

Press release

Location and date London 25 May 2011

The Economic and Monetary Affairs Committee of the European Parliament has approved gold to be used as collateral confirming its status as a high-quality liquid asset

Yesterday's unanimous agreement by the European Parliament's Committee on Economic and Monetary Affairs (ECON) to allow central counterparties to accept gold as collateral, under the European Market Infrastructure Regulation (EMIR), is further recognition of gold's growing relevance as a high quality liquid asset.

This vote reinforces market demand for a greater choice of assets that can be used as collateral to meet margin liabilities.

Natalie Dempster, Director of Government Affairs at the World Gold Council said:

"It is very significant that the European Parliament is putting its weight behind the argument that the unique characteristics of gold make it an ideal form of high quality liquid collateral.

"We now look forward to the European Parliament and Council of the European Union upholding the inclusion of gold in the next stage of negotiations around EMIR which will now take place after the July plenary vote. The ratification would mark a significant step forward in redefining what constitutes a highly liquid asset under the Capital Requirements IV Directive, due in the coming month, from the European Commission."

Market demand for gold to be used as a high quality liquid asset and as collateral has been building for some time. In late 2010, ICE Clear Europe, a leading European derivatives clearing house, became the first clearing house in Europe to accept gold as collateral. In February 2011, JP Morgan became the first bank to accept gold bullion as collateral via its tri-party collateral management arm. Exchanges across the world, such as Chicago Mercantile Exchange, are now accepting gold as collateral for certain trades and London-based clearing house LCH Clearnet has said that it also plans to start accepting gold as collateral later this year, subject to regulatory approval.

The World Gold Council has examined this trend and has defined the characteristics that make gold an excellent form of collateral in its study "Gold as a source of collateral". The report includes a case study on ICE Clear Europe, explaining why the central counterparty clearing house has started to accept gold as collateral and how this operates in practice.

"As regulators, from G20 countries, demand that more OTC trading is cleared on exchanges and with the ongoing world economic difficulties further eroding the credit worthiness of other forms of collateral, we expect to see increasing demand by clearing houses, exchanges and investment banks to use gold as collateral," says Natalie Dempster.

To download a copy of "Gold as a source of collateral" please visit:
www.gold.org/media/

ENDS**For further information please contact:**

Stephanie Mackrell

World Gold Council

Quintin Keanie

Capital MSL

T +44 20 7826 4763**E** stephanie.mackrell@gold.org**T** +44 20 255 5154**E** quintin.keanie@capitalmsl.com**Note to editors:****World Gold Council**

The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

We develop gold-backed solutions, services and markets, based on true market insight. As a result, we create structural shifts in demand for gold across key market sectors.

We provide insights into the international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East, Turkey, Europe and the USA, the World Gold Council is an association whose members include the world's leading and most forward thinking gold mining companies. For further information visit www.gold.org.