

**ETFS METAL SECURITIES LIMITED**

**Registered No: 95996**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2014**

# ETFS METAL SECURITIES LIMITED

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# ETFS METAL SECURITIES LIMITED

## DIRECTORS' REPORT

The directors of ETFS Metal Securities Limited ("MSL" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2014.

### Directors

The names and particulars of the directors of the Company during or since the end of the financial period are:

Mr Graham J Tuckwell - Chairman

Mr Graeme D Ross

Mr Joseph L Roxburgh

Mr Craig A Stewart (resigned 21 June 2013)

Mr Mark K Weeks (appointed 21 June 2013)

### Directors' Interests

The following table sets out the only director's interests in Ordinary shares as at the date of this report:

<u>Director</u>	<u>Ordinary Shares of Nil Par Value</u>
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	2

### Principal Activities

During the period there were no significant changes in the nature of the Company's activities.

### Review of Operations

During the period, the Company had the following classes of Metal Securities in issue and admitted to trading on the following exchanges:

Security	London Stock Exchange	Borsa Italia	Deutsche Börse	NYSE Euronext Amsterdam	Tokyo Stock Exchange
ETFS Physical Platinum	✓	✓	✓	✓	✓
ETFS Physical Palladium	✓	✓	✓	✓	✓
ETFS Physical Silver	✓	✓	✓	✓	✓
ETFS Physical Gold	✓	✓	✓	✓	✓
ETFS Physical Basket	✓	✓	✓	✓	✓
ETFS Physical Swiss Gold	✓	✓	✓	-	-

As at 30 June 2014, assets under management amounted to USD 6,888.5 million (31 December 2013: USD 5,869.4 million). The Company recognises its assets ("Metal Bullion") and financial liabilities ("Metal Securities") at fair value in the Statement of Financial Position.

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>USD</b>	<b>USD</b>
Creation and Redemption Fees	76,441	108,902
Management Fees	13,458,085	19,332,278
Total Fee Income	<u>13,534,526</u>	<u>19,441,180</u>

**Review of Operations (continued)**

Under the terms of the service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to the management fees and creation and redemption fees, which, after taking into account other operating income and expenses, resulted in an operating result for the period of USD Nil (30 June 2013: USD Nil).

The gain or loss on Metal Securities and Metal Bullion is recognised in the Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

IFRS 13 requires the Company to utilise the available market price for the Metal Securities as quoted on the open market.

The Company holds Metal Bullion to support the Metal Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the prospectus). Metal Bullion is marked to fair value using the latest quote provided by the London Platinum and Palladium Market ("LPPM") and the London Bullion Market Association ("LBMA"). The Company has contractual obligations to trade with certain counterparties in respect of the Metal Securities at set prices on each trading day. These prices are based on an agreed formula published in the prospectus, and are equal to the published net asset value ("NAV") of each Metal Security.

As a result of the difference in valuation methodology between Metal Bullion and Metal Securities there is a mis-match between accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities. This gain or loss would be reversed on a subsequent redemption of the Metal Securities and cancellation of the equivalent Metal Bullion.

**Future Developments**

The directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached interim financial statements.

**Dividends**

There were no dividends declared or paid in the current or previous period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

**Employees**

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

**Directors' Remuneration**

No director has a service contract with the Company and details of the directors' remuneration which has been paid by ManJer on behalf of the Company for the period is disclosed below. Mr Craig A Stewart resigned on 21 June 2013, but received his fee to 30 June 2013.

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>GBP</b>	<b>GBP</b>
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	3,750	3,750
Mr Craig A Stewart	Nil	3,750
Mr Joseph L Roxburgh	Nil	Nil
Mr Mark K Weeks	Nil	Nil

On behalf of the directors



**Graeme D Ross**  
Director  
Jersey  
27 August 2014

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the interim financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare interim financial statements for each financial period. Under that law the directors have elected to prepare the interim financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



**Graeme D Ross**  
Director

27 August 2014

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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By order of the Board



**Graeme D Ross**  
Director

27 August 2014

**ETFS METAL SECURITIES LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Period ended 30 June	
		2014	2013
		Unaudited USD	Unaudited USD
<b>Revenue</b>	2	13,534,526	19,441,180
<b>Expenses</b>	2	(13,534,526)	(19,441,180)
<b>Operating Result</b>	2	-	-
Net (Loss)/Gain Arising on Contractual and Fair Value of Metal Bullion	5	530,149,553	(2,679,651,166)
Net Gain/(Loss) Arising on Fair Value of Metal Securities	6	(539,633,276)	2,679,651,166
<b>Result and Total Comprehensive Income for the Period</b>		<b>(9,483,727)</b>	<b>-</b>
<sup>1</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	1	9,483,727	-
<b>Adjusted Result and Total Comprehensive Income for the Period</b>		<b>-</b>	<b>-</b>

The directors consider the Company's activities as continuing.

<sup>1</sup> The definition of non-statutory adjustments is set out on page 9. This represents the movement in the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities.

The notes on pages 8 to 15 form part of these financial statements



**ETFS METAL SECURITIES LIMITED**

**STATEMENT OF FINANCIAL POSITION**

	Note	As at	
		30 June 2014 Unaudited USD	31 December 2013 Audited USD
<b>Current Assets</b>			
Trade and Other Receivables	4	2,301,067	2,068,724
Metal Bullion	5	6,888,503,491	5,869,390,896
Amounts Receivable on Bullion Awaiting Settlement	5	3,361,324	2,721,477
Amounts Receivable on Securities Awaiting Settlement	6	6,397,765	2,539,779
<b>Total Assets</b>		<u>6,900,563,646</u>	<u>5,876,720,876</u>
<b>Current Liabilities</b>			
Metal Securities	6	6,897,321,024	5,868,724,703
Amounts Payable on Bullion Awaiting Settlement	6	6,397,765	2,539,779
Amounts Payable on Securities Awaiting Settlement	5	3,361,324	2,721,477
Trade and Other Payables	7	2,301,063	2,068,720
<b>Total Liabilities</b>		<u>6,909,381,176</u>	<u>5,876,054,679</u>
<b>Equity</b>			
Stated Capital	8	4	4
Revaluation Reserve	6	(8,817,534)	666,193
<b>Total Equity</b>		<u>(8,817,530)</u>	<u>666,197</u>
<b>Total Equity and Liabilities</b>		<u>6,900,563,646</u>	<u>5,876,720,876</u>

The financial statements on pages 4 to 15 were approved by the board of directors and signed on its behalf on 27 August 2014.

**Graeme D Ross**  
Director

The notes on pages 8 to 15 form part of these financial statements

**ETFS METAL SECURITIES LIMITED**

**STATEMENT OF CASH FLOWS**

	<b>Period ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>Unaudited USD</b>	<b>Unaudited USD</b>
<b>Operating Result for the Period</b>		-
<i>Changes in Operating Assets and Liabilities</i>		
(Increase) / Decrease in Receivables	(232,343)	1,644,553
Increase / (Decrease) in Payables	232,343	(1,644,553)
Cash Generated from/(Used in) Operations	-	-
<b>Net Movement in Cash and Cash Equivalents</b>	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Movement in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Period	-	-

Metal Securities are issued or redeemed by receipt/transfer of Metal Bullion and have been netted off in the Statement of Cash Flows.

**ETFS METAL SECURITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Note	Stated Capital USD	Retained Earnings USD	Revaluation Reserve <sup>2</sup> USD	Total Equity USD	Adjusted Total Equity USD
Audited Opening Balance at 1 January 2013	4	-	-	-	4	4
Total Comprehensive Income for the Period	-	-	-	-	-	-
Unaudited Balance at 30 June 2013	4	-	-	-	4	4
Audited Opening Balance at 1 January 2014	4	-	-	666,193	666,197	4
Result and Total Comprehensive Income for the Period	-	-	(9,483,727)	-	(9,483,727)	(9,483,727)
Transfer to Revaluation Reserve	-	-	9,483,727	(9,483,727)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Metal Securities	-	-	-	-	-	9,483,727
Unaudited Balance at 30 June 2014	-	-	-	(8,817,534)	(8,817,530)	4

<sup>2</sup> This represents the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities.

<sup>3</sup> The definition of non-statutory adjustments is set out on page 9.

The notes on pages 8 to 15 form part of these financial statements

## 1. Accounting Policies

The main accounting policies of the Company are described below.

### Basis of Preparation

The interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss and should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

The presentation of interim financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key accounting judgement required to prepare these financial statements is in respect of the valuation of Metal Bullion and Metal Securities held at fair value through the profit or loss as disclosed in notes 5 and 6. Actual results could vary from these estimates.

This half yearly report has not been audited or reviewed by the Company's auditors.

### Accounting Standards

(a) *Standards, amendments and interpretations effective on 1 January 2014 but not relevant to the Company:*

- Amendments to IFRS 10 Consolidated Financial Statements - Investment Entities
- Amendments to IFRS 12 Disclosure of Interests in Other Entities - Investment Entities
- Amendments to IAS 27 Separate Financial Statements - Investment Entities
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 Levies

(b) *Standards, amendments and interpretations that are in issue but not yet effective:*

- IFRS 9 Financial Instruments (as amended in 2009)
- IFRS 9 Financial Instruments (as amended in 2010)
- IFRS 9 Financial Instruments (as amended in 2013) (hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
- Amendments to IFRS 11 Joint Arrangements - accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

**1. Accounting Policies (continued)**

**Accounting Standards (continued)**

*(b) Standards, amendments and interpretations that are in issue but not yet effective (continued):*

- Amendments to IAS 16 Property, Plant and Equipment - clarification of acceptable methods of depreciation and amortisation and bringing bearer plants within scope (effective for annual periods beginning on or after 1 January 2016)
- IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendments to IAS 38 Intangible Assets - clarification of acceptable methods of depreciation and amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 41 Agriculture - bringing bearer plants into the scope of IAS 16 (effective for annual periods beginning on or after 1 January 2016)
- Annual Improvements to IFRS (effective for annual periods beginning on or after 1 July 2014)

The directors anticipate that the adoption of these standards in future periods will have no material financial impact; however the amendments may change the presentation of the financial statements. The directors have considered other new and revised standards and concluded that they would not have a material impact on the future financial periods when they become available.

**Metal Securities**

**i) Issuance and Redemption**

The Company has entered into a Trust Instrument with The Law Debenture Trust Corporation plc ("Law Debenture") to permit the Company to issue Metal Securities. The conditions of issue are set out in the Trust Instrument. Each time a Metal Security is issued or redeemed by the Company a matching amount of Metal Bullion is transferred into or from the relevant secured account held by the Custodian.

Financial liabilities are recognised and de-recognised on the trade date.

**ii) Pricing**

Metal Bullion is priced using the appropriate fixing price from either the London Platinum and Palladium Market ("LPPM") or the London Bullion Market Association ("LBMA").

The Metal Securities have been valued using the market price under IFRS 13 which requires the Company to utilise the available market price as the Metal Securities are quoted on the open market. Consequently differences arising in the pricing of Metal Securities are included in the statement of financial position and the statement of profit or loss and total comprehensive income in order to fair value the liability. The cumulative differences between the actual settlement value of the Metal Securities and the fair value as determined using market prices are presented as a non-statutory movement entitled 'Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Metal Securities.

**iii) Designation at fair value through Profit or Loss**

Metal Securities in issue are designated at fair value through the profit or loss upon initial recognition. This is in order to eliminate the measurement mismatch with Metal Bullion enabling gains or losses on both the Metal Security and Metal Bullion to be recorded in the Statement of Profit or Loss and Other Comprehensive Income.

**1. Accounting Policies (continued)**

**Metal Bullion**

The Company holds Metal Bullion equal to the amount due to holders of Metal Securities solely for the purposes of meeting its obligations under the Metal Securities. The Metal Bullion held is marked to fair value and movements are recorded through profit or loss.

The fair value is calculated using the latest quote provided by the LPPM and the LBMA.

**Going Concern**

The nature of the Company's business dictates that the outstanding Metal Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Metal Securities would coincide with the payment of an equal amount (in value) of Metal Bullion, no liquidity risk is considered to arise. All other liabilities are met by ManJer; therefore the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

**Segmental Reporting**

The Company has not provided segmental information as the Company has only one business or product group, precious metals, and one geographical segment which is UK and Europe. All information relevant to the understanding of the Company's activities is included in these financial statements.

**2. Operating Result**

Operating result for the period comprised:

	<b>Period ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>USD</b>	<b>USD</b>
Creation and Redemption Fees	76,441	108,902
Management Fees	13,458,085	19,332,278
<b>Total Revenue</b>	<b>13,534,526</b>	<b>19,441,180</b>
Management Fees to ManJer	(13,534,526)	(19,441,180)
<b>Total Operating Expenses</b>	<b>(13,534,526)</b>	<b>(19,441,180)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

**3. Taxation**

The Company is subject to Jersey Income Tax at the rate 0%.

**4. Trade and Other Receivables**

	As at	
	30 June 2014	31 December 2013
	Unaudited USD	Audited USD
Management Fees	2,264,306	1,992,536
Creation and Redemption Fees	36,759	76,188
	<u>2,301,065</u>	<u>2,068,724</u>

**5. Metal Bullion**

	As at	
	30 June 2014	31 December 2013
	Unaudited USD	Audited USD
Change in Fair Value for the Period/Year	530,149,553	(2,563,730,769)
Fair Value of Metal Bullion Held	<u>6,888,503,491</u>	<u>5,869,390,896</u>

As at 30 June 2014, there were certain amounts of Metal Bullion awaiting the creation or (redemption) of Metal Securities with trade dates before the period end and settlement dates in the following period. The amount receivable as a result of unsettled creations at the period end was USD 3,361,324 (31 December 2013: USD 2,721,477), and the amount (payable) as a result of unsettled redemptions at the period end was (USD 6,397,765) (31 December 2013: (USD 2,539,779)).

All Metal Bullion assets have been valued using the PM fix on 30 June 2014 as quoted by the LPPM and the LBMA being the last fix prices available for the period.

**6. Metal Securities**

Whilst the Metal Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Metal Securities. Therefore, the actual contractual issue and redemption of Metal Securities occur at a price that fully match gains or losses on the Metal Bullion. As a result the Company has no net exposure to gains or losses on the Metal Securities and Metal Bullion.

Through the adoption of IFRS 13 the Company needs to measure the Metal Securities at their transferable value rather than their settlement value. The transferable value is deemed to be the prices quoted on stock exchanges or other markets where the Metal Securities are listed or traded. This application is prospective and is treated as a change in accounting estimate and recognised in profit or loss. However Metal Bullion continues to be valued based on the agreed formula (which is equal to the published NAVs of each class of Metal Securities). The market price of Metal Securities is a function of supply and demand amongst investors wishing to buy and sell Metal Securities and the bid-offer spread that the market makers are willing to quote.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**6. Metal Securities (continued)**

The fair values and changes thereof during the period/year based on prices available on the open market as recognised in the financial statements are:

	As at	
	30 June 2014 Unaudited USD	31 December 2013 Audited USD
Change in Fair Value for the Period/Year	(539,633,276)	2,564,396,962
Fair Value of Metal Securities	6,897,321,024	5,868,724,703

The contractual redemption values changes thereof during the period/year based on the contractual settlement values are:

	As at	
	30 June 2014 Unaudited USD	31 December 2013 Audited USD
Change in Contractual Redemption Value for the Period/Year	(530,149,553)	2,563,730,769
Metal Securities at Contractual Redemption Value	6,888,503,491	5,869,390,896

This gain or loss on the difference between the value of the Metal Bullion and the market price of Metal Securities would be reversed on a subsequent redemption of the Metal Securities and transfer of the equivalent Metal Bullion. This gain or loss has been transferred to a Revaluation Reserve which is non-distributable.

The overall impact is that through the mis-matched accounting values, the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Metal Bullion and the market price of Metal Securities. The mismatched accounting values are as shown below and represent the non-statutory adjustment presented on the statement of profit or loss and other comprehensive income:

	Period Ended 30 June 2014 Unaudited USD	Year Ended 31 December 2013 Audited USD
	Net (Loss)/Gain Arising on Contractual and Fair Value of Metal Bullion	530,149,553
Net Gain/(Loss) Arising on Contractual Redemption Value of Metal Securities	(539,663,276)	2,564,396,962
	(9,483,723)	666,193

As at 30 June 2014, there were certain Metal Securities awaiting (creation) or redemption with trade dates before the period end and settlement dates in the following period. The amount (receivable) as a result of unsettled redemptions at the period end was (USD 3,361,324) (31 December 2013: (USD 2,721,477)), and the amount payable as a result of unsettled creations at the period end was USD 6,397,765 (31 December 2013: USD 2,539,779).



**7. Trade and Other Payables**

	As at	
	30 June 2014 Unaudited USD	31 December 2013 Audited USD
Management Fees Payable to ManJer	2,301,063	2,068,720

**8. Stated Capital**

	As at	
	30 June 2014 Unaudited USD	31 December 2013 Audited USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	4	4

The Company can issue an unlimited capital of nil par value shares.

All shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All shares are held by ETFS Holdings (Jersey) Limited ("HoldCo").

**9. Related Party Disclosures**

Entities and individuals which have a significant influence over the Company, either through the ownership of HoldCo shares or by virtue of being a director of the Company, are related parties.

*Management Fees paid to ManJer during the period:*

	Period Ended 30 June 2014 Unaudited USD	Year Ended 31 December 2013 Audited USD
	Management Fees	13,534,526

*The following balances were due to ManJer at the period end:*

	As at	
	30 June 2014 Unaudited USD	31 December 2013 Audited USD
Management Fees Payable	2,301,063	2,068,718

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 3,750 (30 June 2013: GBP 7,500).

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H charged ManJer secretarial and administration fees in respect of the Company of GBP 35,750 (30 June 2013: GBP 42,000), of which GBP 17,875 (30 June 2013: GBP 21,000) was outstanding at the period end. Mr Craig A Stewart resigned on 21 June 2013, but received his fee to 30 June 2013.

Craig A Stewart was appointed as director of ManJer on 18 July 2013. Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo.

**10. Ultimate Controlling Party**

The immediate parent company is HoldCo, a Jersey registered company. The ultimate controlling party is Graham J Tuckwell through his shareholding in ETFSL. ETFSL is the parent company of HoldCo.

**11. Subsequent Events**

On 14 May 14 the London Silver Market Fixing Ltd announced it would discontinue the "London Fix" pricing benchmark for silver after 14 August 2014. The London Fix has been the benchmark price for the valuation of silver bullion held by the Company. The London Bullion Market Association has accepted a proposal by CME Group and Thomson Reuters to operate a replacement silver price benchmark mechanism. Commencing 15 August 2014, CME Group/Thomson Reuters will operate an electronic, volume-weighted, over-the-counter silver bullion market clearing process to establish and publish a fixing price for a troy ounce of silver once each trading day at 12.00pm London time (the "London Silver Price"). Commencing 15 August 2014, on each trading day the Company will use the London Silver Price for valuing silver bullion.