Gold Holdings

Gold at the Bank of England is held on behalf of our customers. This can be sub-divided into two categories. First, reserves are held in a government account administered by HMT Treasury (HMT), called the Exchange Equalisation Account (EEA). The Bank acts as HMT's Agent for the day-today management of the EEA. Second, gold is held on behalf of its other customers (ie other than UK Government), including foreign central banks and brokers. All information below relates to EEA gold only:

'*In what form is the gold retained by the Bank of England?'* and
'Is the retained gold in ingots, coins or other form?'

Gold held by the Bank on behalf of the EEA is mostly held in the form of gold bars but there are also some ingots and coins held.

'How much of the retained gold conforms to London Bullion Market Association norms?' and *'How much of the retained gold does not conform to the London Bullion Market Association norms?'*

The questions relate to conformity with 'London Bullion Market Association norms'; however that term is rather imprecise. The LBMA's 'London Good Delivery' standards are set out in their 'London Good Delivery (LGD) Rules for Gold and Silver Bars' (see http://www.lbma.org.uk/good_delivery_cover.html). The LBMA also issued a Press Notice in June 2006 that set out its views about the treatment of some gold bars known to have been held in storage for many years and which may not strictly conform to the standards set by the Association in 2004 (see 'Deep Storage Bars' www.lbma.org.uk/good_delivery_cover.html). Whilst the LBMA's press notice stated that most of those bars remain acceptable in the London bullion market, even if they are not fully compliant with the LBMA's current LGD rules, the upshot has been that there has been some uncertainty about the LBMA guidance and what constitutes LGD status. The Bank is currently engaged in productive discussions with the LBMA about this matter and once that uncertainty has been resolved (hopefully in the near future) a fuller response will be available.

'Does the Bank of England have assay certificates for the gold that it retains?'

None of the gold held by the Bank on behalf of the EEA has assay certificates.

'Does some of the retained gold contain fissures or is it damaged in other ways?', *'Do the fissures or the damage prevent the gold being delivered?'* and *'What is the quantity of retained gold that is so damaged?'*

As described above, there is some uncertainty about the status of LGD standards in respect of certain categories of gold bars that have been held in deep storage for many years. Whilst it is possible that a number of bars held on behalf of EEA might fall into that category, until discussions with the LBMA about LGD standards have been concluded, it is not possible to provide further details.