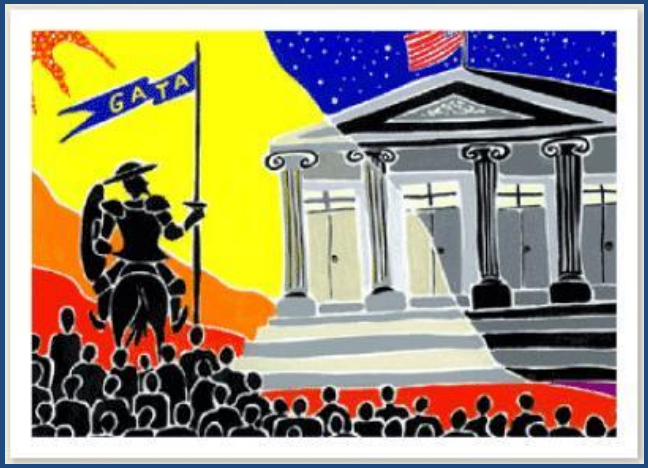


Gold Market Manipulation Update

Chris Powell, Secretary/Treasurer

Gold Anti-Trust Action Committee Inc.

CPowell@GATA.org

Mining Investment North America Conference

November 2020

OFFICE OF THE HISTORIAN

FOREIGN RELATIONS OF THE UNITED STATES, 1969–1976, VOLUME XXXI, FOREIGN ECONOMIC POLICY, 1973–1976

63. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting[1]

Washington, April 25, 1974, 3:13–4:16 p.m.

[Omitted here is discussion unrelated to international monetary policy.]

Secretary Kissinger: Now we've got Enders, Lord and Hartman. They'll speak separately or together. (Laughter.)

NYMEX
NEW YORK MERCANTILE EXCHANGE

CME Group

Regularity Approvals for Gold and Silver Brands

From
Registrar's Office

#
MKR07-27-20

Notice Date
27 July 2020

Effective Date
27 July 2020

DATE: July 27, 2020

MKR#: 07-27-20

SUBJECT: Regularity Approvals for Gold and Silver Brands

The Commodity Exchange, Inc. ("COMEX" or "Exchange") has approved certain London Bullion Market Association ("LBMA") good delivery brands for delivery against the Exchange's Gold Futures (GC) and Silver Futures (SI) contracts. The list of brands are located in the "Gold (GC) Brands" and "Silver (SI) Brands" tabs in the service providers table at the end of Chapter 7 of the COMEX Rulebook. These approvals will increase the brands of available material that can be used to satisfy delivery requirements of the Gold Futures (GC) and Silver Futures (SI) contracts and will afford market participants expanded delivery options.

These approvals are effective immediately.

Business

Scotiabank Will Pay $127.4 Million to Settle Spoofing Claims

By Matt Robinson

August 19, 2020, 12:02 PM EDT

Updated on August 19, 2020, 1:17 PM EDT

- Bank misled government about scope of misconduct, CFTC says
- Accord settles investigations by CFTC and Justice Department

In this article
BNS

Bank of Nova Scotia agreed to pay $127.4 million to settle U.S. allegations that the company engaged in spoofing of gold and silver futures contracts, and made false statements to the government.

As part of the accord, Bank of Nova Scotia will pay a $17 million fine on Commodity Futures Trading Commission claims that it dramatically misrepresented the scope of the alleged wrongdoing. The bank made multiple false statements during the CFTC's investigation of a spoofing case that was resolved in 2018 for $800,000, the agency said. The regulator said the new punishment reflects Bank of Nova Scotia's lack of cooperation in the earlier probe and actions it took to conceal its misconduct.

COMMODITY FUTURES TRADING COMMISSION

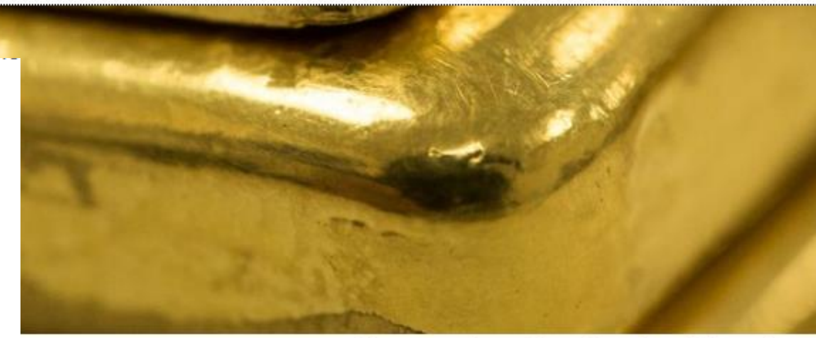
Release Number 8260-20

CFTC Orders JPMorgan to Pay Record $920 Million for Spoofing and Manipulation

September 29, 2020

Washington, D.C. — The Commodity Futures Trading Commission today issued an order filing and settling charges against **JPMorgan Chase & Company** (JPMC & Co.) and its subsidiaries, **JPMorgan Chase Bank, N.A.**, and **J.P. Morgan Securities LLC** (JPMS) (collectively, JPM), for manipulative and deceptive conduct and spoofing that spanned at least eight years and involved hundreds of thousands of spoof orders in precious metals and U.S. Treasury futures contracts on the Commodity Exchange, Inc., the New York Mercantile Exchange, and the Chicago Board of Trade. This case is brought in connection with the Division of Enforcement's Spoofing Task Force.

The order finds that JPM's illegal trading significantly benefited JPM and harmed other market participants. JPM is required to pay a total of $920.2 million—the largest amount of monetary relief ever imposed by the CFTC—including the highest restitution ($311,737,008), disgorgement ($172,034,790), and civil monetary penalty ($436,431,811) amounts in any spoofing case.



Photographer: Chris Ratcliffe/Bloomberg

Markets

Ex-Deutsche Bank Gold Traders Found Guilty in Spoofing Trial

Janan Hanna and Stephen Joyce

September 25, 2020, 5:27 PM EDT
Updated on September 25, 2020, 7:36 PM EDT

- Vorley, Chanu convicted on fraud charges for bogus trades
- Chicago jury convicts metals traders after weeklong trial

Prosecutors behind a sweeping U.S. crackdown on market "spoofing" scored a big win Friday when former Deutsche Bank AG traders Cedric Chanu and James Vorley were convicted of fraud for manipulating gold and silver prices.

A federal jury in Chicago, after three days of deliberations, concluded Chanu and Vorley made bogus trade orders between 2008 and 2013 to illegally influence precious-metals prices. The weeklong trial was the latest U.S. prosecution of a "spoofing" case since the global market "flash crash" in 2010.

Chanu and Vorley engaged in a classic "bait and switch" by placing orders they never intended to execute and then canceling them, which "weaponized" the forces of supply and demand to mislead other traders, prosecutor Brian Young told jurors in closing arguments Tuesday.

In this article

GC1
Gold
1,905.20 USD/t oz.
▲ +0.60 +0.03%

DBK
DEUTSCHE BANK-RG
8.12 EUR
▲ +0.15 +1.83%

SI1

Central Bank Incentive Program
Questions & Answers
February 2019

1. What is the Central Bank Incentive Program?

The Central Bank Incentive Program ("CBIP") allows Qualified Participants to receive discounted fees for their proprietary trading of CME Group products. All trading activity under the CBIP must be conducted directly through accounts registered to the Qualified Participant or separate accounts managed by a third party on behalf of the Qualified Participant. Qualified Participants receive discounted fees on CME, CBOT, and NYMEX products and COMEX futures products for electronic trading only. Qualified Participants will receive discounted fees through January 31, 2020.

2. How does an applicant qualify for the CBIP?

To qualify for and become a participant in CBIP (a "Qualified Participant"), the applicant must:

- Be a non-U.S. central bank, multilateral development bank, multilateral financial institution, sub-regional bank, aid coordination group, or an international organization of central banks
- Complete a CBIP application and be approved by CME Group.
- Execute all trades solely for the benefit of, and in the Qualified Participant's name.
- Register one or more portfolio managers or representatives.
- Have a relationship with a CME Group clearing member.
- Have authority to participate in a fee incentive program (i.e. no public or internal policies prohibiting participation).

Ronan Manly

GLD continues to source gold at the Bank of England, at an escalating rate

14 Aug 2020 19:28 Ronan Manly 15 Comments

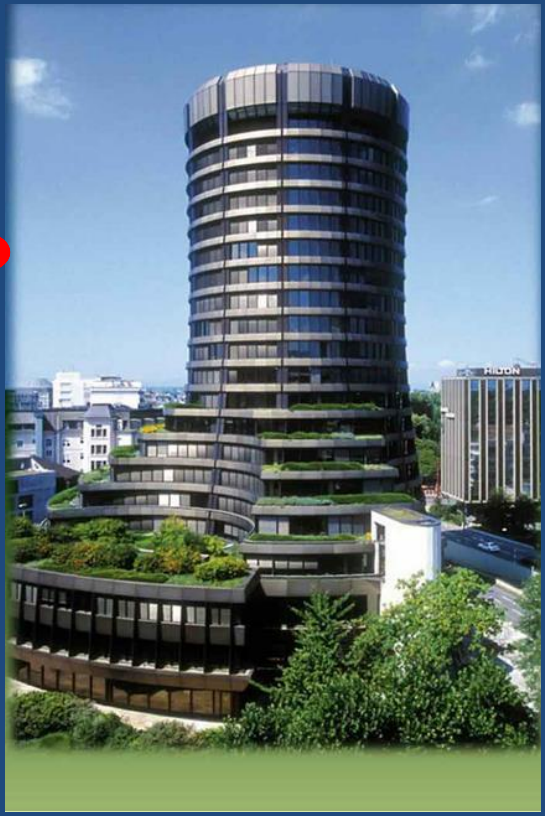
One of the biggest trends in the gold market this year, apart from the rapid rise in the gold price, has been the large investor inflows into gold-backed Exchange Traded Funds (ETFs), and the corresponding swelling of gold holdings in these ETFs.

As highlighted by the World Gold Council, the sponsor of the mammoth SPDR Gold Trust (GLD) through its fully owned subsidiary World Gold Trust Services, gold-backed ETFs had their eighth consecutive monthly inflow during July.

BIS

Statement of account

SDR millions	As at: 30 September 2020	31 March 2020
Assets		
Cash and cash equivalents	50,108.4	54,021.4
Securities purchased under resale agreements	91,363.6	56,018.6
Loans and advances	52,142.5	54,038.9
Gov[illegible] other securities	124,472.3	103,706.1
Gold and gold loans	44,665.0	31,436.8
Derivative [illegible] instruments	[illegible]	3,321.0
Accounts receivable and other assets	4,548.3	5,555.2
Land, buildings and equipment	199.4	199.3
Total assets	**369,892.3**	308,497.3



BANK FOR INTERNATIONAL SETTLEMENTS

Our products

On balance sheet	Money Markets	➢ Fixed and floating rate deposits ➢ Call/notice accounts
	Tradable Instruments	➢ FIXBIS (up to 1 year) ➢ MTI & Callable MTI (1 - 10 years)
	Forex & Gold Services	➢ Interventions ➢ Commercial orders ➢ Currency allocation ➢ Dual currency deposits
Off balance sheet	Asset Management	➢ Dedicated portfolios ➢ BIS Investment Pool (BISIP)

UNIVERSITY OF SUSSEX

No place to hide: How market manipulation in the age of pandemic is destroying traditional safe havens

The Coronavirus pandemic has created enormous volatility in global financial markets but prices of safe haven assets such as gold and bitcoin are not surging, as one might expect, thanks to intense and large-scale manipulation, according to analysis by the University of Sussex Business School.

Photo by Dmitry Demidko on Unsplash

The contrast with the last major global financial catastrophe is telling. Following the Lehman Brothers collapse in September 2008, the correlations between the S&P 500 index and gold, or the Swiss Franc, or US Treasuries were all around minus 40%. During March and April 2020 the correlation between the S&P 500 index and gold was plus 20%.
Even more surprising is the behaviour of the bitcoin/US dollar rate – since this cryptocurrency emerged in January 2009 its behaviour was completely uncorrelated with any traditional asset, but as the S&P 500 index plummeted in early March 2020, so did bitcoin. Their correlation was plus 63% then, and it remains unsettlingly high at 40%.

Professor Carol Alexander

The biggest beneficiaries of these market attacks, beyond those placing the trades, are holders of US dollars and US assets. These become the main sources of positive returns for global investors in attempts to curtail the recent trend of some central banks to diversify their reserves away from the US dollar.

The CryptoMarketRisk team at the University of Sussex Business School have been tracking trades on these markets in recent months and have detailed huge sell orders on gold futures, massive pump and dump on copper futures and large spoofing orders on key crypto exchanges.

Some single trades on COMEX have been so large as to move prices - clear contraventions of US laws on market abuse. But widespread market turmoil means regulators such as the CFTC have a lot on their plates right now, meaning even large-scale manipulation of these markets to remain below the radar of regulators.

ALEX X. MOONEY
2ND DISTRICT, WEST VIRGINIA

FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEE ON
INVESTOR PROTECTION,
ENTREPRENEURSHIP, AND CAPITAL
MARKETS

SUBCOMMITTEE ON
DIVERSITY AND INCLUSION

Congress of the United States
House of Representatives
Washington, DC 20515-4802

CHARLESTON OFFICE
405 CAPITOL STREET
SUITE 306
CHARLESTON, WV 25301
(304) 925 5964

MARTINSBURG OFFICE
300 FOXCROFT AVENUE
SUITE 101
MARTINSBURG, WV 25401

WASHINGTON OFFICE:
2440 RAYBURN HOUSE BUILDING
WASHINGTON, DC 20515

HTTP://MOONEY.HOUSE.GOV

April 13, 2020

The Honorable Heath P. Tarbert
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20515

Re: Growing concerns about delivery defaults in gold and silver

Dear Chairman Tarbert:

As you know, there have been significant stresses and delivery difficulties unfolding in the CFTC-regulated gold market.

In fact, the entities running the Comex and London markets hastily changed their rules last month to allow 400-ounce gold bars located in London to be substituted in satisfaction of CFTC-regulated contracts standing for delivery of 100-ounce gold bars in the U.S.

This remarkable new trans-oceanic mechanism appears, essentially, to have institutionalized the Exchange for Physical (EFP) emergency mechanism about which I raised concerns to you previously. Because there is apparently a dearth of gold and silver available for delivery in our country, use of this EFP mechanism to offload the physical demand to London had already become massive and routine.

Why is the Commission permitting large gold delivery liabilities in the U.S. to be so routinely transferred to London markets?

I am increasingly concerned about the rising risk of defaults in the U.S. gold and silver markets and a resulting loss of confidence in our markets. A major default in gold and/or silver could have profound monetary policy implications as well.

Furthermore, I ask for direct answers to two questions I posed previously. My questions (in italics) and your responses provided on January 28 are as follows:

Exchange Stabilization Fund

The Exchange Stabilization Fund (ESF) consists of three types of assets: U.S. dollars, foreign currencies, and Special Drawing Rights (SDRs), which is an international reserve asset created by the International Monetary Fund.

The ESF can be used to purchase or sell foreign currencies, to hold U.S. foreign exchange and Special Drawing Rights (SDR) assets, and to provide financing to foreign governments. All operations of the ESF require the explicit authorization of the Secretary of the Treasury ("the Secretary").

The Secretary is responsible for the formulation and implementation of U.S. international monetary and financial policy, including exchange market intervention policy. The ESF helps the Secretary to carry out these responsibilities. By law, the Secretary has considerable discretion in the use of ESF resources.

The legal basis of the ESF is the Gold Reserve Act of 1934. As amended in the late 1970s, the Act provides in part that "the Department of the Treasury has a stabilization fund …Consistent with the obligations of the Government in the International Monetary Fund (IMF) on orderly exchange arrangements and an orderly system of exchange rates, the Secretary …, with the approval of the President, may deal in gold, foreign exchange, and other instruments of credit and securities.

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

MASTER FILES
ROOM HQ C-525 0450

AND FOR
IMMEDIATE ATTENTION

SM/99/65

March 10, 1999

To: Members of the Executive Board

From: The Secretary

Subject: **Second Review of the Special Data Dissemination Standard—Further Considerations**

Attached for consideration by the Executive Directors is a paper on further considerations relating to the second review of the Special Data Dissemination Standard, which is tentatively scheduled for discussion on Tuesday, March 23, 1999. Issues for discussion appear on pages 12 and 13.

It is intended to release this document to the Bank for International Settlements (BIS), the Organization for Economic Cooperation and Development (OECD), the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB) on the same basis as the proposal set forth in EBD/99/37 (3/1/99), which was approved by the Executive Board on March 3, 1999. The letter of transmittal to these organizations will state that the document has not yet been considered by the Executive Board and, as such, represents only the views of IMF staff and management.

For More Information

www.GATA.org

CPowell@GATA.org

Thank you