Gold Market Manipulation Update

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New Orleans Investment Conference
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October 1, 2018

CFTC Orders the Bank of Nova Scotia to Pay $800,000 Penalty for Spoofing in the Precious Metals Futures Markets

U.S. COMMODITY FUTURES TRADING COMMISSION

Ensuring the Integrity of the Futures & Swaps Markets

Bank's Penalty Was Substantially Reduced in Recognition of Its Self-Reporting, Cooperation, and Remediation

Washington, DC — The Commodity Futures Trading Commission (CFTC) issued an Order filing and settling charges against the **Bank of Nova Scotia** (BNS) for engaging in multiple acts of spoofing in gold and silver futures contracts traded on the Chicago Mercantile Exchange (CME). The Order finds that BNS engaged in this activity by and through traders on its precious metals trading desk (Traders) from at least June 2013 through June 2016. The Order requires BNS to pay an $800,000 civil monetary penalty and to cease and desist from violating the Commodity Exchange Act's prohibition against spoofing. BNS was notified of the misconduct by its Futures Commission Merchant, and when BNS became aware o the misconduct, BNS reported it to the CFTC.

CFTC Director of Enforcement Comments

James McDonald, CFTC Director of Enforcement, commented: "This case is another great example of the significant benefits of self-reporting and cooperation. We expect market participants to take proactive steps to prevent this sort of misconduct before it starts. But, as this case shows, there is a strong incentive for market participants to quickly and voluntarily report wrongdoing when it is discovered and cooperate with our investigation, as the Bank of Nova Scotia did here. In recognition of its self-reporting and cooperation, the Commission imposed

REUTERS

BUSINESS NEWS   JANUARY 29, 2018 / 6:33 AM / 9 MONTHS AGO

European banks pay $46.6 million to settle U.S. 'spoofing' charges

Michelle Price   5 MIN READ

WASHINGTON (Reuters) - Three European banks paid a settlement of $46.6 million, and eight individuals were charged, in a U.S. probe into alleged manipulation of the futures and commodities market.

CME Group

Central Bank Incentive Program
Questions & Answers
December 2017

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, 2019.

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 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)

Please note that we are unable to accept participants located in certain countries. Contact CBIP@cmegroup.com for information regarding your location.

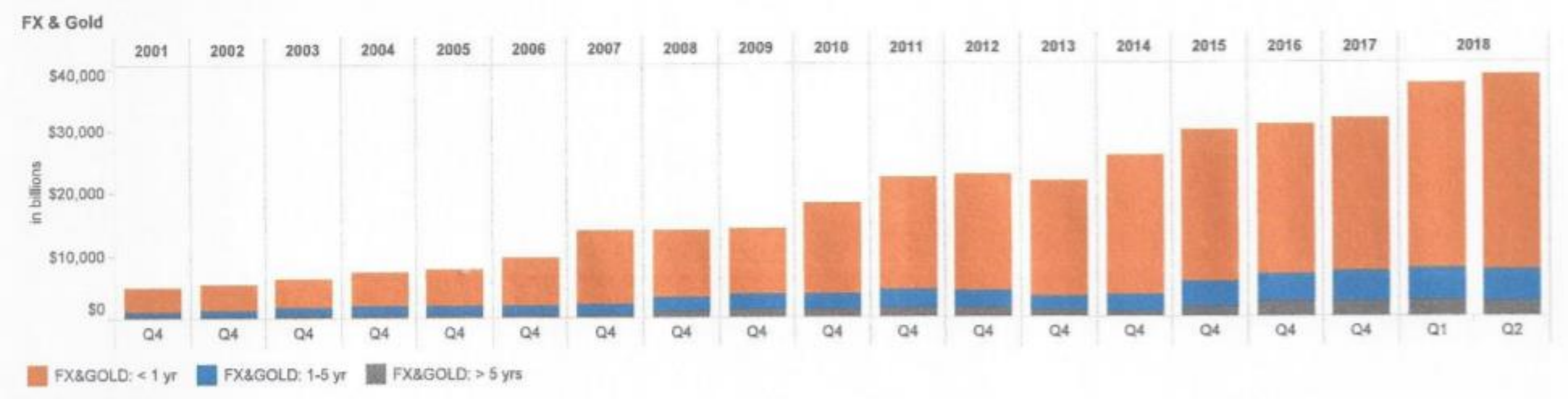
3. What trading fees are charged by CME Group for the trades of Qualified Participants?
The following summary table should be used as a reference guide only. Please refer to the most updated fee schedule at www.cmegroup.com/fees for more details on CBIP or for fees not listed below.

Product Category Electronic Trading Only	Standard customer rates	CBIP rates	Savings	
CME Products				
Foreign Exchange contracts	$1.60	$1.00	$0.60	38%
E-mini Equity Index - futures	$1.18	$0.87	$0.31	26%
E-mini Equity Index - options	$0.55	$0.45	$0.10	18%
Interest Rates - futures (Eurodollar)	$1.25	$0.50	$0.75	60%
Interest Rates - options (Eurodollar)	$0.89	$0.50	$0.39	44%
CBOT Products				
Full size Agricultural products	$1.95	$1.67	$0.28	14%
Mini $5 Dow products	$1.16	$0.86	$0.30	26%

CME Group

2-year U.S. Treasury Futures*	$0.60	$0.56	$0.04	7%
5-year U.S. Treasury Futures*	$0.65	$0.56	$0.09	14%
10-year & Ultra 10-year U.S. Treasury Futures*	$0.75	$0.59	$0.16	21%
U.S. Treasury Bond Futures*	$0.80	$0.64	$0.16	20%
Ultra U.S. Treasury Bond Futures*	$0.85	$0.64	$0.21	25%
U.S. Treasury Options	$0.81	$0.49	$0.32	40%
Other Financial Products (Fed Funds)*	$0.96	$0.56	$0.40	42%
MAC Swap Futures	$0.56	$0.49	$0.07	13%
NYMEX Products				
Energy contracts (Physicals)	$1.50	$1.27	$0.23	15%
Metals futures (Physicals)	$1.50	$1.27	$0.23	15%
COMEX Products				
Metals futures contracts (Physicals)	$1.50	$1.27	$0.23	15%

* CBIP fees are $0.49 thru 1/31/18, new fees effective 2/1/18
This table is not a comprehensive list of CME products; for products that do not qualify for CBIP discounts and are not included above, consult the complete CME Fee Table online (link above).


FX & Gold
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
$40,000
$30,000
$20,000
$10,000
$0
in billions
Q4
Q1
Q2
FX&GOLD: < 1 yr
FX&GOLD: 1-5 yr
FX&GOLD: > 5 yrs

BANK FOR INTERNATIONAL SETTLEMENTS

Statement of account

SDR millions [1]

Line	At 31 Mar 2018 Restated[2]	%	Assets	At 30 Sep 2018	%
(1)	73,150.0	28.5	Cash and sight accounts with banks	45,316.3	18.6
(2)	23,429.6	9.1	Gold and gold loans	18,679.6	7.6
(3)	31,760.9	12.4	Treasury bills	40,583.0	16.6
(4)	44,112.9	17.2	Securities purchased under resale agreements	52,315.5	21.4
(5)	22,428.6	8.7	Loans and advances	26,134.2	10.7
(6)	52,881.0	20.6	Government and other securities	52,971.6	21.7
(7)	1,725.1	0.7	Derivative financial instruments	3,755.6	1.5
(8)	6,809.0	2.7	Accounts receivable and other assets	4,280.7	1.8
(9)	192.3	0.1	Land, buildings and equipment	187.7	0.1
(10)	**256,489.4**	**100.0**	**Total assets**	**244,224.2**	**100.0**
		%	**Liabilities and equity**		%
(11)	9,859.5	3.8	Gold deposits	9,341.0	3.8
(12)	211,665.6	82.5	Currency deposits	204,146.3	83.6
(13)	2,095.0	0.8	Securities sold under repurchase agreements	135.4	0.1
(14)	3,138.5	1.2	Derivative financial instruments	1,352.5	0.6
(15)	9,381.2	3.7	Accounts payable	9,008.0	3.7
(16)	994.0	0.4	Other liabilities	1,038.0	0.4
(17)	**237,133.8**	**92.4**	**Total liabilities**	**225,021.2**	**92.2**
			Share capital		
(18)	698.9	0.3	Issued: 559,125 shares of SDR 5,000, 25% paid up	698.9	0.3
(19)	(1.7)	0.0	Less: Shares held in treasury	(1.7)	0.0
(20)	15,950.1	6.2	Statutory reserves	16,327.0	6.7
(21)	507.4	0.2	Profit and loss account	220.5	0.1
(22)	2,200.9	0.9	Other equity accounts	1,958.3	0.7
(23)	**19,355.6**	**7.6**	**Total equity**	**19,203.0**	**7.8**
(24)	**256,489.4**	**100.0**	**Total liabilities and equity**	**244,224.2**	**100.0**

[1] At 30 Sep 2018, SDR 1 = $ 1.395

Source: D. H. Bauer


8100
8150
8200
8250
8300
8350
8400
8450
8501.81
8550
Low => High
Yuan Devalued vs Gold
Feb
Mar
Apr
May
Jun
2018
Jul
Aug
Sep
Oct

Barrick & Shandong Gold Enter Into Cross Shareholding Deal

September 26, 2018, 09:04:00 AM EDT By Zacks Equity Research, Zacks.com

Barrick Gold CorporationABX has inked a mutual investment agreement with Shandong Gold Group Co., Ltd. The move strengthens the company's partnership with one of the leading mining companies in China.

Per the deal, Shandong Gold will acquire up to $300 million of Barrick's shares. Barrick will invest an equivalent amount in shares of Shandong Gold Mining Co., Ltd., which is controlled by Shandong Gold. The shares will be purchased in the open market. The companies, through the partnership, expect to leverage collective strengths to unlock long-term value for respective shareholders.

WORLD GOLD COUNCIL

Events › Executive programme in gold reserve management

Executive programme in gold reserve management

26th November 2018 - 09:00 to 28th November 2018 - 17:00

Location: National University of Singapore

Categories: Central banks/official inst.

This event is exclusively for senior central bankers, sovereign wealth fund investors and finance ministry officials. Our three-day intensive programme covers a range of essential learning modules, including:

- fundamentals of gold demand and supply;
- the role of gold as a reserve asset;
- case studies on gold reserve management in practice;
- gold market operations and accounting for gold.

Key information

Venue: National University of Singapore
21 Lower Kent Ridge Rd,
Singapore
119077

NUS
National University of Singapore

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

AND FOR
IMMEDIATE ATTENTION

MASTER FILES
ROOM HQ C-525 0450

SM/99/65

March 10, 1999

To: Members of the Executive Board

From: The Secretary

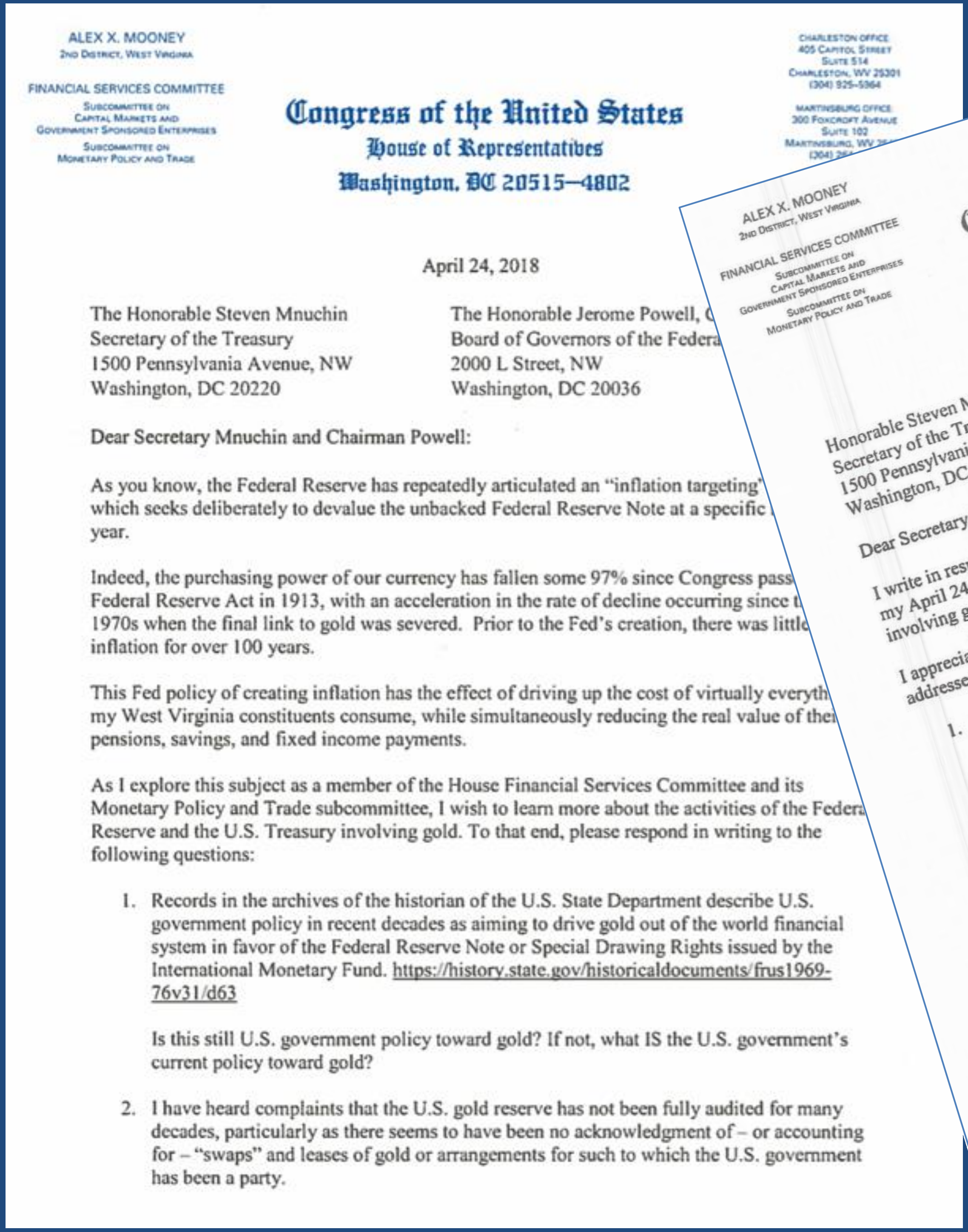
Subject: **Second Review of the Special Data Dissemination Standard—Further Considerations**

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.

In view of the generally expressed desire to improve communication with national statistical offices on matters related to data dissemination standards, this report will also be transmitted to the national statistical office or equivalent of each member, unless the concerned Executive Director objects by noon on Friday, March 12, 1999. The intended recipients are listed in the attachment to this paper. Mrs. Carson (ext. 37900) is available to answer questions on this matter.

Mr. Patterson (ext. 37907) or Mr. S. Brown (ext. 38431) is available to answer technical or


ALEX X. MOONEY
2nd District, West Virginia

FINANCIAL SERVICES COMMITTEE
Subcommittee on Capital Markets and Government Sponsored Enterprises
Subcommittee on Monetary Policy and Trade

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

Charleston Office
405 Capitol Street
Suite 514
Charleston, WV 25301
(304) 925-5964

Martinsburg Office
300 Foxcroft Avenue
Suite 102
Martinsburg, WV 25

April 24, 2018

The Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jerome Powell, C
Board of Governors of the Federa
2000 L Street, NW
Washington, DC 20036

Dear Secretary Mnuchin and Chairman Powell:

As you know, the Federal Reserve has repeatedly articulated an "inflation targeting" which seeks deliberately to devalue the unbacked Federal Reserve Note at a specific year.

Indeed, the purchasing power of our currency has fallen some 97% since Congress pass Federal Reserve Act in 1913, with an acceleration in the rate of decline occurring since t 1970s when the final link to gold was severed. Prior to the Fed's creation, there was little inflation for over 100 years.

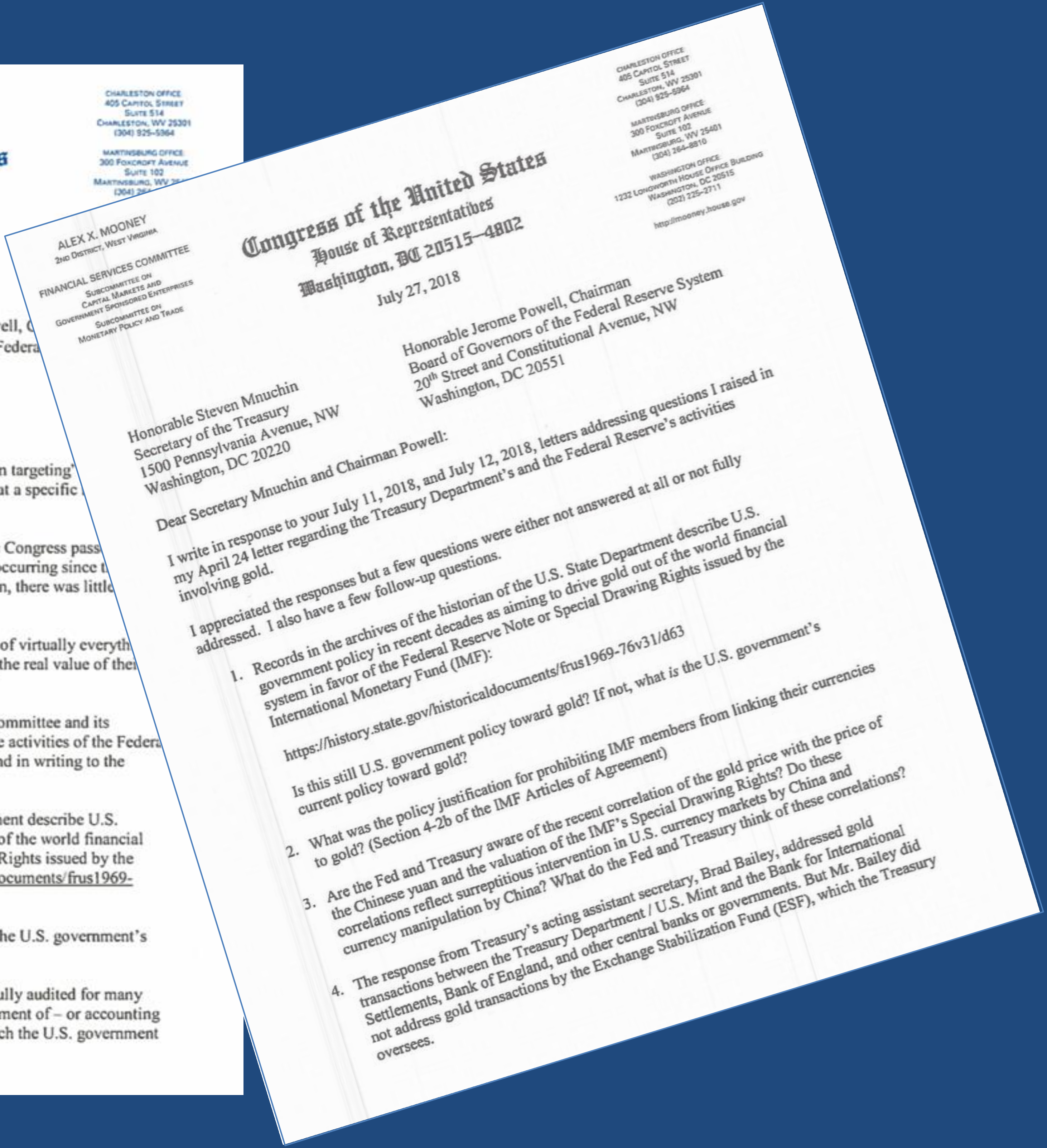
This Fed policy of creating inflation has the effect of driving up the cost of virtually everyth my West Virginia constituents consume, while simultaneously reducing the real value of their pensions, savings, and fixed income payments.

As I explore this subject as a member of the House Financial Services Committee and its Monetary Policy and Trade subcommittee, I wish to learn more about the activities of the Federa Reserve and the U.S. Treasury involving gold. To that end, please respond in writing to the following questions:

1. Records in the archives of the historian of the U.S. State Department describe U.S. government policy in recent decades as aiming to drive gold out of the world financial system in favor of the Federal Reserve Note or Special Drawing Rights issued by the International Monetary Fund. https://history.state.gov/historicaldocuments/frus1969-76v31/d63

   Is this still U.S. government policy toward gold? If not, what IS the U.S. government's current policy toward gold?

2. I have heard complaints that the U.S. gold reserve has not been fully audited for many decades, particularly as there seems to have been no acknowledgment of – or accounting for – "swaps" and leases of gold or arrangements for such to which the U.S. government has been a party.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2nd District, West Virginia

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(202) 225-2711

http://mooney.house.gov

July 27, 2018

Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Honorable Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitutional Avenue, NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

I write in response to your July 11, 2018, and July 12, 2018, letters addressing questions I raised in my April 24 letter regarding the Treasury Department's and the Federal Reserve's activities involving gold.

I appreciated the responses but a few questions were either not answered at all or not fully addressed. I also have a few follow-up questions.

1. Records in the archives of the historian of the U.S. State Department describe U.S. government policy in recent decades as aiming to drive gold out of the world financial system in favor of the Federal Reserve Note or Special Drawing Rights issued by the International Monetary Fund (IMF):

   https://history.state.gov/historicaldocuments/frus1969-76v31/d63

   Is this still U.S. government policy toward gold? If not, what *is* the U.S. government's current policy toward gold?

2. What was the policy justification for prohibiting IMF members from linking their currencies to gold? (Section 4-2b of the IMF Articles of Agreement)

3. Are the Fed and Treasury aware of the recent correlation of the gold price with the price of the Chinese yuan and the valuation of the IMF's Special Drawing Rights? Do these correlations reflect surreptitious intervention in U.S. currency markets by China and currency manipulation by China? What do the Fed and Treasury think of these correlations?

4. The response from Treasury's acting assistant secretary, Brad Bailey, addressed gold transactions between the Treasury Department / U.S. Mint and the Bank for International Settlements, Bank of England, and other central banks or governments. But Mr. Bailey did not address gold transactions by the Exchange Stabilization Fund (ESF), which the Treasury oversees.

FINANCIAL TIMES

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Opinion **The Long View**

In a crisis, sometimes you don’t tell the whole story

How after the fall of Lehman Brothers we came close to a full-scale bank run

JOHN AUTHERS

Fiat justitia ruat caelum.

For More Information

www.GATA.org

CPowell@GATA.org

Thank you