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Extended summary
XIII International Forum
«Russian Bullion Market»
RBF-2020

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Extended summary XIII International Forum «Russian Bullion Market», RBF-2020

The opening of the Forum

Opening the XIII International Forum “Russian Bullion Market” (RBF-2020), **Vasily Zablotsky**, President of SRO NFA, noted significant events that took place on the market of precious metals since the last Forum: the federal law on the creation of a state information system in the field of control over the turnover of precious metals (GIIS DMDK) was adopted and came into force, the conditions for purchasing and selling precious metals of the Bank of Russia have changed; the Moscow Exchange has started trading of exchange-traded investment funds in gold.

Vasily Zablotsky noted that even though the problems associated with the COVID-2019 pandemic was not immune to the precious metals market. Market participants and SRO NFA, in cooperation with regulatory authorities, managed to resolve them quickly.

The purpose of the event is to determine the development trends of the precious metals market for the coming years and the role of the SRO NFA in this process, to discuss and formulate the necessary legislative changes, as well as to answer questions of concern to the participants in the precious metals market. **Vasily Zablotsky** also announced the main topics for discussion at the event: key regulatory and market initiatives in 2020-2021 on the precious metals market, the impact of COVID-2019 on the Russian and international precious metals market, the implementation of the GIIS DMDK, key issues in the gold mining and gold processing industry, current the state of the wholesale and retail gold markets in Russia, as well as the development outlook of the Russian and international gold markets from leading Russian and foreign experts.

Vasily Zablotsky wound up his opening remarks by declaring the key role of the RBF-2021 as the largest event

on the Russian precious metals market for discussing pressing matters to all players.

Section 1. Regulatory Authorities

Vasily Zablotsky proposed to discuss the prospects of the exemption from VAT on investment gold and asked **Alexey Lyashchenko**, Member of the Committee on Financial Markets of the State Duma of the Federal Assembly of the Russian Federation, to wise about how the legislature sees the prospects of it, taking into account the introduction of GIIS DMDK as an important component in promoting this initiative.



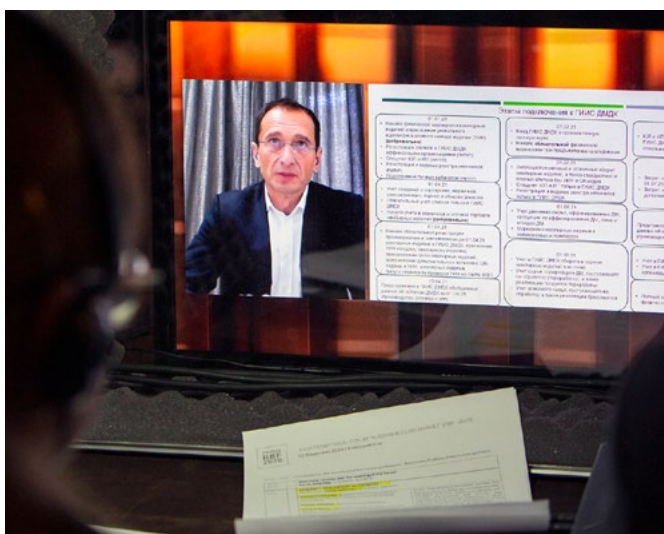
Alexey Lyashchenko recalled the State Duma Committee on Financial Markets has been looking into the matter of exemption VAT from investment gold since 2017 in cooperation with the Ministry of Finance of the Russian Federation and the Federal Tax Service of the Russian Federation. In this period, the draft law on the exemption VAT from investment gold was submitted to the State Duma, the authors of which are members of the Federal Assembly of the Russian Federation. The work on the draft law is in progress. The first step is the introduction of GIIS DMDK. **Alexey Lyashchenko** underlined the next step should be receiving the statistical data on the existing turnover of the Russian precious metals market since the adoption of the draft law directly affects the state budgeting and should be justified by statistical and economic calculations.

Responding to a question from Vasily Zablotsky about how the pandemic affects the precious metals industry and what kind of support the industry needs in the current situation, **Alexey Lyashchenko** noted the growing interest of individual investors in buying physical gold as a reliable tool to protect investments from exchange rate fluctuations and inflation. According to the World Gold Council, the market is growing, and this trend will

continue. It was also noted that it is necessary to consider various tools to support the industry comprehensively.

Vasily Zablotsky expressed confidence the relevant statistical data would be provided, supported the position on the necessity to develop various instruments in the precious metals market and gave the floor to Yuri Zubarev, Head of the Federal Assay Chamber, who highlighted the prospects for the development of state control of exporting precious metals within the introduction of GIIS DMDK.

Yuri Zubarev called digitalization the main trend in the development of state control, i.e. remote supervision, with more close accounting at the primary step (at the entrance to the state control system) minimum



costs for business. Further in his speech, **Yuri Zubarev** elaborated on the steps of implementing the GIIS DMDK, including the steps of connecting precious metals market participants to it. He emphasized that the system had been developed for several years and involved tracking and controlling the mining of precious metals and precious stones to their retail, wholesale or export sales. The speaker also touched on changing the regulatory framework of state control in precious metals refineries. The state control performed by the Federal Assay Chamber should be as close as possible to the customs control. This approach will mitigate the exit burden on market participants and speed up the state control documentation by concentrating all procedures in one place. Such an order existed, in fact, and now it will be consolidated legislatively.

Alexey Moiseev, Deputy Finance Minister, voiced the prospects of exemption VAT from investment gold: the faster and more efficiently the GIIS DMDK is introduced, the sooner the issue of exemption from VAT on investment gold will be considered by the Ministry of Finance of the Russian Federation (MoF). On the course of the MoF, it could be resolved by January 1, 2022. **Alexey Moiseev** once again emphasized that GIIS DMDK should demonstrate its effectiveness and show that there are no risks

of investment gold flowing into the jewellery industry. The Deputy Finance Minister addressed market participants to work actively for the speedy implementation of the system. As it is not only a necessary condition for exemption VAT from investment gold, but it will also solve the acute problem with bad-faith market participants, which is very important for increasing public confidence in industry and exclusion of fraudulent VAT evasion schemes. **Alexey Moiseev** thanked SRO NFA for the constructive work on the implementation of the GIIS DMDK. He noted that 2021 would be decisive for achieving the goals for implementing the system by the market participants. It is difficult to accurately assess the quantitative result from the implementation of the GIIS DMDK (the amount of legal investment gold), but the white market will certainly grow significantly. At the stage of preparation for implementing the GIIS DMDK, there is a tendency for bad-faith precious metals market players to reform themselves or leave the market.

Then **Vasily Zablotsky** gave the floor to **Alexander Touchkov**, Executive Director - Senior Trader, Commodity Trading, Sberbank, and invited him to outline the banking industry's position on the current situation on the precious metals market and the prospects of implementing the GIIS DMDK by banks. **Alexander Touchkov** pointed out a significant unsatisfied demand on the Russian market for precious metals' ingots. Compared to the volume of gold production in Russia, the volume of individual investments in gold is insignificant.

According to **Alexander Touchkov**, this issue became especially noticeable during the pandemic, when gold turned out to be the most reliable asset for investment. In respect that he asked the MoF to provide the State Duma with statistical data and calculations, the need for which was previously mentioned by **Alexey Lyashchenko**.

Alexander Touchkov quoted data on the increasing number of Sberbank customers in 2020. He pointed out that the effect was obtained due to the development of remote interaction channels to provide banking products and services. Then the speaker dwelled on the issue of preparing banks for the implementation of the GIIS DMDK. He remarked the role of SRO NFA in establishing cooperation between banks and the MoF, Goznak and



the Bank of Russia on the implementation of the system, based on which precious metal coins were excluded from the scope of the GIIS DMDK, and some other proposals of the banking community were accepted.

Alexander Touchkov also spoke about the issues of concern of implementing GIIS DMDK by banks. For example, banks cannot estimate the amount of work and resources required to integrate the GIIS DMDK into the internal banking systems since Goznak has not yet presented the draft technical specification of the system. At the same time, banks understand that the introduction of the GIIS DMDK is an issue of state concern. Therefore, it is necessary to ensure its efficient operation. In addition, in the current situation, when the internal precious metals market is undeveloped, and mostly all of the precious metals mined in the country are exported abroad, the precious metals tracking system should work as efficiently as possible along the entire chain from mining to sale.

From the SRO NFA side, **Vasily Zablotsky** confirmed the Association's readiness to continue active interaction with MoF, Goznak, and the Bank of Russia to prepare banks for implementing the GIIS DMDK.

Answering the previous speaker, **Aleksey Lyashchenko** once again drew attention to the fact that a draft law on the exemption VAT from investment gold was developed and submitted to the State Duma, but then withdrawn due to the lack of economic calculations. **Aleksey Lyashchenko** said that there is no direct connection between implementing the GIIS DMDK and the adoption of this draft law. He also stressed out the adoption of any tax benefits, especially on the cancellation of VAT, which is a key tax for the budgeting process, can be compared with the investment process, which must have economic evaluations. The MoF and the Federal Tax Service have the required evaluations, but they showed oppositely directed results. It will be possible to return to the issue of the draft law when the required economic evaluations on this initiative are provided and reviewed by the specialized committees of the State Duma. After submission to the State Duma of an economic justification for the abolition of VAT and its consideration by specialized committees of the State Duma.

The next speaker of the section - **Mikhail Dyagilev**, Director-General, Krastsvetmet, continued the discussion on the GIIS DMDK and spoke about the situation with its implementation in the precious metals refining industry and the jewellery industry. **Mikhail Dyagilev** thanked **Yuri Zubarev** for the great work done. Thanks to strong collaboration with Goznak since 2019, the refining industry is preparing to implement the GIIS DMDK, taking into account the importance of this system. The planned implementation date of the GIIS DMDK is not far off, but the system has not been tested yet by the industry. Also, the Government Decree, which will provide the final implementation framework of the GIIS DMDK, is only expected to be adopted by the Government next year.

Further, in the speech, **Mikhail Dyagilev** spoke about the problems of the jewellery industry connected with the implementation of the GIIS DMDK. The main questions arise from the procedure for the physical marking of jewellery, which requires special software and hardware. According to the evaluations of the Jewelers Guild of Russia, the industry's expenditures for investments and operational support of these processes will be more than 20 billion rubles over two years. In this regard, the jewellery industry asks whether the benefits of the marking of jewellery will exceed the costs and expenses borne by the industry and the consumer. And the second fear of the jewellery industry is the squeezing of the market because, with a further rise in prices for jewellery, people may stop buying them. The jewellery industry has already experienced difficulties in recent years due to a decrease in the volume of jewellery consumption.

Continuing his speech, **Mikhail Dyagilev** noticed a different problem: escaping from the self-isolation of raw materials by the Russian precious metals industry. The scale of world trade of raw materials containing precious metals exceeds USD 30 billion, but Russia is practically not represented in this market. This trend has long been a concern of the processing industry since the use of their production capacities does not exceed 30-40%. Russian refineries are ready to compete globally, but for this, they need access to such raw materials. In 2015, import customs duties on raw materials were temporarily cancelled, and refineries began to import them into Russia. There is already a small share of metals produced from imported raw materials by the refineries.



Still, its further increase is hindered by the temporary nature of the cancellation of duties and the need to pay VAT on importing raw materials. **Mikhail Dyagilev** noted that these circumstances reduce the competitiveness of Russian refiners in the world market. Therefore, they are interested in the permanent cancellation of import customs duties on imported raw materials and in the cancellation of VAT on it. The elimination of these barriers will attract up to 100 tons of precious metals to the country and positively impact employment, taxes. It will increase the importance of Russia as a processor of precious metals on a global scale.



Vasily Zablotsky expressed the readiness to help in resolving this problem and gave the floor to Dr Tatiana Fic, Director, Central Banks and Public Policy, World Gold Council.

Dr Tatiana Fic began her report by noticing the significant impact of the COVID-2019 pandemic on the global economy, including the gold market. Total gold demand reduced to 882 tonnes in the last quarter, reaching its lowest level since 2009. The pandemic has had a strong impact on gold as a safe asset, resulting in the flow of funds into gold ETFs (3,880 tonnes in the last quarter).

The annual investors' survey conducted by the World Gold Council shows the interest of Russian investors in investing in gold:

- 80% of retail investors would like to make such investments;
- 75% of investors believe that gold will never lose its value;
- 68% consider such investments to be a way to hedge against inflation;
- more than 50% of investors trust investments in gold more than investments in foreign currency.

Dr Tatiana Fic noted that there is a great unsatisfied demand for gold in Russia. According to the World Gold Council estimates, if VAT were cancelled, the demand for gold in Russia would be at least 50 tons per year. It could be an important tool for diversifying the investment portfolio, which would positively impact the precious metals industry and the economy as a whole. Research data from the World Gold Council and the experience of other countries shows VAT reforms can significantly change the market.

In conclusion, **Dr Fic** once again emphasized that if there were no VAT on precious metals in Russia, Russian investors would increase the demand for gold to protect their investments in crisis times and improve the quality of its investment portfolio. This would help them make more profit and would be a great hedging tool.

Vasily Zablotsky thanked **Dr Tatiana Fic** for a valuable view of the Russian gold market, especially VAT reform on gold. Then **Vasily Zablotsky** expressed expectations for the continued cooperation.

Section 2. Gold Mining: Regulation and Practice

Vasily Zablotsky, a moderator of the Section, proposed to discuss the complex state of the gold mining industry in Russia, starting with the issues and specifics of geological exploration in the context of the COVID-19 pandemic and ending with the features of perspective regulation of artisanal activities.

The moderator passed the floor to **Sergey Kashuba**, Chairman, Union of Gold Producers of Russia, with a report "Gold mining industry in Russia: current state and development forecast until 2022". During his speech, Sergey Kashuba noted that Russia is one of the three countries - world leaders in the estimated gold reserves and has a great forecast potential. However, there are certain negative aspects: geological exploration is moving to remote areas with difficult mountain and climatic conditions and poorly developed infrastructure. At the same time, the gold content in the newly discovered goldfields is low. As a result, the costs of gold miners for geological exploration are increasing.



Then **Sergey Kashuba** focused on the problem of processing refractory ores, which compose a significant part of the Russian gold mineral resource base. The processing of refractory ores has been a constraining factor in the growth of gold mining for many years, but thanks to the industry's efforts (successful projects of Polyus, Polymetal, Petropavlovsk, etc.), it is now a growth driver industry. **Sergey Kashuba** quoted data on the dynamics of gold production in concentrates from 2010 to 2019, confirming the success in the development of refractory ore processing technologies in Russia, and spoke about the preservation of the trend towards a decrease in the export of gold concentrates for processing abroad in the medium term.

At the end of the report, **Sergey Kashuba** quoted data showing the continued stable growth of gold production in Russia, data on the dynamics of gold production in different regions of Russia, as well as data on the leading Russian gold mining companies, which showed the completion of the first stage of the industry consolidation process (the core of the leading 30 companies with sustainable development dynamics was formed; in 2019, out of 570 companies 25 leading companies accounted for 78% of gold production in Russia).

The next speaker of the section, **Ilya Kucherov**, Deputy Director, Institute of Legislation and Comparative Law under the Government of the Russian Federation, highlighted the issues of regulation of the industry by presenting the report "Prospects for the development of legislation in the field of artisanal mining". **Ilya Kucherov** referred to facts about the history of artisanal activity, spoke in detail about the regulation of such activity in Russia since the 19th century and its impact on the development of the industry. The current regulation allows only legal entities in the form of limited liability companies, stock companies and producers' cooperatives (artels) to carry out artisanal activities. However, the perspective of the legal regulation is associated with the development of a draft law on granting the right to carry out such activities to individual undertakers. This will solve the long-standing problem of unlawful miners, who account for a significant share of precious metals mining in Russia.

Ilya Kucherov also noted that two different editions of the draft law are being discussed, but **Mr Kucherov** preferred the version developed by the Ministry for Development of the Russian Far East. This draft law stipulates the explicit procedure for implementing artisanal activities, the execution of an agreement for the unrequited use of an artisanal ground plot, certain restrictions on the period of use, etc. The speaker also briefly informed about the expected changes in tax legislation on exemption of miners from the payment of tax on the extraction of minerals and taxation of their income under a simplified tax system at a rate of 10%. At the end of his speech, **Ilya Kucherov** noted the high status of the readiness of the draft law and some disadvantageous features that require further revision.

Then moderator gave the floor to **Dr Anatoly Ivanov**, Honored geologist of the Russian Federation, Chief research officer of the Central Research Institute of Geological Prospecting for Base and Precious Metals, to present a report "Geological exploration for precious metals for the funds of the federal budget in the XXI century - results and prospects". **Dr Anatoly Ivanov** presented statistics on the dynamics of gold deposits in the period 1974-2018 and data on the allocation of geological exploration facilities for precious metals, carried out at the expense of the federal budget, completed in the period 2002-2020, including data on the distribution of budgetary funding for geological exploration for gold in the period 2003-2022. **Dr Anatoly Ivanov** also provided information on the forecast of the raw resources, incl.

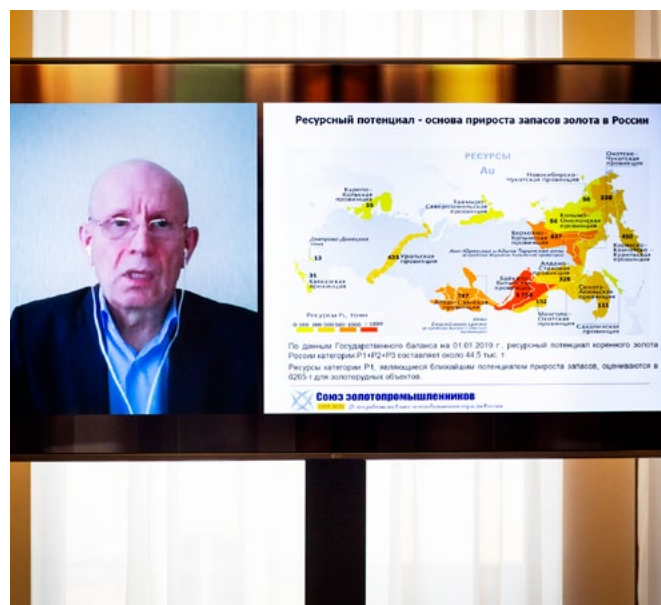
gold, as a result of geological exploration at the expense of the federal budget for 2010-2020.

Dr Anatoly Ivanov shared the following conclusions: inferred resources are prepared by the federal budget (the first stage of work), exploration and preparation of deposits (the next stage of work) are carried out entirely at the expense of subsoil users. In the last 3 years, there has been a sharp depletion of prospecting capacity. Therefore, it is necessary to strengthen the work of the first stage, increase funding, and promote effective and efficient work based on the declarative principle.

Section 3. Market Infrastructure

Opening the section, **Andrey Vasilyev**, Member of the Precious Metals Market Committee, SRO NFA, gave the floor to **Zhao Fanghua**, General Manager, Shanghai Gold Exchange International (SGEI).

Zhao Fanghua spoke about the current state of the Chinese gold market and the cooperation perspectives between Russia and China in this area. The speaker noted the increased demand for physical gold caused by the pandemic and that in the long term, it may require imports to satisfy it. **Zhao Fanghua** shared the experience of SGEI regarding the measures that have been taken since the beginning of the pandemic to ensure market resilience: strengthening risk control measures; improving the level of service for its members; improving the rapid response



mechanism in terms of reliable and safe storage and delivery of the precious metals. In September 2014, the Shanghai Gold Exchange established a physical gold trading and custody platform aimed at international gold investors, launching this platform as the Shanghai Gold Exchange International (SGEI). This initiative let the global investors directly obtain an international member or client of the SGEI using its offshore structures.

SGEI is actively working with regulatory authorities and Russian precious metals market participants to create an interstate model of cooperation, which should give a new impetus to the mutually beneficial development of precious metals markets in Russia and China. This activity takes place within the framework of the Subcommittee on Cooperation in Financial Issues of the Russian-Chinese Commission for the Preparation of Regular Meetings of Heads of Government and under the leadership of the People's Bank of China. SGEI has the following foreign participants from Russia: VTB Bank, Sberbank, Otkritie Bank, and NCC. Krastsvetmet is also accredited at SGEI as a refining organization supplying gold bars. SGEI and Moscow Exchange signed a Memorandum of Understanding in 2018. A Memorandum of Understanding will be signed between SGEI and the SRO NFA in the foreseeable future. In conclusion, **Zhao Fanghua** announced the intention to continue working with strategic partners from Russia to achieve greater interconnection between the Russian and Chinese gold markets and the development of this industry as a whole. The speaker noted the strengthening of relationships between our countries in various fields and expressed hope for closer cooperation in the precious metals market.



Continuing the cooperation with SGEI, **Andrey Vasilyev** asked **Nikita Knyazev**, Director, Precious Metals, Moscow Exchange, to comment on plans implementation to establish a trading link with SGEI, taking into account the pandemic' issues. **Nikita Knyazev** noted that the pandemic caused some problems in the development of cooperation. Still, certain steps were taken to set up the trade channel: an agreement was signed that allows the use of software and hardware for sending trade orders, obtaining a status these orders for the Moscow Exchange and its participants. It is essential to build a single liquidity pool for Russian and Chinese participants in precious metals trading. The nearest plans are to conclude the first loco swap transactions between Russian and Chinese participants and transactions directly with precious metals, mainly with gold. Loco-swap transactions will be demanded primarily by Russian banks, which are already trading participants at SGEI. In the future, Moscow Exchange will expand this cooperation to banks

that have not yet entered the Chinese market but will be able to conclude such transactions with its participant and receive additional demand from non-residents from China.

Sergey Schavelev, Executive Director, Global Markets, Russian Agricultural Bank, confirmed the bank's interest in using this framework and, in general, its practicability for the precious metals markets of Russia and China.

The section's moderator turned back to **Nikita Knyazev** with a request to talk about the development of Moscow Exchange instruments for the precious metals market participants. **Nikita Knyazev** notices a new trend: the wide-scale entering of individuals on the exchange market and their interest in precious metals. When gold prices have increased significantly in difficult times of increased volatility, investors choose it to protect their savings. Data on significant growth in the last year of exchange-traded mutual gold funds and the volume of trading of precious metals futures contracts confirm the interest of individuals and corporate clients in gold-oriented instruments (in the form of derivatives and securities).

Regarding the exchange transactions with physical gold, the speaker noted the growth in the number of participants in the exchange precious metals market and the volume of transactions in precious metals. Speaking about the development of the exchange market for precious metals, **Nikita Knyazev** singled out the following main directions: extending the trading time, attracting non-resident demand to the precious metals market, attracting domestic demand, and access to ruble liquidity in the money market. It also seems promising to add precious metals to the instruments for investing pension savings by revising the draft law considered by the State Duma.

Andrey Vasilyev noted the precious metals market is becoming more exchange-traded, and brokerage companies are coming to the fore, which provide an opportunity for clients to purchase gold using exchange-traded instruments. In this regard, **Andrey Vasilyev** turned to **Vladimir Krekoten**, Director General (CEO), Otkrytie Broker and **Sergey Dyudin**, General Director, Chief Investment Officer, VTB Capital Investment Management, with a request to provide their vision of the exchange market and its development prospects from the point of view of individual investors.

Vladimir Krekoten emphasized that in the context of the growing trend in prices for gold and silver and a sharp increase in investment demand for precious metals, providing individual investors with trade access to precious metals on Moscow Exchange is of particular importance. **Vladimir Krekoten** expects a 3-5-fold increase in individuals' investments in the next 1-1.5 years. And drew attention to the interest of investors in the availability of similar exchange instruments for the platinum metals group.

Sergey Dyudin presented a new way of investing in gold, namely through “VTB - Gold Fund. Exchange”. It is the only exchange-traded fund in Russia that invests in gold bars, which are stored in a Russian vault - VTB Bank. The speaker emphasized that, given the function of gold as a tool for capital maintenance, especially during periods of external or internal shocks, infrastructure and the security of these investments become extremely important. The said VTB Fund fully meets these requests. In addition, this investment product is most suitable for long-term strategic investments, especially for clients with a small number of investment funds.

Andrey Vasilyev invited section’ participants to discuss how interesting these products will be in case of the cancellation of VAT on the investment gold.



Sergei Dyudin presumes that a part of the VTB Fund’s investors may be lost, but these losses in demand will not be so significant, since the main advantages of this product will remain.

Vladimir Krekoten noted that cancellation of VAT on the investment gold is unlikely to shift the focus on a product that cannot be traded remotely.

Nikita Knyazev brought up the experience of Germany and China in which the most common form of investment in gold became gold bullions after the cancellation of VAT. Nevertheless, the representative of the Moscow Exchange noted that the exchange gold market is a convenient way for investors and market participants and in many respects competitive and expressed positive expectations from the cancellation of VAT.

Responding to the question from the section’ moderator how the interbank market can respond to competition with the exchange-traded products, **Sergey Schavelev** noted that banks do not have to compete with brokers and exchanges, since it will be an added advantage for them if the exchange mechanisms, which are used by

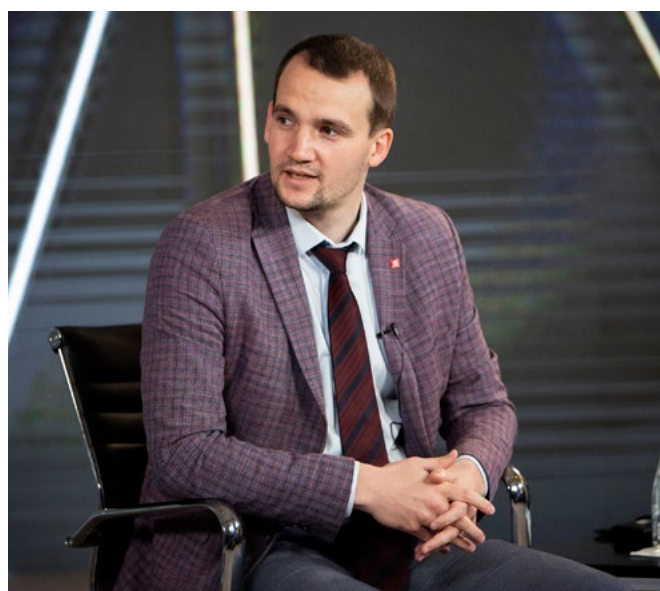
banks as well, will attract more and more customers. For banks, this option will help attracting additional liquidity, including for banking operations to cover positions that arise as a result of bank’s clients’ transactions. Sergey Shavelev continued his speech and highlighted the key topics of the Forum: pandemic, digitalization, implementation of the GIIS DMDK and the cancellation of VAT.

Returning to the issue of digitalization, **Sergey Schavelev** cited data approx. 86 banks providing products with precious metals, but only 9 use the remote e-channels, including Russian Agricultural Bank (RSHB), which launched 2 new digital product: opening bank accounts in precious metals through bank’s mobile application (only 6 out of 44 banks provide such a service) and selling precious metals coins (only 4 out of 79 banks provide such an opportunity to customers), and noted that this is an extremely small number of credit institutions.

Regarding the GIIS DMDK, **Sergey Schavelev** expressed his hope for taking into account the specifics of banking operations with precious metals when introducing this system.

Then session moderator addressed the representatives of the regulatory authority **Yulia Goncharenko**, Director of the Department of state regulation in the sphere of production, processing, circulation of precious metals and precious stones and currency control, Ministry of Finance of the Russian Federation and **Nikolay Margaritov**, Deputy Director of the Department of state regulation in the sphere of production, processing, circulation of precious metals and precious stones and currency control, Ministry of Finance of the Russian Federation, with a request to comment on the extent to which one can expect the cancellation of VAT on precious metals after the introduction of the GIIS DMDK.

Yulia Goncharenko informed that the cancellation of VAT and the creation of the GIIS DMDK began to be actively worked out simultaneously from 2017, but until 2019 they



were two independent initiatives. In 2019, in the process of negotiations with the tax authorities, colleagues from the Federal Tax Service of Russia expressed their concern that the cancellation of VAT would entail a flow of investment gold into production. Therefore, the MoF has undertaken to develop a system that will track the use of investment and other precious metals for the purposes for which it was sold. Thus, since 2019, VAT and GIIS DMDK are inextricably linked.

The GIIS DMDK is planned to be launched on January 1, 2021, and during 2021 it is necessary to ensure full transparency of metals movement in terms of production. At present, the GIIS DMDK has developed the business processes of banks to the least extent, but as a result of negotiations with the Bank of Russia, an agreement was reached on the development of a separate procedure for the GIIS DMDK for the Bank of Russia and credit institutions, which will be developed by MoF together with banks and the Bank of Russia. The process of merging banking systems and GIIS DMDK will be launched from 2022, which will ensure the implementation of the second initiative, namely the abolition of VAT on investment gold also in 2022. At the same time, it was noted that the cancellation of VAT should not lead to the loss of part of the budget revenues.

Yulia Goncharenko informed that the corresponding draft law provides for the cancellation of VAT not only on investment gold but also on other precious metals.

Andrey Vasilyev thanked **Yulia Goncharenko** and **Nikolay Margaritov** for their support of the initiative to exempted VAT on precious metals and fruitful cooperation in preparation for the implementation of the GIIS DMDK by banks with SRO NFA support and expressed his hope for continued cooperation.

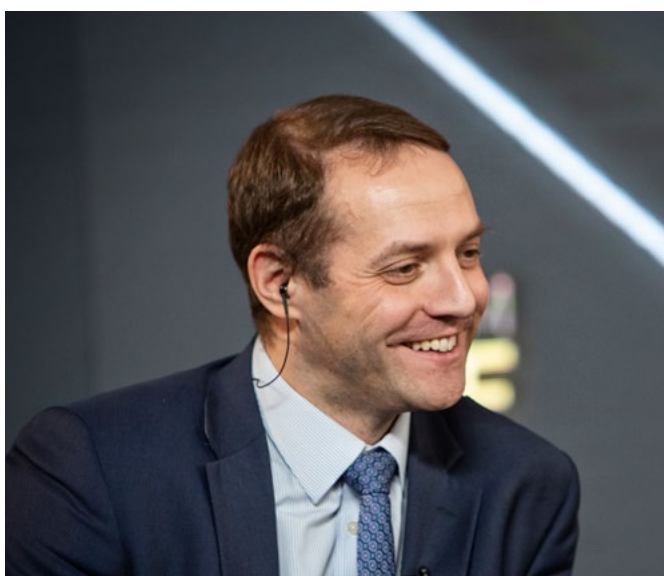
Concluding the section, the speakers answered the questions of the Forum participants and shared their forecasts on the gold prices dynamics in 2021.

Section 4. Global Gold Markets

The moderator, **Eily Ong**, Equity and Industry Analyst for Bloomberg Intelligence, Bloomberg, asked **Mikhail Sheybe**, Senior Commodity Analyst, Sberbank, to present Sberbank's vision state and development prospects of the global gold market. Then **Eily Ong** turned to **Anna Morina**, Head of Research, Bank Otkritie Financial Corporation, with a proposal to make a presentation on key changes in the gold market.

The moderator gave the floor to **John Reed**, Managing Director, Chief Market Strategist of the World Gold Council, and **Sudheesh Nambiath**, Head, India Gold Policy Centre (IGPC), Indian Institute of Management Ahmedabad, who spoke about the impact of COVID-19 on the precious metals market and the role of the investment component of gold.

Based on the results of the reports presented by the participants of the section, a discussion was held on the prospects and dynamics of the gold market development in the context of COVID-19.





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