

# ROYAL MINT

FILE BEGINS

ENDS

PART

FILE TITLE

FILE NUMBER

FILE NUMBER  
5/LON/295/17

JERSEY

Platinum Bullion Coins.

5/LON/295/17

REFER TO

DATE

REFER TO

DATE

REFER TO

DATE

~~K Verman~~  
~~M Jones~~  
Mrs K Verman

~~7-11-83~~  
15-11-83

DISPOSAL DIRECTIONS

SIGNATURE

DATE

DESTROY AFTER YEARS

PRESERVE

CONSIDER AT \*1st/2nd REVIEW

## Public Records Act 1958

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\*Delete as appropriate

REFERENCES

Copied to: MR D C SNELL, MR A W WALLACE, MR M J MANSLEY,) for information  
MR P J S GREEN, MR J KELLY & MR D M JONES ) 3.1.84

**ENGELHARD**  
**ENGELHARD METALS LIMITED**

ENGELHARD HOUSE • 8 THROGMORTON AVENUE • LONDON EC2N 2DL • 01-588 4080 • TELEX: 895420B

21st December 1983

Mr. A.R.W. Lotherington  
Sales Director  
Royal Mint  
7 Grosvenor Gardens  
London SW1W 0BH

*File* →

Dear Alan,

I wish to acknowledge receipt of your letter dated 7th December 1983 concerning platinum bullion coins. We have discussed the subject further at Engelhard and come to the conclusion that such a coin could only achieve a very limited success, given current market conditions. Therefore, we suggest that you do not pursue the matter with the Bahamas.

Nonetheless, we certainly want to thank you for your cooperation and the efforts you made regarding a platinum coin. Perhaps the matter could be taken up again if the markets become more favourable.

Assuring you of our goodwill and sending you our best wishes for Christmas and the New Year, we remain,

Very truly yours,

*R.M. Lovish*

R.M. Lovish

# States Treasury

CYRIL LE MARQUAND HOUSE

P.O. Box No. 353  
The Parade, St. Helier, Jersey.  
Telephone. (0534) 79111 Ext..... Telex: 4192390:STATES  
J. Clennett, F.C.A., A.C.M.A.  
Treasurer of the States.



Your Ref :

Our Ref : REH/TEB A/T 8

Date 2nd December, 1983

D. Martin Jones, Esq.,  
Royal Mint,  
7, Grosvenor Gardens,  
LONDON  
SW1W 0BH

*Copied to Mr. Lotherington  
to note.*

*7/12/83*

Dear Martin,

Thank you for your letter dated 24th November 1983 regarding the possible issue of platinum bullion coins. I have discussed the matter with the Treasurer of the States and our reaction is that we would not be interested in an issue of this kind.

Our legislation does not permit the issue of a coin with a floating face value and there could well be problems with VAT.

Thank you for drawing this matter to our attention.

Yours sincerely,

*R. E. Harris*

R. E. HARRIS,  
Principal Accountant

*Received 7/12/83*



1971-72



*Royal Mint*

7 Grosvenor Gardens, London, SW1W 0BH. Telex 267321 Telephone 01 828 8724-8

24 November 1983

Mr Robin Harris  
States of Jersey Treasury  
PO Box 353  
The Parade  
St Helier  
Jersey  
Channel Islands

Dear Robin

You asked if I would write to you concerning the possibility of Jersey issuing platinum bullion coins. As you know we have a refiner who might be interested in promoting the use of platinum through the issue of a bullion coin.

Basically the idea is that coins would be issued at approximately 7% over bullion cost. This should be sufficient to cover the refiners charges, our own striking costs as well as providing Jersey with a 1% royalty. The coin would have to be legal tender in the country of issue but would have a floating face value equal to one ounce of bullion.

The refiners would buy back the coins at 1% below bullion. It would be necessary for Jersey, if they agreed to participate, to buy back coins presented in the Islands but this again could be at 1% below bullion or alternatively by limiting the hours during which coins could be redeemed you could fix the price at the morning bullion fix. You would then work back to back with the refiner and notify him at the end of every day the number of coins you had taken in. This would guarantee you the bullion price at which you redeemed the coins.

A limited number of proof coins would also be issued and marketed by the Royal Mint and the premium over bullion value for these would be expected to be in the region of 100% mark up. Obviously larger royalties would accrue to Jersey on the sale of proofs.

As I said during our meeting, the scheme is only a tentative one and at this point in time we are sounding you out for a reaction to the principle. If it was decided to proceed further it would probably be necessary for a joint meeting between yourselves, the refiners and ourselves before any firmer commitment could be made.

I would be grateful if you could let me have your initial reaction.  
Yours sincerely



D Martin Jones

Mr D M Jones

JERSEY

When you visit Jersey, would you sound out the people there on the possibility of participating in selling a one ounce platinum bullion coin - my note of a meeting with Engelhart Metals Ltd refers.

It transpires, however, that if they are to proceed with a bullion coin, they could not afford to pay a royalty of £10 per coin sold and they are becoming less enthusiastic now they have done their sums. It might be a starter if Jersey could be persuaded to take a royalty of, say, one per cent.

There would also be a small issue of proofs although I have had second thoughts about 1,000 and think it might be nearer 500, or even less than that.

Perhaps we could talk about it before you embark on your arduous journey to Jersey!!

A R W Lotherington  
4 November 1983

NOTE OF A MEETING AT ENGELHARD METALS LTD, 8 THROGMORTON  
AVENUE, LONDON EC2, ON MONDAY, 31 OCTOBER 1983

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In attendance : Robert H Stedall, Managing Director  
Richard M Lowish, Metal Marketing Manager  
Arnold Brett  
D Upton, Production Director (successor to  
Mike Harrison at Sheffield  
Smelting Co)

A R W Lotherington

1. Engelhard Metals Ltd are encouraging the use of platinum for jewellery and other purposes and wished to consider the possibility of issuing platinum bullion coins on behalf of a suitable country. It was explained that the premium over the platinum price had to be competitive with the premiums already charged by Johnson Matthey for Isle of Man platinum bullion coins. From the literature available, it was ascertained that the premium for one ounce bars and coins amounted to about 7% over bullion cost.
2. It was agreed that of the countries the Royal Mint might be able to persuade to participate, the most interesting was Hong Kong, although it was appreciated that it was less likely to join than smaller countries. It was also suggested that Bermuda and Jersey would be satisfactory if Hong Kong could not be persuaded to participate.
3. It was agreed that to make the coin attractive it had to be a legal tender coin in the country issuing it and after a debate on the practicalities of face value, it was agreed that the best method was to adopt the practice used for the Krugerrand, i.e. the coins have a variable face value equivalent to one ounce of bullion. Engelhard said they would also employ a buy-back policy to match that proposed by Johnson Matthey, i.e. bullion price less 1%.
4. It was agreed that in the event of persuading countries to participate, they might be faced with the possibility of coins being presented for redemption at face value, i.e. bullion cost, and provision would have to be made for a back to back arrangement with the issuing authorities between Engelhard and the country to avoid financial risks.

5. Engelhard would much prefer to supply suitable blanks ready for striking in aid of the contract.
6. It was tentatively agreed that in the case of a Hong Kong one ounce platinum coin the annual demand could be in the region of 25,000 but if the country were Jersey or Bermuda, considerably less (5,000 annual demand) would probably be appropriate.
7. Rough calculations were made on the basis of an assumed annual demand for 5,000 or 25,000 platinum 1 oz coins; the ball-park figures per coin mentioned in discussion were :-

	<u>5,000 coins</u> <u>per annum</u>	<u>25,000 coins</u> <u>per annum</u>
	£	£
Bullion	258.00	258.00
Blank manufacturing	2.00	2.00
Allowance for blank rejects (say 5%)	0.10	0.10
Manufacturing including packing materials (tubes)	0.50	0.25
Country royalty	10.00	10.00
Carriage, freight, etc	1.00	1.00
Provision for master tools	1.00	0.20
Financing	2.00	2.00
	<hr/>	<hr/>
	274.60	273.55
	<hr/>	<hr/>

Note: Costs expressed as a percentage add 6% to bullion in the case of 25,000 annual demand and 6.4% in the case of a 5,000 annual demand.

8. It was suggested that in the event of the issue going ahead, whether it be Hong Kong, Bermuda or Jersey, it would be desirable to have a proof issue of a limited number; in the case of Hong Kong a 5,000 proof issue might be justified but in the case of Jersey or Bermuda the numbers would have to be considerably lower, probably no more than 1,000. The premium over bullion value for a proof would be expected to be in the region of 100% mark up on the bullion cost.
9. Engelhard agreed to examine the viability of the scheme on the basis of the tentative figures and on the assumption that they would be responsible for marketing throughout the world the bullion coins through Banks, coin dealers, etc, and the Royal Mint would



handle the proof issue. It was suggested that the Royal Mint could be of assistance in handling the bullion coins, certainly in the United States, but Engelhard seemed to prefer exploring their own avenues in the first instance. Engelhard asked what financial assistance the Royal Mint might be able to provide out of the proof issue and it was pointed out that since they would be responsible for marketing the most that could be expected, and this was subject to scrutiny of the figures, was to set the master tool costs against income generated.

10. Engelhard said they would examine the viability and let the Royal Mint know within about a week whether it was likely they would proceed.
11. If it was agreed to proceed the Royal Mint would speak unofficially to Hong Kong, Jersey and Bermuda.
12. Note: Although no mention was made at the meeting, there would undoubtedly be a far better response if the United Kingdom were to issue platinum bullion coins and this has already been mentioned to the Deputy Master who agreed to give thought to the matter and possibly raise it with the Economic Secretary.

A R W Lotherington  
1 November 1983

Distribution :

Deputy Master  
Mr R W Gravenor  
Mr D C Snell  
Mr A W Wallace  
Mr M J Mansley  
Mr B Williams  
Mr P J S Green  
Mr J Kelly  
Mr D M Jones

7258  
~~\$386~~ per ounce

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Enter Command

267321 MINTLN G  
498353 MINTUK G

ATTN MR LOTHERINGTON

25,000 - 25p

PLATINUM BULLION COINS FOR JERSEY

COSTS	QTYS	100,000 £	50,000 £	10,000 £	5,000 £
COINING BLANK PREP, TOOLING PDG					
LABOUR		0.09	0.10	0.17	0.21
PACKING MATERIALS (TUBES)		0.01	0.01	0.06	0.12
BLANKS (COSTS INCLUDE MELTING LOSS BUT ASSUMES FLYWHELL SUPPLIED FIA		1.86	2.02	2.34	2.39
		<u>1.96</u>	<u>2.12</u>	<u>2.57</u>	<u>2.72</u>

50p

PLS TREAT THE SHEFFIELD BLANK PRICE AS PROVISIONAL AS IT WILL BE OPEN FOR DISCUSSION AT THE MEETING. DAVID SNELL ASKED ME NOT TO INCLUDE A COST FOR PAYMENT DELAY, FINANCING, M AND S OVERHEADS AND PROFIT AS HE WILL BE DISCUSSING THESE ELEMENTS OF COST WITH YOU HIMSELF.

REGARDS

BRIAN WILLIAMS

498353 MINTUK G  
24.10.1983

PLS AMEND DESCR COLUMN FIRST LINE PDG READS AS PKG  
ALSO FLYWHELL READS AS FLYWHEEL

TOTAL 2ND LINE READS AS £21/£2.13 NOT £2.12 AS STATED

LAST 5INE READS AS HIMSELF NOT NIMSELF

APOLOGIES

267321 MINTLN G  
10.46  
24.10.1983

Enter Command