

Detailed Delivery Rules of Shanghai Gold Exchange

(Amended November 2019)

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Chapter I General Provisions

Article 1 This *Detailed Delivery Rules of Shanghai Gold Exchange* (this ***Detailed Delivery Rules***), formulated in accordance with the *Rules on Supervision of the Business Activities of Shanghai Gold Exchange* promulgated by the People’s Bank of China, the *Articles of Association of Shanghai Gold Exchange* and the *Trading Rules of Shanghai Gold Exchange*, is designated to regulate the administration of bullion delivery through the Shanghai Gold Exchange (the **Exchange** or **SGE**), protect the lawful rights and interests of trading parties, and ensure the secure operation of the vault and storage system for physical delivery.

Article 2 “Physical delivery” refers to the act of performing a trade by transferring, in accordance with the rules and procedures of the Exchange, the ownership of the bullion traded.

Article 3 The Exchange offers a wide range of services relating to bullion, including, but not limited to: registration and custodianship, delivery, assay and certification, shipment and logistics, transfer of possession of pledged or leased bullion, and gold ETFs.

Article 4 This *Detailed Delivery Rules* is applicable to the Exchange, members, customers, and Certified Vaults with respect to the bullion that members and customers have registered with the Exchange or placed under its custody.

Chapter II Bullion Account System

Article 5 The Exchange adopts a “one account, one code” system for physical delivery. Each member or customer will receive a unique Bullion Account code after opening an account with the Exchange. All delivery activities of a member or customer will be performed through and reflected in its unique Bullion Account.

Article 6 Bullion of members and customers, either registered with the Exchange or placed under its custody, are classified into deliverable bullion and depositable bullion. Deliverable bullion is bullion accepted in the delivery of trades executed on or through the Exchange; depositable bullion is bullion not accepted in such delivery. Businesses relating to depositable bullion shall be governed by the *Measures for the Administration of Safe Deposit Vaults of Shanghai Gold Exchange*.

Article 7 Bullion held in a Bullion Account is registered and delivered by seat, i.e., inventories held by the same member or customer but registered under different seats shall be mutually independent in transactions.

Article 8 Bullion Accounts are classified into unallocated accounts and allocated accounts. Bullion in an unallocated account is not stored by individual members or customers and, during delivery, only weight, rather than particular ingots or bars, can be specified. By contrast, bullion in an allocated account is delivered by specific ingots or bars. Deliverable

gold and platinum bullion is held under unallocated account; deliverable silver bullion is held under allocated account.

Article 9 Unallocated accounts are further classified into Load-in Inventory Account and Traded Inventory Account. Load-in inventories are bullion deposited by a member or customer into a Certified Vault, and are recorded under the Load-in Inventory Account; traded inventories are bullion purchased by a member or customer, and are recorded under the Traded Inventory Account. All bullion held under an allocated account shall be recorded under the Load-in Inventory Account.

Article 10 Bullion to be delivered in price matching trades, benchmark price trades, price asking trades, and other types of trades of a member or customer shall all be managed through that member or customer's single Bullion Account.

Chapter III Physical Delivery

Article 11 Any gold ingot or gold bar deliverable through the Exchange shall be either a bullion produced in compliance with the prevailing *SGE Standard for Gold Ingot* or *SGE Standard for Gold Bar*, respectively, by an SGE Standard Gold Ingot Refiner or SGE Standard Gold Bar Refiner, or a standard bullion produced by a qualified supplier accredited by a relevant, SGE-recognized international market.

Any platinum ingot deliverable through the Exchange shall be a standard bullion produced by a qualified supplier accredited either by a relevant, SGE-recognized international market or by the Exchange directly.

Any silver ingot deliverable through the Exchange shall be either a bullion produced by an SGE Standard Silver Ingot Refiner in compliance with the prevailing standard for silver ingot at the Exchange, or a standard bullion produced by a qualified supplier accredited by a relevant, SGE-recognized international market.

Article 12 The correspondence between contracts traded at the Exchange and their deliverable bullion is given in the *SGE Contracts and Associated Deliverable Bullion* (Annex 1). The deliverable bullion is subject to change by announcement of the Exchange.

“Main Board bullion” refers to bullion deliverable against Main Board contracts;
“International Board bullion” refers to bullion deliverable against International Board contracts.

Article 13 The Exchange has established a network of Certified Vaults to facilitate physical delivery through the Exchange as well as bullion storage and other transactions by members and customers.

Certified Vaults are classified into Main Board Certified Vaults (the **MB Certified Vaults**) and International Board Certified Vaults (the **IB Certified Vaults**). MB Certified Vaults provide bullion storage, load-in and load-out services to Domestic Members and Domestic

Customers. IB Certified Vaults provide bullion storage, load-in and load-out services to International Members, International Customers, and any Domestic Members and Domestic Customers who are qualified to import and export gold, as well as in acting as their agent in making customs declarations for bullion to be transported into or out of bonded zones. IB Certified Vaults shall accept the supervision of the customs authorities of China.

The transportation of bullion into and out of bonded zones by International Members and International Customers, and the importing of bullion by members and customers through the International Board shall be governed by the *Operating Guidelines of Shanghai Gold Exchange for Load-In/Load-Out and Bonded Zone Entry/Exit Procedures for International Board Certified Vaults*.

Article 14 During load-in, 1 kg gold ingots, 3 kg gold ingots, and gold bars can be deposited into any available Certified Vault (**Vault-Independent Deposit**). During load-out, bullion under Traded Inventory Account is subject to Vault-Independent Withdrawal, i.e., it can be withdrawn from any available Certified Vault; whereas bullion under Load-in Inventory Account is subject to Vault-Specific Withdrawal, i.e., it can only be withdrawn from the same Certified Vault where it was originally deposited.

12.5 kg gold ingots are subject to Vault-Specific Deposit and Vault-Specific Withdrawal at Certified Vaults in Shenzhen and Shanghai.

Platinum ingots are subject to Vault-Specific Deposit and Vault-Specific Withdrawal at Certified Vaults in Beijing, Shanghai, and Shenzhen.

Deliverable bullion for Ag99.9 and Ag(T+D) shall be deposited and withdrawn in Shanghai; those for Ag99.99 shall be deposited and withdrawn in Shanghai, Guangzhou, Jiyuan (of Henan Province), or Shenzhen. Any member or customer who has entered into a trade in Ag99.99 spot contract may complete a “notice of intended delivery location” before physical delivery to indicate its desired location for the withdrawal; in the absence of said notice the member or customer shall withdraw the bullion in Shanghai.

Locations available for bullion deposit and withdrawal may be adjusted by announcements of the Exchange.

Article 15 The Exchange shall centrally organize the distribution of 1 kg gold ingots, 3 kg gold ingots, gold bars, and silver ingots deliverable against Ag99.99 spot contract. Delivery of silver bullion for price asking contracts shall be arranged by each pair of trading parties; the Exchange is not responsible for the transport of such bullion.

Article 16 For any trade in physical contract, physical delivery shall take place at time of trade execution, and of such quantity of bullion as purchased and sold in the trade. For any trade in spot contract, with T+0 denoting the date of trade execution, physical delivery shall take place during day-end settlement on T+2, and of such quantity of bullion as the net quantity purchased or sold by each trading party on T+0. For any trade in deferred contract, physical delivery for a trading party shall take place during day-end settlement on the day it tenders for delivery, the delivery quantity shall be based on the volume tendered and matched

for delivery and the volume tendered and matched for Delivery Equalizer. For any trade in benchmark price contract, with T+0 denoting the date of trade execution, physical delivery shall take place during day-end settlement on T+2, and of such quantity of bullion as the net quantity purchased or sold by each trading party on T+0. For any trade in price asking contract, physical delivery may take place either in real-time or at day-end settlement; the specific time and quantity for the physical delivery shall be governed by the detailed rules for price asking trading.

Article 17 The Exchange shall process day-end physical deliveries in the sequence of spot contracts, deferred contracts, benchmark price contracts, and price asking contracts. In particular, for spot contracts, delivery shall be made in the sequence of Ag99.9, Ag99.99; for deferred contracts, in the sequence of Au(T+D), Au(T+N1), Au(T+N2), mAu(T+D), and Ag(T+D). Bullion obtained from delivery of earlier contracts may be used in the delivery of later contracts.

Article 18 Members and customers shall ensure that there is sufficient capital in their funds account or sufficient bullion on their Bullion Accounts before settlement. Settlement results cannot be canceled once the process is completed. If physical delivery fails due to insufficient capital or bullion in the funds account or Bullion Accounts, the Exchange shall be entitled to recognize the member or customer as having committed a default.

Article 19 In the event of a delivery default, the Exchange shall pay compensation to the non-defaulting party and collect default penalty from the defaulting party, and then terminate the delivery process.

Article 20 The foregoing provisions on default resolution are not applicable to bilateral-credit price asking trades. If default occurs in such a trade, the trading parties shall seek a solution themselves by the rules of the Exchange.

Article 21 For physical contracts, spot contracts, deferred gold contracts, and benchmark price contracts, delivery shall be made in multiples of 1 lot with 1 lot being the minimum. For deferred silver contracts, delivery shall be made in multiples of 15 lots with 15 lots being the minimum.

Article 22 When processing the delivery of physical gold or platinum by a selling member or customer, the Exchange shall deduct the inventory, on a trade-by-trade basis in the order of trade execution, first from the member or customer's Load-in Inventory Account and then from its Traded Inventory Account. If there are multiple Load-in Inventory Accounts with a bullion balance, deduction shall be made successively from the one with the lowest balance until the entire quantity is settled.

Article 23 When processing the delivery of physical silver by a selling member or customer, the Exchange's system shall deduct silver ingots from the member or customer's inventory in ascending order of the ingots' serial numbers.

Article 24 No individual, International Member, or International Customer may participate in physical delivery of platinum and silver. No corporate customer without the

general VAT taxpayer status may participate in physical delivery of silver. The foregoing restriction does not apply to physically delivered price asking trades in which tax invoices are to be issued by the trading parties per their agreement.

Article 25 Members and customers shall promptly access and verify their “inventory statement” after the Exchange completes day-end settlement on each trading day. Any objection to the statement shall be filed with the Exchange in writing before market open on the following trading day. The statement shall be deemed confirmed if no such objection is filed within the foregoing period.

Chapter IV Load-In

Article 26 “Load-in” refers to the act of depositing bullion into a Certified Vault by a member or customer.

Article 27 Domestic Members and Domestic Customers are permitted to deposit Main Board bullion into MB Certified Vaults, but are *not* permitted to deposit International Board bullion into any MB Certified Vault or any bullion into any IB Certified Vault.

International Members and International Customers shall be authorized by the Exchange before being qualified to load-in. Authorized International Members and International Customers may deposit International Board bullion into IB Certified Vaults and, subject to relevant approved quota, may deposit Main Board bullion into IB Certified Vaults. No International Member or International Customer is permitted to deposit bullion into MB Certified Vaults. The procedures for applying for this authorization is given in Annex 2.

Article 28 A member or customer shall provide information on the bullion it intends to deposit to the relevant Certified Vault at least one trading day in advance. In the event that the bullion is caught in transit and cannot be deposited into the Certified Vault during its business hours on the specified date, the member or customer shall promptly contact the Exchange and the Certified Vault to formulate a solution that ensures the security of the bullion.

Article 29 Load-in of gold ingots, gold bars, and platinum ingots must be performed with the assistance of a Designated Deposit Person registered with the Exchange. SGE Standard Gold Ingot Refiners and Standard Gold Bar Refiners; Domestic Members and Domestic Customers engaged in the import of gold ingots, gold bars, or platinum ingots; and International Members and International Customers qualified to load-in at IB Certified Vaults shall file with the Exchange a duly completed *SGE Registration Form for Designated Deposit Person* (Annex 3) to specify their Designated Deposit Persons, and shall promptly inform the Exchange of any change to such persons.

Article 30 A member or customer must provide the following materials to perform a load-in: the original *SGE Application for Load-In* (Annex 4), USB-KEY (Domestic Members only), valid identification of the Designated Deposit Person registered with the Exchange, and the certificate of quality and packing list covering the bullion to be deposited. For imported bullion without a certificate of quality, an itemized bullion list and packing list shall be

provided instead. Every *SGE Application for Load-In* comes in three original copies, each of which shall bear the depositing member's business transaction seal or, for an International Member, either the seal or its principal's signature. Any load-in of a customer's bullion shall be completed by its carrying member as agent.

Article 31 Certified Vaults shall be responsible for verifying the Gross Weight of bullion to be loaded-in by members and customers. If the difference between the Gross Weight of a bullion as measured by the Certified Vault and the Gross Weight indicated on the corresponding certificate of quality is within the tolerance specified by the Exchange, the Certified Vault shall accept the bullion and the Exchange shall use the indicated weight during settlement. If the weight difference exceeds the tolerance, the bullion shall be rejected and the Certified Vault shall submit a "problem report" to the Exchange after the Certified Vault and the depositing member have confirmed its contents with their signatures.

The weight tolerance at load-in shall be: ± 0.05 g (inclusive) for gold bars; ± 0.1 g (inclusive) for gold ingots; ± 0.2 g (inclusive) for platinum ingots; and ± 1 g (inclusive) for silver ingots.

Article 32 After completing load-in, the Certified Vault shall stamp its bullion receipt seal on the second copy of the *SGE Application for Load-In* and return it to the depositing member as the load-in receipt. Each member may access its current inventory status at any time.

Chapter V Load-Out

Article 33 "Load-out" refers to the act of withdrawing bullion from a Certified Vault by a member.

Article 34 Domestic Members and Domestic Customers may withdraw Main Board bullion from MB Certified Vaults. Domestic Members and Domestic Customers qualified to import and export gold may withdraw International Board bullion from IB Certified Vaults.

International Members and International Customers are permitted to withdraw International Board bullion from IB Certified Vaults, but are *not* permitted to withdraw bullion from MB Certified Vaults.

Article 35 Members and customers who have traded a physical contract or immediate-settled price asking contract may submit an *Application of Take-delivery* immediately after trade execution. Members and customers who have traded a spot contract, deferred contract, benchmark price contract, or day-end-settled price asking contract may submit an *Application of Take-delivery* after day-end settlement on the day of delivery. The Exchange does not process any withdrawal application during day-end settlement.

Article 36 The Exchange shall only provide whole bars and ingots for withdrawal, and will not offer to cut or exchange any bars or ingots.

The minimum weight of bullion to be withdrawn in a single transaction shall be: 1 kg for 1 kg gold ingots; 3 kg for 3 kg gold ingots; 12.5 kg for 12.5 kg gold ingots; 0.05 kg for 0.05 kg

gold bars; 0.1 kg for 0.1 kg gold bars; and 15 kg for 15 kg silver ingots. The standard weight of the above deliverable bullion applied for in each withdrawal shall be in multiples of the minimum withdrawal weight specified above.

Platinum ingots have a minimum withdrawal weight of 3 kg and withdrawal shall be made in increments of 1 kg of standard weight. If the standard weight applied for withdrawal by a member does not readily match the weight specification of the ingots at the Certified Vault, the discrepancy shall be reconciled by modifying the *Application of Take-delivery* or by combining the weights available at the Certified Vault.

Article 37 Any load-out of a customer's bullion shall be completed by its carrying member as agent. To perform a load-out, the member shall fill out an *Application of Take-delivery* via the member service platform, specifying the name of the withdrawing person, the type of his identification (ID card for Domestic Members and Domestic Customers; ID card or passport for International Members and International Customers), identification number, the vault for the withdrawal, the standard weight of bullion to be withdrawn and other pertinent information. The member shall also enter a withdrawal password. To withdraw bullion leased from a leasing trade, the "type of withdrawal" shall be "leasing withdrawal" and the lease registration number shall be provided; to withdraw bullion borrowed from a lending trade, the "type of withdrawal" shall be "lending withdrawal" and the lending clearing record number shall be provided; to withdraw bullion acquired from other sources, the "type of withdrawal" shall be "regular withdrawal."

Article 38 When filling out the *Application of Take-delivery* for gold ingots, gold bars, or platinum ingots, the member shall choose among Withdrawal of Traded Inventory, Withdrawal of Load-in Inventory, and Withdrawal of Partial Traded Inventory. For the withdrawing member or customer, "Withdrawal of Load-in Inventory" refers to withdrawing bullion from its Load-in Inventory Account; "Withdrawal of Traded Inventory" refers to withdrawing bullion wholly from its Traded Inventory Account; "Withdrawal of Partial Traded Inventory" refers to withdrawing bullion in part from its Load-in Inventory Account and in part from its Traded Inventory Account. When filling out an *Application of Take-delivery* for silver ingots, the member must specify the serial numbers of the silver ingots it intends to withdraw.

Article 39 Bullion may be withdrawn on the date of application if the relevant Certified Vault has sufficient physical inventory and the *Application of Take-delivery* is submitted before 16:30; and on the next day if the application is submitted after 16:30. If the Certified Vault does not have sufficient physical inventory on the date of application and the bullion applied for should be centrally distributed by the Exchange, then the bullion may be withdrawn within three trading days and no more than five trading days at maximum after the date of application. If the bullion applied for is not subject to centralized distribution by the Exchange, the member shall fill-out a new *Application of Take-delivery* and choose another withdrawal location. An *Application of Take-delivery* shall remain valid for five trading days after the date of application.

Article 40 *Application of Take-delivery* may be canceled. If a member has submitted an application but does not withdraw the bullion within the withdrawal period specified by the

Exchange, the Exchange's system will automatically cancel the application during day-end settlement on the first trading day after the withdrawal period.

Article 41 A Main Board gold bullion will no longer be accepted into any Certified Vault once it has been withdrawn by a member or customer.

Article 42 Any member or customer who has withdrawn bullion from an IB Certified Vault is required to report to the Exchange and customs authorities the destinations for such bullion.

Article 43 A member must provide the following materials to perform a load-out: the original *SGE Application for Load-Out* (Annex 5), the *Application of Take-delivery*, USB-KEY (Domestic Members only), and valid identification of the withdrawing person. Every *SGE Application for Load-Out* comes in three original copies, each of which shall bear the withdrawing member's business transaction seal or, for an International Member, either the seal or its principal's signature.

Article 44 At load-out, the member shall enter its USB-KEY password and withdrawal password, and the Certified Vault shall stamp its bullion delivery seal on the second copy of the *Application for Load-out* and return it to the member as the shipment receipt.

Article 45 Members shall verify the Gross Weight of bullion to be loaded-out. If the difference between the Gross Weight of a bullion as measured by the member and the Gross Weight indicated on the corresponding certificate of quality is within the tolerance specified by the Exchange, the member shall accept the bullion and the Exchange shall use the indicated weight during settlement. If the weight difference exceeds the tolerance, the bullion shall be rejected and the Certified Vault shall submit a "problem report" to the Exchange after the Certified Vault and the withdrawing member have confirmed its contents with their signatures.

The tolerances at load-out shall be identical to the tolerances at load-in.

Chapter VI Bullion Transfer under Pledge, Lease, Inventory Swap, and Gold ETF

Article 46 Bullion including gold, platinum, and silver placed under the custody of the Exchange by members and customers can be used in such transactions as pledging, leasing, inventory swap, the subscription, creation and redemption of gold ETF shares, and non-trading transfers.

Article 47 Any member or customer who engages in pledging, leasing, or inventory swap transactions shall execute an agreement with the other party. The responsibility of the Exchange is to facilitate the transfer of possession of the bullion in question according to their application.

Article 48 In a bullion pledge transaction, the pledgee shall be a bank who is a member of the Exchange, and the pledgor shall be a member or customer of the Exchange. The pledgor shall assume responsibility for the authenticity and legitimacy of the pledged bullion.

Article 49 In a bullion lease transaction, the lessor must be a qualified financial institution or another institution so recognized by the Exchange. Any member or customer who intends to lease out bullion shall apply to the Exchange in writing for authorization.

Article 50 Inventory swap refers to the exchange among members and customers of their bullion placed under the custody of the Exchange. Bullion exchanged in an inventory swap must be of the same metal type, e.g., gold, platinum, or silver. Bullion of different metal types cannot be swapped.

Article 51 In the pledging, leasing, or inventory swap transactions among members and customers, the two transacting parties shall each apply to the Exchange via the member service platform and fill-out related application form, the particulars for which are governed by the corresponding administrative measures. A customer shall apply to the Exchange through its carrying member, and shall provide the latter with accurate and relevant information in writing.

Article 52 Members and customers may subscribe, create, and redeem shares of physical contract-based gold ETFs through the Exchange. The Exchange is responsible for transferring physical gold contracts between investors and gold ETFs, and for registering and keeping custody of physical gold contracts. The particulars shall be governed by the *Measures for the Administration of the Subscription, Creation and Redemption of Gold ETF Shares of Shanghai Gold Exchange*.

Article 53 If a member or customer is involved in an agreement-based transfer (including administrative allocation), grant, succession, division of property in accordance with the law, loss of legal person status, or any other circumstances recognized by the Exchange, said member or customer may apply to the Exchange for assistance in completing a non-trading transfer.

Chapter VII Fees

Article 54 Storage Fee refers to the charge accrued on bullion placed under the custody of Certified Vaults. Storage Fees shall be based on the standard weight.

Article 55 Storage Fees are collected and remitted by the Exchange on behalf of relevant parties, and are settled on the 25th day of each month or the preceding trading day in case of holidays. On said settlement day, the Exchange shall collect Storage Fees from each member and customer, and centrally remit them to Certified Vaults at the prescribed time.

Article 56 The Storage Fee shall be calculated as follows:

Storage Fee for Load-in Inventory = Cumulative Weight of Load-in Inventory × rate of Storage Fee;

Storage Fee for Traded Inventory = Cumulative Weight of Traded Inventory × rate of Storage Fee;

Storage Fee on day of load-out = load-out weight × rate of Storage Fee.

Article 57 The Cumulative Weight shall be calculated as follows:

Buying:

new Cumulative Weight of Traded Inventory = original Cumulative Weight of Traded Inventory + quantity purchased × (Storage Fee Days – 1);

Selling:

(1) Selling Traded Inventory: new Cumulative Weight of Traded Inventory = original Cumulative Weight of Traded Inventory – quantity sold × (Storage Fee Days – 1);

(2) Selling Load-in Inventory: new Cumulative Weight of Load-in Inventory = original Cumulative Weight of Load-in Inventory – quantity sold × (Storage Fee Days – 1);

Load-in:

new Cumulative Weight of Load-in Inventory = original Cumulative Weight of Load-in Inventory + load-in weight × Storage Fee Days;

Load-out:

(1) Withdrawal of Traded Inventory: new Cumulative Weight of Traded Inventory = original Cumulative Weight of Traded Inventory – load-out weight × (Storage Fee Days – 1);

(2) Withdrawal of Load-in Inventory: new Cumulative Weight of Load-in Inventory = original Cumulative Weight of Load-in Inventory – load-out weight × (Storage Fee Days – 1);

The Cumulative Weight for other transfer of possession transactions, including pledge, lease or lending of bullion, inventory swap and gold ETFs, shall be calculated in reference to the formulas for purchasing and selling bullion, and in these calculations one month shall equate to 30 days irrespective of the actual number of days in any specific calendar month; and one year shall equate to 360 days.

Article 58 Storage Fee Days shall be calculated as follows:

1. From the first day of the current month to the settlement day: Storage Fee Days = settlement day – current date + 1;

2. From the first day after settlement day of the preceding month to the last day of the preceding month (excluding the 31st day): Storage Fee Days = number of days each month for the calculation of Cumulative Weights – (current date – settlement day) + 1;

3. The 31st day of the current month: Storage Fee Days = 26.

Article 59 Transportation and Insurance Fee refers to the charges incurred in transporting bullion to various Certified Vaults by the Exchange. Transportation and Insurance Fees shall be borne by both the buyer and the seller.

Article 60 For 1 kg gold ingots, 3 kg gold ingots, and gold bars, the Transportation and Insurance Fee is calculated at the following points: delivery of Load-in Inventory bullion sold by a member or customer from its Bullion Account; Withdrawal of Traded Inventory by a member or customer from its Bullion Account; cancellation of an application of take-delivery of Traded Inventory that was submitted by a member or customer on the preceding day; automated cancellation of an application of take-delivery of Traded Inventory by the Exchange's system. For silver ingots, Transportation and Insurance Fee is calculated at the point of physical delivery of spot silver contracts.

Article 61 For gold ingots and bars: Transportation and Insurance Fee = rate of Transportation and Insurance Fee × standard weight. For silver ingots: Transportation and Insurance Fee = rate of Transportation and Insurance Fee × standard weight of bullion delivered.

Article 62 If an application of take-delivery of Traded Inventory for gold bullion is canceled on the day of submission, no Transportation and Insurance Fee will be charged; if it is canceled on any day later than the day of submission or is canceled automatically by the Exchange's system due to its expiry, a Transportation and Insurance Fee will be charged on the portion of bullion to be withdrawn through Withdrawal of Traded Inventory. No Transportation and Insurance Fee is charged on a member or customer's Withdrawal of Load-in Inventory.

Article 63 Any member or customer who deposits or withdraws bullion at a Certified Vault shall pay the vault a Load-in Fee or Load-out Fee, which shall be collected and remitted by the Exchange on behalf of the vault.

Article 64 Delivery Fee refers to the fee payable by members and customers to the Exchange for their physical delivery. The formula is: Delivery Fee = rate of Delivery Fee × standard weight of bullion delivered.

Article 65 The rates for Storage Fees, Transportation and Insurance Fees, Load-in Fees, Load-out Fees, and Delivery Fees are tabulated under the *Schedule of SGE Delivery Fees* (Annex 6). The fees may be adjusted by announcements of the Exchange.

Article 66 Before closing its account under a seat, the customer shall settle its physical inventory registered under the seat and discharge all bullion-related payables.

Chapter VIII Settlement of Differential Weight

Article 67 Settlement of Differential Weight refers to the cash settlement of Differential Weight by the Exchange. Differential weight refers to the difference between a bullion's Actual Weight and standard weight. For any type of gold ingot, Actual Weight refers to the fine weight of a standard bullion of that type; for any type of gold bar, platinum ingot, or silver ingot, Actual Weight refers to the scale weight of a standard bullion of that type. The standard weight of a type of bullion refers to the nominal weight of a standard bullion of that type.

Article 68 Differential Weight are classified into Load-in Differential Weight and Load-out Differential Weight.

Article 69 Load-in Differential Weight = Load-in Actual Weight – Load-in standard weight. Load-in Differential Weight is settled based on the proportion of the Load-in Inventory sold by the member or customer to the total Load-in Inventory of that deliverable bullion the member or customer had before the sale.

Article 70 The Exchange shall settle Load-in Differential Weight in the sequence of physical contracts, deferred contracts, benchmark price contracts, and price asking contracts.

Article 71 Load-in Differential Weight shall be calculated as:

Load-in Differential Weight = (Load-in Inventory sold ÷ total Load-in Inventory before sale) × Load-in Differential Weight not yet settled before sale.

Any outstanding Load-in Differential Weight for a type of deliverable bullion shall be settled in full when the inventory of such deliverable bullion is cleared to zero.

Article 72 The Load-out Differential Weight is equal to the actual Differential Weight measured during load-out; this rule applies to both Withdrawal of Traded Inventory and Withdrawal of Load-in Inventory by a member or customer.

Article 73 The Load-out Differential Weight shall be calculated as:

Load-out Differential Weight = Load-out standard weight – Load-out Actual Weight.

Article 74 The formula for the cash amount for Differential Weight shall be based on a price that varies by the specific contract traded by the member or customer as follows:

Physical contract: cash amount of Load-in Differential Weight = Load-in Differential Weight × volume-weighted average price of the contract on the day of sale;

Deferred contract: cash amount of Load-in Differential Weight = Load-in Differential Weight × settlement price of the contract on the day of physical delivery;

Benchmark price contract: cash amount of Load-in Differential Weight = Load-in Differential Weight \times settlement price of the contract on the day of trade execution;

Price asking contract: cash amount of Load-in Differential Weight = Load-in Differential Weight \times volume-weighted average price of the physical contract corresponding to the deliverable bullion for the price asking contract in question;

Cash amount of Load-out Differential Weight = Load-out Differential Weight \times volume-weighted average price of the corresponding physical contract on the day of load-out;

Article 75 In the event that a particular bullion or contract is not traded on the current day, the volume-weighted average price and the settlement price for that bullion or contract shall be, respectively, the volume-weighted average price and the settlement price on the preceding trading day as published by the Exchange.

Article 76 In this *Detailed Delivery Rules*, Actual Weight, standard weight, and weight when referring to a gold ingot shall all mean fine weight; weight for a gold bar, silver ingot, or platinum ingot shall mean Gross Weight.

Gross Weight shall mean scale weight; fine weight shall mean the product of the Gross Weight and fineness.

Chapter IX Resolution of Quality Disputes

Article 77 If a member or customer wishes to dispute the quality of the bullion it has withdrawn from a Certified Vault, it shall do so by writing to the Exchange within five trading days from the date of withdrawal in the case of gold and platinum ingots, and within ten trading days in the case of silver ingots, and at the same time provide an assay certificate or other valid supporting materials. The quality of the bullion shall be deemed acceptable if no objection is filed by such dates. If a member or customer wishes to dispute the quality of a gold bar it has withdrawn, it shall provide the Exchange with settlement documents and certificate of quality for the gold bar in question. A customer shall submit its objection through its carrying member.

Article 78 A member or customer shall assume full responsibilities for the quality of the bullion it deposits into a Certified Vault. If an objection or dispute over quality arises during withdrawal, the Exchange shall engage a designated domestic assay institute, or an international assay organization whose authoritativeness is recognized in the international bullion markets, to perform an arbitration testing on the bullion in question.

The assay institutes for gold ingots and gold bars are: National Center of Quality Supervision & Inspection on Gold, Silver and Gold-Silver Products (Changchun), National Center of Quality Supervision & Inspection on Gold, Silver and Gold-Silver Products (Shenyang).

The assay institutes for platinum ingots are: National Center of Quality Supervision & Inspection on Gold, Silver and Gold-Silver Products (Changchun), National Center of Quality Supervision & Inspection on Gold-Silver Products (Nanjing).

The assay institutes for silver ingots are: National Center of Quality Supervision & Inspection on Gold, Silver and Gold-Silver Products (Changchun), National Center of Quality Supervision & Inspection on Gold, Silver and Gold-Silver Products (Shenyang), National Center of Quality Supervision & Inspection on Gold-Silver Products (Nanjing), National Center of Quality Supervision & Inspection on Gold-Silver Products (Shanghai).

Designated assay institutes are subject to change by announcements of the Exchange.

Article 79 Upon testing by an SGE-designated assay institute, any party which is found to be at fault in the quality dispute shall:

(1) pay the assay cost and all other related charges and expenses; and

(2) bear all financial losses arising from the dispute.

Article 80 If the party at fault in a quality dispute is found to be in violation of relevant rules of the Exchange, it shall be held accountable for the violation in accordance with the *Enforcement Rules of Shanghai Gold Exchange*, the *Registration and Accreditation Guidelines for SGE Standard Gold Ingot Refiners and Gold Ingot Grades*, the *Registration and Accreditation Guidelines for SGE Standard Gold Ingot Refiners and Gold Ingot Grades (Provisional Overseas Edition)*, the *Registration and Accreditation Guidelines for SGE Standard Gold Bar Refiners and Brands*, and the *Accreditation Guidelines for SGE Standard Silver Ingot Refiners and Silver Ingot Grades*.

Chapter X Management of USB-KEY

Article 81 USB-KEY is used to verify the identity of a member or shipping company when loading bullion into or out of a Certified Vault. Members and shipping companies shall be fully responsible and liable for the use and safekeeping of its USB-KEY.

Article 82 Any member or shipping company may apply for a USB-KEY based on its needs.

Article 83 Each USB-KEY has a validity period. Before a USB-KEY expires, the member or shipping company may self-update the USB-KEY to extend its validity period.

Chapter XI Ancillary Provisions

Article 84 This *Detailed Delivery Rules* is written in Chinese. In case of any inconsistency between its different language versions or different editions, the latest Chinese version shall prevail.

Article 85 The Exchange shall reserve the right to interpret this *Detailed Delivery Rules*.

Article 86 This *Detailed Delivery Rules* shall take effect as of the date of its release.

Annex 1: SGE Contracts and Associated Deliverable Bullion

Annex 2: Application Procedures for Load-In Authorization of International Members and International Customers

Annex 3: SGE Registration Form for Designated Deposit Person

Annex 4: SGE Application for Load-In

Annex 5: SGE Application for Load-Out

Annex 6: Schedule of SGE Delivery Fees

Annex 1

SGE Contracts and Associated Deliverable Bullion

Contract Code	Trading Style	Name of Deliverable Bullion	Deliverable Bullion	Classification of Deliverable Bullion
Au99.95	Physical	Au99.95	Gold ingots with standard weight of 3 kg and minimum fineness of 999.5	Main Board Bullion
Au99.99	Physical	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
Au99.5	Physical	Au99.5	Gold ingots with standard weight of 12.5 kg and minimum fineness of 995.0	Main Board Bullion
Au100g	Physical	Au100g	Gold bars with standard weight of 0.1 kg and minimum fineness of 999.9	Main Board Bullion
Au50g	Physical	Au50g	Gold bars with standard weight of 0.05 kg and minimum fineness of 999.9	Main Board Bullion
Pt99.95	Physical	Pt99.95	Platinum ingots with standard weight of 0.5 kg, 1 kg, 2 kg, 3 kg, 4 kg, 5 kg and 6 kg and minimum fineness of 999.5	Main Board Bullion
Ag99.9	Spot	Ag99.9	Silver ingots with standard weight of 15 kg and minimum fineness of 999.0	Main Board Bullion
Ag99.99	Spot	Ag99.99	Silver ingots with standard weight of 15 kg and minimum fineness of 999.9	Main Board Bullion
Ag(T+D)	Deferred	Ag(T+D)	Silver ingots with standard weight of 15 kg and minimum fineness of 999.9	Main Board Bullion
Au(T+D)	Deferred	Au99.95 Au99.99	Benchmark deliverable bullion is gold ingots with standard weight of 3 kg and minimum fineness of 999.5. Gold ingots with standard weight of 1 kg and minimum fineness of 999.9 may be used as alternatives	Main Board Bullion
Au(T+N1)	Deferred	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
Au(T+N2)	Deferred	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
mAu(T+D)	Deferred	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
iAu99.99	Physical	iAu99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	International Board Bullion
iAu99.5	Physical	iAu99.5	Gold ingots with standard weight of 12.5 kg and minimum fineness of 995.0	International Board Bullion
iAu100g	Physical	iAu100g	Gold bars with standard weight of	International Board

			0.1 kg and minimum fineness of 999.9	Bullion
SHAU	Benchmark Price	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
PAu99.95	Price Asking	Au99.95	Gold ingots with standard weight of 3 kg and minimum fineness of 999.5	Main Board Bullion
PAu99.99	Price Asking	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
PAg99.99	Price Asking	Ag99.99	Silver ingots with standard weight of 15 kg and minimum fineness of 999.9	Main Board Bullion
iPAu9999	Price Asking	iAu99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	International Board Bullion
iPAu99.5	Price Asking	iAu99.5	Gold ingots with standard weight of 12.5 kg and minimum fineness of 995.0	International Board Bullion
iPAu100g	Price Asking	iAu100g	Gold bars with standard weight of 0.1 kg and minimum fineness of 999.9	International Board Bullion
LAu99.95	Price Asking	Au99.95	Gold ingots with standard weight of 3 kg and minimum fineness of 999.5	Main Board Bullion
LAu99.99	Price Asking	Au99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	Main Board Bullion
iLAu9999	Price Asking	iAu99.99	Gold ingots with standard weight of 1 kg and minimum fineness of 999.9	International Board Bullion
iLAu99.5	Price Asking	iAu99.5	Gold ingots with standard weight of 12.5 kg and minimum fineness of 995.0	International Board Bullion
iLAu100g	Price Asking	iAu100g	Gold bars with standard weight of 0.1 kg and minimum fineness of 999.9	International Board Bullion

Notes: The Exchange presently does not apply premiums or discounts to alternative deliverable bullion.

Application Procedures for Load-In Authorization of International Members and International Customers

Article 1 To apply for the authorization to load International Board bullion into a Certified Vault, an International Member or International Customer shall be:

1. a qualified supplier accredited by a relevant international market recognized by the Exchange; or
2. a bank, fund company or other financial institution that is an International Member of the Exchange, and the bullion to be deposited are produced by a qualified supplier accredited by a relevant, SGE-recognized international market; or
3. an SGE-accredited supplier of standard gold ingots or gold bars (i.e., SGE Standard Gold Ingot/Gold Bar Refiner); or
4. another institution so recognized by the Exchange.

Article 2 To apply for the authorization to load International Board bullion into a Certified Vault, the International Member or International Customer shall submit the following materials to the Exchange:

1. in relation to a qualified supplier under Item 1 of Article 1:
 - (1) *SGE Application Form for Load-in Authorization of International Members and International Customers*;
 - (2) proof of the quantity of gold refined in the past year;
 - (3) letter of quality commitment;
 - (4) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions;
 - (5) photocopy of the trademark registration for its product;
 - (6) illustration of the brand marks of its gold ingots;
 - (7) evidence certifying no material illegal act committed in the past two years; and
 - (8) other supporting documents relating to gold business; and
 - (9) any other materials required by the Exchange.

2. in relation to a financial institution under Item 2 of Article 1:

(1) *SGE Application Form for Load-in Authorization of International Members and International Customers*;

(2) letter of quality commitment;

(3) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions;

(4) evidence certifying no material illegal act committed in the past two years; and

(5) any other materials required by the Exchange.

3. in relation to an SGE Standard Gold Ingot/Gold Bar Refiner under Item 3 of Article 1:

(1) *SGE Application Form for Load-in Authorization of International Members and International Customers*;

(2) letter of quality commitment;

(3) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions;

(4) evidence certifying no material illegal act committed in the past two years; and

(5) any other materials required by the Exchange.

Article 3 The Exchange shall approve or deny an application within five trading days of its receipt.

Article 4 Any International Member or International Customer qualified for load-in shall file with the Exchange an *SGE Registration Form for Designated Deposit Person* to specify its Designated Deposit Persons, and shall promptly inform the Exchange of any change to such persons.

Article 5 International Members and International Customers qualified for load-in shall only deposit bullion that conform to the quality standards of the Exchange, and shall be fully responsible for the quality of the bullion they deposit.

Article 6 If any International Member or International Customer qualified for load-in breaches its quality commitment or any relevant rule of the Exchange, the Exchange shall be entitled to revoke its authorization to load-in. Any International Member or International Customer so disqualified will not be permitted to re-apply for the authorization to load-in for one year.

Article 7 The Exchange will set out in a separate document the eligibility requirements for International Members and International Customers who intend to load Main Board bullion into IB Certified Vaults.

Shanghai Gold Exchange Application Form for Load-in Authorization of International Members and International Customers

Application No.:

Applicant			
Address			
Postal Code			
Type	<input type="checkbox"/> LBMA-accredited Good Delivery refiner <input type="checkbox"/> financial institution that is an International Member of SGE <input type="checkbox"/> supplier accredited by SGE to supply standard gold ingots/bars <input type="checkbox"/> institution otherwise recognized by SGE		
Legal Representative		Position	
Contact Person		Position	
Telephone		Fax	
Mobile Phone		E-Mail	
Supporting Documents Required	1. LBMA-accredited Good Delivery refiner: (1) proof of the quantity of gold refined in the past year; (2) letter of quality commitment; (3) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions; (4) photocopy of the trademark registration for its product; (5) illustration of the brand mark of its gold ingots; (6) evidence certifying no material illegal act committed in the past two years; and (7) any other supporting documents relating to gold business.		
	2. Financial institution that is an International Member of SGE: (1) letter of quality commitment; (2) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions; and (3) evidence certifying no material illegal act committed in the past two years.		
	3. Supplier accredited by SGE to supply standard gold ingots/bars: (1) letter of quality commitment; (2) proof demonstrating that the raw materials for its gold are not sourced from conflict or high risk regions; and (3) evidence certifying no material illegal act committed in the past two years.		
Representation	We the Applicant voluntarily apply for the authorization to load-in as an International Customer of Shanghai Gold Exchange. We confirm that all information contained in this Application Form is verified to be correct and valid.		
Signature/Seal of the Legal Representative of the Applicant Official Seal of the Applicant Year Month Day			

Note: The Application Number is to be filled-in by the Shanghai Gold Exchange.

SGE Registration Form for Designated Deposit Person

Company Name				
Postal Address				
Postal Code		Telephone		Fax
Name of the Designated Deposit Person			Mobile Phone	
ID Type				
ID No.				
Signature of the Designated Deposit Person:			Color Photo 3.4 × 5.2 cm	
<p>We hereby represent that the named Designated Deposit Person will be handling load-in procedures on our behalf and will assume any liability arising therefrom.</p> <p>Official Seal:</p> <p>Date:</p>				
<p>Photocopies of both sides of the 2nd Gen ID Card here (Passport acceptable for Intl Members and Intl Customers)</p>				

Note: Please ensure this Form fits on one page.

SGE Application for Load-In

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Designated Deposit Person		ID Type		ID Number	
Signature/Seal of the Certified Vault:		Signature/Seal of member:		Note:	
Handled by:					
Reviewed by:		Designated Deposit Person:			

Copy 1 of 3: kept by the Certified Vault for bookkeeping purpose

SGE Application for Load-In

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Designated Deposit Person		ID Type		ID Number	
Signature/Seal of the Certified Vault: Handled by: Reviewed by:		Signature/Seal of member:		Note:	
		Designated Deposit Person:			

Copy 2 of 3: kept by the member as a record of load-in

SGE Application for Load-In

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Designated Deposit Person		ID Type		ID Number	
Signature/Seal of the Certified Vault: Handled by: Reviewed by:		Signature/Seal of member:		Note:	
		Designated Deposit Person:			

Copy 3 of 3: annex to the load-in record

SGE Application for Load-Out

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Name of the withdrawing person		ID Type		ID Number	
		<input type="checkbox"/> ID Card <input type="checkbox"/> Passport			
Application of Take-delivery No.					
Signature/Seal of the Certified Vault:		Signature/Seal of member:		Note:	
Handled by:		Withdrawing person:			
Reviewed by:					

Copy 1 of 3: kept by the Certified Vault for bookkeeping purpose

SGE Application for Load-Out

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Name of the withdrawing person		ID Type		ID Number	
		<input type="checkbox"/> ID Card <input type="checkbox"/> Passport			
Application of Take-delivery No.					
Signature/Seal of the Certified Vault:		Signature/Seal of member:		Note:	
Handled by:		Withdrawing person:			
Reviewed by:					

Copy 2 of 3: kept by the member as a record of load-out

SGE Application for Load-Out

Date:

No.:

Member Name				Member Code	
Trading Seat Name				Trading Seat Code	
Customer Name				Customer Code	
Certified Vault Name				Certified Vault Code	
Name of Deliverable Bullion	Standard Weight per Bar/Ingot (kg)	Number of Cases	Number of Bars / Ingots	Total Standard Weight (kg)	Total Actual Weight (kg)
Total					
Name of the withdrawing person		ID Type		ID Number	
		<input type="checkbox"/> ID Card <input type="checkbox"/> Passport			
Application of Take-delivery No.					
Signature/Seal of the Certified Vault: Handled by: Reviewed by:		Signature/Seal of member: Withdrawing person:		Note:	

Copy 3 of 3: annex to the load-out record

Schedule of SGE Delivery Fees

Member / Customer Type	Certified Vault	Metal Type	Rate of Storage Fee (yuan/kg · day)		
			Traded Inventory	Load-in Inventory	Day of Load-out
Main Board	Main Board	Gold	1.2	1.2	1.2
Main Board	International Board	Gold	1.2	1.2	1.2
Main Board	Main Board	Platinum	1.2	1.2	1.2
Main Board	Main Board	Silver	0.016		
International Board	Main Board	Gold	1.2	1.2	1.2
International Board	International Board	Gold	0.6	0.18	1.8

Bullion	Rate of Transportation and Insurance Fee (yuan/kg)	
	Buyer	Seller
Au99.95	36	36
Au99.99	36	36
Au100g	36	36
Au50g	36	36
Ag99.99	5	5

Product	Rate of Load-in Fee (yuan/kg)	Rate of Load-out Fee (yuan/kg)
Gold	2	2
Platinum	2	2
Silver	0.2	0.2

Note: Any fractional weight shall be rounded up to one kilogram for calculation purposes.

Product	Rate of Delivery Fee (yuan/kg)
Gold	0
Platinum	0
Silver	1