

# Operating Guidelines for International Board Deliveries

## of

# the Shanghai Gold Exchange

### Chapter I General Provisions

- Article 1** These *Operating Guidelines for International Board Deliveries of the Shanghai Gold Exchange* (these “*Guidelines*”) are formulated pursuant to applicable provisions promulgated by PRC Customs authorities and the *Detailed Rules for Physical Delivery of the Shanghai Gold Exchange* to regulate the delivery process for products traded on the International Board of the Shanghai Gold Exchange (the “Exchange” or the “SGE”).
- Article 2** These *Guidelines* applies to, among others, the members, customers and International Board Certified Vaults (“IB Certified Vaults”) that participate in delivery activities on the International Board of the Exchange with regard to the procedures of Load-in, Load-out, entry into a bonded zone, import, exit from a bonded zone, and storage of physical bullions.
- Article 3** The Exchange will establish IB Certified Vaults to provide services required in the Physical Deliveries and the storage of physical bullions for International Members and International Customers. The IB Certified Vaults will assume full responsibility for the storage of physical bullions placed under their custody.
- Article 4** The Exchange’s members, customers and IB Certified Vaults must abide by these *Guidelines*.

### Chapter II IB Certified Vaults

- Article 5** The term “IB Certified Vaults” refers to the facilities that provide services including the storage of physical bullions, the transfer thereof during Load-in and Load-out, and customs declaration of inbound and

outbound physical bullions for or on behalf of International Members, International Customers and commercial banks qualified to import gold. The IB Certified Vaults are under the supervision of PRC Customs authorities.

**Article 6** The IB Certified Vaults offer Transaction Vaulting and Safe Deposit Vaulting Services. The term “Transaction Vaulting Services” refers to the management services in respect of physical bullions involved in the delivery against transactions entered into on or through the Exchange. The term “Safe Deposit Vaulting Services” refers to the management services in respect of physical bullions not involved in such delivery activities. Transaction Vaulting Services shall be managed in accordance with the *Detailed Rules for Physical Delivery of the Shanghai Gold Exchange*, and Safe Deposit Vaulting Services shall be managed pursuant to the *Measures for the Administration of Safe Deposit Vaults of the Shanghai Gold Exchange*.

**Article 7** The IB Certified Vaults shall engage qualified customs brokers to process physical bullions’ entry into and exit from a bonded zone on behalf of International Members and International Customers.

**Article 8** The IB Certified Vaults shall designate specialized transportation companies to handle the secured transportation of physical bullions between an IB Certified Vault and an airport.

### **Chapter III Application for Good Delivery Accreditation for Transaction Vaults**

**Article 9** To deposit bullions into Transaction Vaults, an International Member or International Customer must apply to the Exchange for Good Delivery accreditation. An accredited International Member or International Customer may then deposit physical bullions deliverable on the International Board into an IB Certified Vault. Furthermore, an International Member or International Customer whose application is approved may, within the permitted quota, deposit physical bullions deliverable on the Main Board into an IB Certified Vault.

**Article 10** To be eligible for submitting an application for Good Delivery accreditation for physical bullions deliverable on the International Board, an International Member or International Customer must:

- (1) be an LBMA accredited Good Delivery refiner;
- (2) be an International Member who is a bank, fund management firm or other types of financial institutions, and whose physical bullions are produced by an LBMA accredited refiner;

- (3) be an SGE Standard Gold Ingots and Bars Delivery refiner; or
- (4) have a status as otherwise recognized by the Exchange.

**Article 11** To apply for Good Delivery accreditation for physical bullions deliverable on the International Board, the International Member or International Customer shall submit to the Exchange:

- (1) in relation to an accredited refiner pursuant to Item (1) of Article 10,
  1. the *SGE Load-in Application Form for International Members and International Customers*,
  2. a proof of the quantity of gold refined in the previous year,
  3. a letter of quality commitment,
  4. a proof demonstrating that the raw materials of its refined gold bullions originate from outside of conflict or high-risk zones,
  5. a photocopy of the product brand mark registration,
  6. a document demonstrating the brand marks of its gold bullions refiners,
  7. a proof certifying that the applicant committed no material criminal acts over the previous two years,
  8. other supporting document evidencing the conduct of gold business, and
  9. any other materials which the Exchange deems necessary;  
or
- (2) in relation to a financial institution pursuant to Item (2) of Article 10,
  1. the SGE Good Delivery Application Form for International Members and International Customers,
  2. a letter of quality commitment,
  3. a proof demonstrating that the raw materials of its refined gold bullions originate from outside of conflict or high-risk zones,
  4. a proof certifying that the applicant committed no material criminal acts over the previous two years, and
  5. any other materials which the Exchange deems necessary;  
or

- (3) in relation to an SGE Standard Gold Ingots and Bars Delivery refiner pursuant to Item (3) of Article 10,
  1. the *SGE Load-in Application Form for International Members and International Customers*,
  2. a letter of quality commitment,
  3. a proof demonstrating that the raw materials of its refined gold bullions originate from outside of conflict or high-risk zones,
  4. a proof certifying that the applicant committed no material criminal acts over the previous two years, and
  5. any other materials which the Exchange deems necessary.

**Article 12** The Exchange shall approve or reject an application within 5 business days of its receipt.

**Article 13** Each accredited Good Delivery International Member and International Customer must file with the Exchange an *SGE Registration Form of Designated Deposit Persons* to identify its depositors, and promptly inform the Exchange of any change in such depositors.

**Article 14** Any physical bullions Loaded-into an IB Certified Vault by an accredited Good Delivery International Member or International Customer must meet the quality requirements set out by the Exchange. Such International Member or International Customer must assume full responsibility for the quality of such physical bullions.

**Article 15** Any accredited Good Delivery International Member or International Customer who fails to fulfill its quality commitment or any requirement of the Exchange pertaining thereto may have its accreditation revoked by the Exchange. Any such de-accredited International Member or International Customer shall not be allowed to apply for the reinstatement of accreditation within one year of such revocation.

**Article 16** The Exchange will set out in a separate document the eligibility standards for those International Members and International Customers who wish to apply for the Good Delivery accreditation for depositing physical bullions deliverable on the Main Board into IB Certified Vaults.

## **Chapter IV Procedures for Entry into a Bonded Zone**

**Article 17** The term “Procedures for Entry into a Bonded Zone” refers to the entry procedures to be completed by each International Member and International Customer for transporting physical bullions into a bonded zone. The physical bullions that have been cleared for entry may be

deposited into an IB Certified Vault, either within its Transaction Vault or its Safe Deposit Vault.

**Article 18** To transport physical bullions during such Procedures of Entry into a Bonded Zone, the International Member or International Customer must choose one from the list of specialized transportation companies designated by the IB Certified Vault, and shall bear all the risks and expenses arising out of such transportation.

**Article 19** To complete the Procedures of Entry into a Bonded Zone, the International Member or International Customer shall submit to the Exchange:

- (1) tax invoice (“Fapiao”) for the gold bullions awaiting entry, which shall specify, among other things, the bullions’ recipient and overseas shipper, and the bullions’ weight, brand, value, and place of origin;
- (2) the packing list covered by such Fapiao, which specifies, among other things, the total gross and net weights of the gold bullions covered by such packing list;
- (3) the itemized schedule of each packing list, which specifies, among other things, the gross packaged weight and pure weight of each of such gold bullions; and
- (4) the documentation certifying the use of non-wood packing materials.

Photocopies of the documents specified in Items (1), (2) and (3) above are acceptable.

## **Chapter V Import Procedures**

**Article 20** A member qualified to import and export gold may take delivery of physical bullions deliverable on the International Board from an IB Certified Vault.

**Article 21** If a member qualified to import and export gold wishes to import the physical bullions it has purchased or leased from the International Board, it shall go through the following steps:

- (1) Initiating the Load-out procedures with its IB Certified Vault, and completing the following customs declaration procedures before withdrawing any physical bullions.
- (2) Providing its customs broker with:
  1. the first slip of the gold import/export certificate issued by

- the People's Bank of China (the "PBC"), applicable to commercial banks for the purpose of customs declaration;
2. the letter of engagement for such customs broker;
  3. the contract note issued by the Exchange covering the physical bullions to be withdrawn;
  4. the *SGE Notice of Take-delivery* covering the physical bullions to be withdrawn; and
  5. the *SGE Bill of Load-out* and the *Itemized Schedule for Load-out* covering the physical bullions to be withdrawn.

Photocopies of the documents specified in Items 3, 4, and 5 above are acceptable.

- (3) Upon completion of the foregoing import customs declaration procedures, presenting the fourth slip of the *PRC Import Customs Declaration Form* to the IB Certified Vault before withdrawing the imported physical bullions.

**Article 22** Any approved International Member or International Customer that sells physical bullions deliverable on the Main Board must engage a member which has the gold import/export qualification to carry out the import procedures on its behalf, and pay import agent fees for the fulfillment of such import procedures. The Exchange will issue a separate notice providing for the rate schedule and terms of payment of such fees.

## **Chapter VI Procedures of Load-out of Traded Inventory**

**Article 23** An International Member or International Customer may request the Load-out of Traded Inventory from a Transaction Vault in respect of any physical bullions deliverable on the International Board purchased through the Exchange. The physical bullions thus withdrawn may be deposited into a Safe Deposit Vault or shipped outside of the bonded zone after completion of Procedures of Exit from a Bonded Zone. The procedures of deposit into Safe Deposit Vaults shall be executed pursuant to the *Measures for the Administration of Safe Deposit Vaults of the Shanghai Gold Exchange*.

**Article 24** The term "Procedures of Exit from a Bonded Zone" refers to the exit procedures to be completed by International Members or International Customers for transporting physical bullions out of a bonded zone. To transport physical bullions during such Procedures of Exit from a Bonded Zone, each International Member and International Customer must choose one from the list of specialized transportation companies designated by the IB Certified Vault, and shall bear all risks and

expenses arising out of such transportation.

**Article 25** To complete the Procedures of Exit from Bonded Zone, the International Member or International Customer shall:

- (1) Complete the procedures of Load-out of Traded Inventory at its IB Certified Vault.
- (2) Submit to the Exchange the following materials:
  1. the *SGE Notice of Load-out* covering the physical bullions to be withdrawn;
  2. the *SGE Notice of Take-delivery* covering the physical bullions to be withdrawn; and
  3. the *SGE Bill of Load-out* and the *Itemized Schedule for Load-out* covering the physical bullions to be withdrawn.

Photocopies of the documents specified in Items 1, 2, and 3 above are acceptable.

## **Chapter VII Procedures of Exit from Bonded Zone for Physical**

### **Bullions Withdrawn from Load-in Inventory**

**Article 26** An International Member or International Customer may withdraw physical bullions from its Load-in Inventory from a Transaction Vault or a Safe Deposit Vault, and ship such physical bullions out of the bonded zone.

**Article 27** For the purpose of the Procedures of Exit from Bonded Zone, each International Member and International Customer must choose one from the list of specialized transportation companies maintained by the Exchange to transport the physical bullions being shipped outside of the bonded zone, and shall bear all risks and expenses arising out of such transportation.

**Article 28** For the purpose of the Procedures of Exit from Bonded Zone in connection with a transit trade, each International Member and International Customer shall:

- (1) Complete the procedures of Load-out at its IB Certified Vault.
- (2) Submit to the Exchange the following materials:
  1. the tax invoice (“Fapiao”) for the gold bullions awaiting exit, which shall specify, among other things, the bullions’ shipper and the overseas recipient, and the bullions’ weight, brand, value, and place of origin;

2. the *SGE Notice of Load-out* covering the physical bullions to be withdrawn;
3. the *SGE Notice of Take-delivery* covering the physical bullions to be withdrawn; and
4. the *SGE Bill of Load-out* and the *Itemized Schedule for Load-out* covering the physical bullions to be withdrawn.

Photocopies of the *documents* specified in Items 1, 2, 3 and 4 above are acceptable.

## **Chapter VIII Move Within Vaults**

**Article 29** Move within vaults refer to the business of moving the physical bullion possessed by the International Members and International Customers from the Safe Deposit Vaults to the Transaction Vaults, or vice versa.

**Article 30** International Members and International Customers shall fill out the Application Form of Moving Within Vaults of the Shanghai Gold Exchange, chopped with the official seal or the signatory of the person in charge of the business, fax or email to IB Certified Vault.

**Article 31** International Members and International Customers shall choose to deposit the deliverable brands on the Main Board or the International Board before moving its physical bullion from the Safe Deposit Vault to the Transaction Vault. The qualification of depositing the deliverable brands on the Main Board shall be approved.

**Article 32** IB Certified Vault is fully responsible for the business of moving within vaults of the International Members and International Customers. The vault shall fax or email the application form, chopped with its receiving or delivering seal to the International Members and International Customers after the business is finished.

**Article 33** International Members and International Customers shall pay relevant fees to the IB Certified Vault in accordance with its regulation.

## **Chapter IX Supplementary Provisions**

**Article 34** These *Guidelines* are written in Chinese. In case of any discrepancy between different Chinese versions and between Chinese version and any translated version thereof, the latest Chinese version shall prevail.

**Article 35** The Exchange shall reserve the right to interpret and revise these *Guidelines*.

**Article 36** These *Guidelines* shall come into effect as of the date of their promulgation.