Picture credit: BullionVault

29 SEPTEMBER 2026

LOCO LONDON

London is the global trading hub for precious metals including platinum

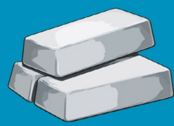
The London Bullion Market is an over-the-counter (OTC) wholesale trading system for gold, silver, platinum, and palladium. It is the most widely-traded global market for precious metals, and buyers and sellers from all over the world transact through the market, with the bullion settling across accounts held in London. The term 'Loco London' refers to bullion that is physically held in London vaults to underpin the trading activity in this market.

The market is overseen by the London Bullion Market Association (LBMA) and its sister organisation, the London Platinum and Palladium Market (LPPM). Together, they maintain the internationally-recognised Good Delivery standards that provide trust in the market. These standards ensure that metal used to settle transactions meets strict requirements for quality, authenticity, and consistency. By standardising the physical characteristics of bullion, Good Delivery rules allow market participants to trade confidently and efficiently without needing to inspect each bar individually.

Unlike exchange-traded markets, where contracts have standardised sizes, delivery terms and settlement dates, the London Bullion Market operates on an OTC basis. Trades are negotiated directly between counterparties on a principal-to-principal, bilateral basis. This structure provides participants with greater flexibility over transaction size, pricing and contract terms.

GOOD DELIVERY RULES FOR PLATINUM

Form: plate or ingot



Weight: between 1 kg and 6 kg

Purity: minimum fineness of 99.95%

Markings include: manufacturer, year of production, weight, and purity

Appearance: bars must be smooth and free from significant imperfections

At the core of the market are the bullion clearing banks appointed by London Precious Metals Clearing Limited (LPMCL). These institutions act as market makers and facilitate the settlement of most market transactions through LPMCL's electronic clearing system. The depth and liquidity of this clearing infrastructure enable huge volumes of precious metals to be traded and settled efficiently each day.

Counterparties range from central banks and sovereign wealth funds to mining companies, refiners and fabricators. They also include financial intermediaries, such as bullion dealers and brokers, and large institutional investors.

Although private investors cannot trade directly in the wholesale market, they can gain indirect exposure through platforms such as BullionVault, which enable allocated ownership of professionally-vaulted Good Delivery bullion in quantities as small as one gram.

Price Discovery and Benchmark Pricing

The London Bullion Market also plays a central role in global precious metals price discovery. Benchmark prices administered independently by ICE Benchmark Administration provide globally-recognised reference prices that are used throughout the precious metals industry.

For platinum and palladium, benchmark prices are established through electronic auctions held twice daily, at 9:45 a.m. and 2:00 p.m. London time. During these auctions, buy and sell orders are matched to determine a market-clearing price that reflects prevailing supply and demand conditions.

For investors, this process provides confidence that platinum prices are formed through a transparent, independent and robust mechanism supported by established market infrastructure. Combined with the market's deep liquidity, trusted settlement system, and globally-recognised standards, Loco London remains the foundation of global wholesale platinum trading.

Sources used in the writing of this article include the 'Introduction to the Global Precious Metals Market' produced by the LBMA, the LPPM, and LPMCL.

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