Market Entry Guide for International Members and International Customers of the Shanghai Gold Exchange

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I. Profile of the Shanghai Gold Exchange

The Shanghai Gold Exchange (the "Exchange" or the "SGE") is a membership-based and self-regulatory legal entity established by the People's Bank of China (the "PBC") upon the approval of the State Council and registered with the State Administration for Industry and Commerce. Officially starting operation on October 30, 2002, the Exchange organizes the trading of gold, silver, platinum and other precious metals in accordance with the principles of transparency, equitableness, justice and integrity.

In May 2014, the PBC approved the application of the Exchange to set up its International Board in a bid to open China's gold market to international investors. To provide uniform services to international investors, the Exchange incorporated Shanghai International Gold Exchange Co., Ltd. (the "SGEI"), a wholly-owned subsidiary domiciled in the China (Shanghai) Pilot Free Trade Zone (the "FTZ"), which specializes in business activities related to international investors.

II. Membership Structure of the Exchange

The Exchange is a membership-based organization. While members are allowed to directly participate in trading activities, customers must trade through their carrying member firms.

(1) Based on their respective rights and obligations, members are categorized as Ordinary Members and Special Members. An Ordinary Member has the right to attend the Members' Assembly and to exercise its voting right and the right to elect and to be elected at the Members' Assembly.

Ordinary Members are categorized as financial members, general members and proprietary members according to their respective scope of business. A financial member may engage in proprietary business, brokerage business and other businesses approved by regulatory authorities; a general member may engage in proprietary business and brokerage business for corporate customers; while a proprietary member may only engage in proprietary business.

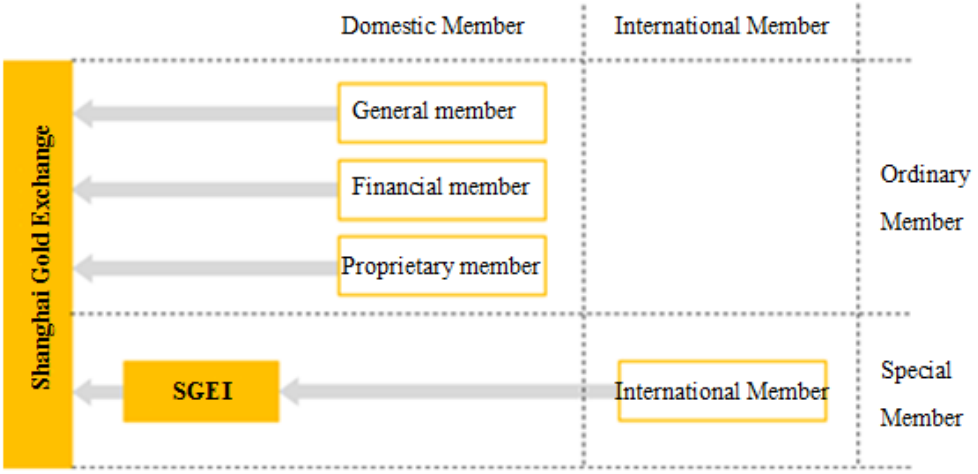
The Exchange approves admission of Special Members to keep abreast of market needs. Special Members consist of International Members and institutional investors otherwise recognized by the Exchange.

(2) Members are classified as Domestic Members and International Members according to their places of registration. Domestic Members refer to those duly

registered within the territory of the PRC; while International Members refer to Special Members duly registered either outside the territory of the PRC (including those registered in Hong Kong, Macau or Taiwan) or within a region otherwise recognized by the Exchange to engage in the trading of precious metals on the Exchange upon the approval of the Exchange.

International Members are categorized into Type A Members and Type B Members by their respective business scope. Type A Members may carry out both proprietary and brokerage businesses, while Type B Members may only carry out proprietary businesses. International Customers refers to investors trading on or through the Exchange through Type A Members serving as their brokers

The classification of members is set out as follows:



III. Admission Procedures for International Members

(1) An eligible applicant for the International Membership of the Exchange must:

1. be a legal entity or a business entity in any other form duly registered outside the PRC (including those registered in Hong Kong, Macao or Taiwan) or within a region otherwise recognized by the Exchange;

2. acknowledge and undertake to abide by the *Articles of Associations* and rules of the Exchange and the SGEI governing their respective business activities and agree to submit to the supervision of its activities by the Exchange and the SGEI;

3. possess competitive industry background or position (this may refer to itself, its parent company or headquarters);

4. have net assets of not less than US$ 10 million (or an equivalent amount in RMB or other currency);

5. be operating in compliance with the law and have no record of serious offences during the two immediately preceding years;

6. have traders recognized by the Exchange and trading facilities and networks necessary for carrying out its business; and

7. meet any requirements as otherwise prescribed by the Exchange

(2) An applicant is required to submit the following documents (in one original copy and three duplicates):

1. a written application with signature of its legal representative or an authorized signatory, and photocopy of ID document of such legal representative/authorized signatory and power of attorney of the authorized signatory (if applicable);

2. statement on gold business operations of its parent company or headquarters;

3. photocopy of its business license;

4. photocopy of its financial business permit (if applicable);

5. photocopy of its articles of association and internal control procedures

6. the audited financial statements of the immediately preceding year

7. statement as to whether the applicant has ever been subject to material sanctions by regulatory authorities in the immediately preceding year; and

8. any documents as otherwise required by the Exchange.

The written application should contain the following information:

1. the reason for applying for the International Membership and the preparations the applicant has made for the application;

2. particulars of the principal responsible for relevant businesses;

3. a business operation plan; and

4. any information as otherwise required by the Exchange.

If any document required above is written in a foreign language, a Chinese translation shall be attached. In case of any discrepancy between the two linguistic versions, the Chinese version shall prevail.

(3) Participation in the Exchange's mock test

To obtain International Membership, any eligible market participant should also submit an application for participating in the mock test and must complete the mock test.

(4) Approval procedures for admission applications

The Exchange should, within 30 business days of receiving completed and satisfactory application documents from an applicant, issue an opinion on whether to approve the application. Within 30 business days of receiving the notice of approval from the Exchange, the applicant should:

1. pay the membership fee and annual fee as follows:

(a) membership fee of RMB 2.8 million for Type A Members and RMB 1.6 million for Type B Members; and

(b) Annual fee of RMB 50,000.

The SGEI is authorized by the Exchange to collect and manage such fees.

2. Open an account to be used exclusively for clearing purposes at an SGEI's Certified Settlement Bank;

3. Participate in trader's training courses organized by the Exchange and obtain relevant qualification certificates;

4. Undertake the procedures for authorization of the relevant designated staff members and retain their specimen signatures for such purpose; and

5. Complete any procedures as otherwise required.

Any applicant who fails to complete the above procedures within the specified time frame shall be deemed to have waived its membership.

The Exchange will issue a membership certificate to any applicant that is qualified for International Membership and make a public announcement accordingly

(5) Floor trading seats for International Members

Each applicant will be granted a floor trading seat upon approval of its International Membership application. Each International Member may apply to the Exchange for additional floor trading seats, provided that the total number of its floor trading seats at the Exchange is no more than three.

An additional floor trading seat will be valid for a minimum of one year and an annual floor trading seat fee of RMB 50,000 will be charged (any fraction of a year shall be deemed a whole year for the purpose of such calculation)

(6) Minimum trading volume requirements for International Members

Special Members should meet the minimum trading volume requirement of the Exchange. The trading volume of Type A Members is 10 metric tons a year while that of Type B Members is 5 metric tons a year. The minimum annual aggregate trading volume of each member is based on the member's total gold trading volume that includes both the volume purchased and the volume sold (the trading volume of other precious metals will be converted to its equivalent in gold volume based on the respective set proportions).

IV. Account-opening Procedures for International Customers

Both legal entities and individuals can be eligible International Customer applicants. An International Customer should engage a Type A International Member as its broker to participate in the trading activities on the Exchange. In general, each International Customer may only choose one International Member to carry its account. A list of Type A International Members is available on the website of the Exchange or the SGEI.

Before going through the account-opening procedures, an International Customer should open a FT account as its currency account for trades entered into on the Exchange at a Settlement Bank certified by the Exchange to provide settlement services for its international business activities. Specific types of FT accounts suitable for International Customers of different nature are set out in the following table:

Customer	Applicant	FT account
Corporate customer	Legal entities registered within the FTZ (including proprietorships)	Free trade account for enterprises（FTE）
	Legal entities registered outside the territory of China	Free trade account for non-resident institutions（FTN）
Individual	Chinese individuals	Free trade account for individuals（FTI）
	Foreign individuals domiciled in the FTZ	Free trade account for foreign individuals（FTF）

A list of Settlement Banks is made publicly available on the website of the Exchange or the SGEI. Since each Settlement Bank may require different documents for account-opening, it is advisable for an International Customer to get informed with the account-opening requirements of and the documents required by any Settlement

Bank before opening an account at such Bank.

Upon completing the account-opening procedures at the bank, the International Customer may open a trading account with an International Member. Individuals, corporate customers registered within the FTZ, and corporate customers registered outside the territory of China should provide different documents respectively when opening such account. The aforementioned customers may inquire about the specific requirements set by the International Member with which they intend to open an account. When an International Customer opens an account with the International Member, it shall enter into a brokerage contract with the International Member to provide for such brokerage relationship.

The International Member may open a trading account for the International Customer after approving its application documents. Generally, the trading account is activated in one or two business days after the account is opened and the International Member may enter into any trade only after the activation of its trading account. After opening the account, the International Member shall provide the International Customer with a ten-digit trading code and an initial log-in password.

The International Customer must use an international trading terminal to enter into any trade. The International Member shall provide guidance to the International Customer with regard to downloading and installing the international trading terminal and give instructions on how to use the trading code and initial log-in password to access the trading terminal. The International Customer shall change its log-in password upon initial log-in and keep its password secure.

The International Customer is required to deposit sufficient funds or physical gold into its currency account. The deposit of funds may be carried out with the "automatic bank transfer" function of the international trading terminal. To enter into a buy trade, the International Customer should first complete the Load-in procedure set out in the Delivery and Management of Physical Bullions section of this Guide.

V. Activities Permitted for International Customers

International Customers may engage in such activities on the Exchange such as custody and leasing of, and trading and investment in physical bullions. Relevant details are as follows:

Activity	Description	Eligible participants

Custody of physical bullions	Upon approval of the Exchange, each International Member and International Customer may deposit into International Board Certified Vaults ("IB Certified Vaults") physical gold meeting the requirements of the Exchange. The physical gold may be used for trading purpose, stored in an IB Certified Vault, or shipped to any other country or region at any time after the completion of the Procedures of Exit from a Bonded Zone.	Gold refiners, banks specializing in the investment of gold, central banks, and other owners of physical gold.
Trading of physical bullions	Each International Member and International Customer may sell or buy physical gold underlying product traded on the International Board. Physical gold bought by them may be withdrawn, continue to be used for trading purpose, or be leased.	International gold merchants, gold refiners and users, banks and other suppliers and purchasers of physical bullions.
Leasing of physical bullions	Each International Member and International Customer may lease its physical gold stored at an IB Certified Vault to any other member or customer. Each International Member and International Customer may also borrow physical gold from any other member or customer through the Exchange and the physical gold so borrowed may be withdrawn or used for trading purpose.	Commercial banks, gold refiners and users, and other suppliers and purchasers of gold or funds.
Investment in physical bullions	An International Customer may use offshore RMB to enter into trades in products offered on the Main Board or the International Board for investment purpose, such as a buy-low-sell-high trade in spot gold and/or platinum products by a currency payment of an amount equaling the value of the trade, and a margin trade in deferred products. Cross-border transfer of gains derived from such investment is not restricted. In the future, the Exchange will permit International Customers to enter into trades denominated in RMB with pledge of currencies or payment in Renminbi converted from foreign currency. The Exchange will also gradually diversify the range of product offerings to include forward and option contracts on precious metals such as silver, platinum and palladium.	General precious metals investors, speculators, arbitragers and hedgers, etc.

VI. Introduction to Products and Trading

(1) Trading method

Standardized products are traded by price matching on the floor of the Exchange under the principles of price priority and time priority.

All orders for any product placed by participants are matched and executed on a single trading platform, and one product may only have one transaction price.

(2) Trading hours

The Exchange is open for trading from Monday to Friday (excluding public holidays) and the trading hours on each trading day include three sessions, i.e., 8:00 p.m. - 2:30 a.m., 9:00 a.m. - 11:30 a.m., and 13:30 p.m. - 15:30 p.m. Specific schedule of the trading hours is as follows:

	Monday	**Tuesday to Friday**
Market opening	7:45 p.m. of the previous Friday	7:45 p.m. of the previous day
Pre-order matching	7:50 p.m. - 7:59 p.m. of the previous Friday	7:50 p.m. - 7:59 p.m. of the previous day
Night trading session	8:00 p.m. of the previous Friday - 2:30 a.m. of the previous Saturday	8:00 p.m. of the previous day - 2:30 a.m. of the current day
Break between trading sessions	2:30 a.m. of the previous Saturday - 9:00 a.m. of Monday	2:30 a.m. - 9:00 a.m.
Morning trading session	9:00 a.m. - 11:30 a.m.	
Break between trading sessions	11:30 a.m. - 1:30 p.m.	
Afternoon trading session	1:30 p.m. - 3:30 p.m.	
Window for delivery tenders	3:00 p.m. - 3:30 p.m.	
Close of trading sessions	3:30 p.m.	
Window for Delivery Equalizer tenders	3:31 p.m. - 3:40 p.m.	
Matching of delivery tenders	3:40 p.m.	
Market close	3:45 p.m.	

(3) Public holidays

Pursuant to the schedule of public holidays published by the State Council at the end of each year, the Exchange will determine the market closure arrangements on public holidays in the next year. The market is closed for the night-time trading session of

the day immediately preceding a public holiday and during public holidays, and will reopen for trading in the morning of the first trading day following the public holiday. The schedule of trading hours on the first trading day after a public holiday is as follows:

The first trading day after a public holiday	
Market opening	8:45 a.m.
Pre-order matching	8:50 a.m. - 8:59 a.m.
Morning trading session	9:00 a.m. - 11:30 a.m.
Break between trading sessions	11:30 a.m. - 1:30 p.m.
Afternoon trading session	1:30 p.m. - 3:30 p.m.
Window for deliver tenders	3:00 p.m. - 3:30 p.m.
Close of trading sessions	3:30 p.m.
Window for delivery equalizer tenders	3:31 p.m. - 3:40 p.m.
Matching of delivery tenders	3:40 p.m.
Market close	3:45 p.m.

(4) Currency used to place orders

All products are traded based on RMB-denominated orders. International Members and their customers use offshore RMB to enter into trades.

(5) Exchange-listed bullions and products

Bullions listed on the Exchange include gold (Au), silver (Ag), platinum (Pt), and other precious metals as approved by the PBC.

Products listed by the Exchange for trading are categorized as physical products, spot products, deferred products and other products approved by the PBC.

The physical products include: Au50g, Au100g, Au99.99, Au99.95, Au99.5, Pt99.95, iAu100g, iAu99.99, and iAu99.5;

The spot products include: Ag99.9and Ag99.99;

The deferred products include: Au(T+D), Au(T+N1), Au(T+N2), mAu(T+D), and Ag(T+D).

Products can be classified into two categories depending on the delivery venue: those traded on the Main Board and those traded on the International Board. The specific classification is specified in the following table:

Bullion	**Category**	**Products traded on the Main Board**	**Products traded on the International Board**

Gold	Spot gold products	Au50g, Au100g, Au99.99, Au99.95 and Au99.5	iAu100g, iAu99.99 and iAu99.5
	Deferred products	Au(T+D), Au(T+N1), Au(T+N2), and mAu(T+D)	
Silver	Spot silver products	Ag99.9 and Ag99.99	
	Deferred product	Ag(T+D)	
Platinum	Spot platinum product	Pt99.95	

(6) Trading privileges

Domestic Members and their customers may participate in the trading and delivery of all products prescribed above, while International Members and their customers are only allowed to participate in the trading and delivery of the following products:

Bullion	**Category**	**Products traded on the Main Board**	**Products traded on the International Board**
Gold	Spot gold products	Au100g, Au99.99, Au99.95 and Au99.5	iAu100g, iAu99.99 and iAu99.5
	Deferred products	Au(T+D), Au(T+N1), Au(T+N2) and mAu(T+D)	-
Silver	Deferred products	Ag(T+D)	-

In terms of Load-in and Load-out, privileges granted to Domestic Members and their Domestic Customers are different from those granted to International Members and their International Customers. Specific Load-in and Load-out privileges are stipulated in the section of Delivery and Management of Physical Bullions.

(7) Table of specifications for products in which International Members and International Customers may trade

For the time being, International Members and International Customers are allowed to participate in the trading of 12 products, including four spot gold products traded on the Main Board, five deferred products traded on the Main Board and three spot gold products traded on the International Board. The specifications of such products are set out in the *Spot Trading Rules of the Shanghai Gold Exchange*.

(8) Trading in physical products

To trade in a physical gold or platinum product, a buyer must possess funds of an amount equaling the total transaction value of the product when placing the order and

a seller must have the corresponding full amount of physical bullions in its trading account when placing an order. After an order is placed, the funds or physical bullions covered by the order will be frozen immediately. After an order on gold product is filled, the buyer may re-sell the purchased gold on or after the current trading day, or may request to withdraw the gold if the buyer has the Load-out privilege. Ninety percent of the currency payment from selling the physical bullions may be used for trading on the same trading day, with the remainder of the payment being settled at end-of-day clearing.

(9) Trading in a deferred product

Trading in a deferred product refers to buying or selling a specific deferred product through the payment of a margin in the Exchange's centralized marketplace. A customer may choose to perform delivery on the transaction date, or postpone the delivery to a later date. Deferred Interests are charged to address imbalances in the supply and demand of physical bullions.

Both short and long positions are allowed to taken in a deferred product.

(10) Brokerage

Each International Customer must engage a Type A International Member to enter into any trade on its behalf.

(11) System access for International Members

To enter into any trade, each International Member must connect its own trading system to the Exchange's system via the SGEI.

(12) Technical system

International Members may use the international trading system of the Exchange to conduct activities on or through the Exchange and access the Exchange's system for trading through the SGEI. Alternatively, they may also develop their own operating platforms and connect such platforms to the Exchange's system for trading through the SGEI.

The SGEI provides each International Member with a management terminal and a trading terminal of the international trading system. The management terminal is intended for International Members' use, mainly featuring such functions as opening and cancellation of customer accounts, information management, management of available funds, trading privileges and fee rates, and risk management. The trading terminal is to be used by International Customers to make quotations, place and cancel orders, make outward and inward remittances, withdraw physical bullions,

make inquiries, and otherwise.

(13) Granting of relevant trading privileges

Before entering into any trade in deferred products including Au (T+D), mAu (T+D), Au (T+N1) and Au (T+N2), each International Member is required to apply for trading privileges for each of such products.

(14) Transaction Fees

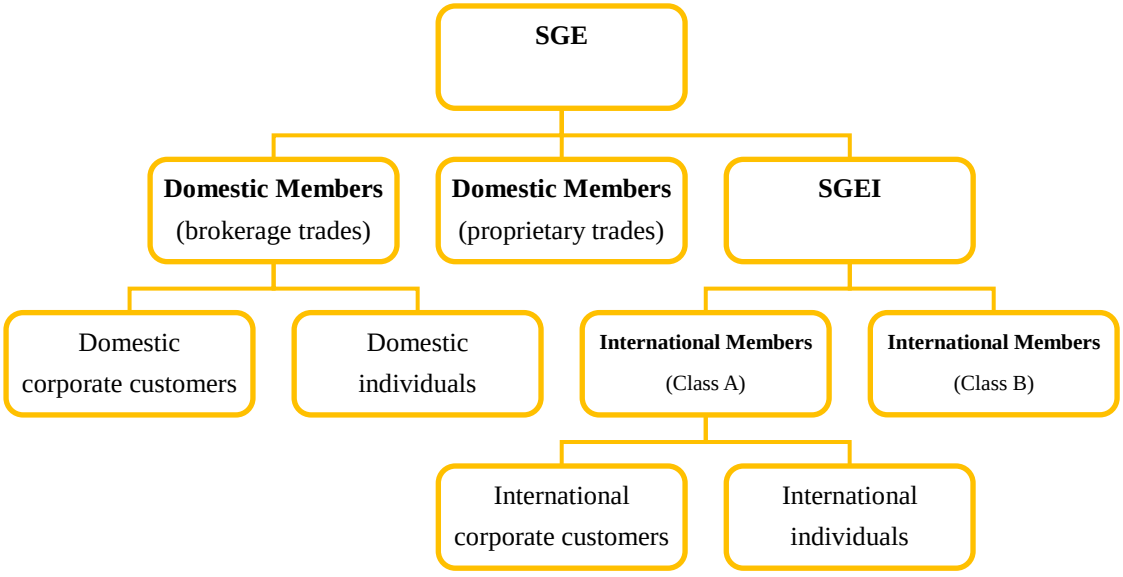
Transaction Fees are collected from both buyers and sellers at a certain percentage of the total transaction value. The SGEI charges each International Member Transaction Fees at the same rates as the Exchange. The fee rates are set out in the table of product specifications. Each International Member, in turn, charges International Customers transactions fees.

Any trade entered into to close out an intraday open position in a deferred product is exempt from Transaction Fees. A "trade entered into to close out an intraday open position" refers to any trade entered into to close out a position opened during a specific trading day by taking a position in the opposite direction in the same trading day.

VII. Clearing and Funds Management

(1) Clearing Structure

The Exchange follows the "centralization, netting, and multi-tiered" approaches for clearing funds according to the following structure:



(2) T+0 clearing and T+1 settlement

The Exchange will conduct clearings on T+0 and funds settlements on T+1, i.e., upon delivery or clearing, the Exchange will debit the appropriate fund from the buying member's Clearing Deposit and credit such fund to the selling member's Clearing Deposit; and on T+1 between 9:00 a.m. and 3:30 p.m., the Exchange will transfer the fund, as per the request of such selling member, to the selling member's Member Account.

(3) Clearing principles for products traded on or through the SGEI

1. The SGEI adopts a delivery-versus-payment system for trading in spot gold and platinum products;

2. The SGEI applies Daily Mark-to-market and Trading Margin requirements to trading in deferred products;

3. "Delivery-versus-payment" means precious metals will be delivered against currency payment;

4. "Daily Mark-to-market" is a process wherein the SGEI will, after a day's trading closes, clear the gains and losses, Trading Margins, Transaction Fees, Deferred Interests, Extended Position Fees, and any other fees and charges for all open positions of a specific International Member, whether in connection with its proprietary or brokerage trades, in such product by marking the prices of such product to its current day's Settlement Price, transfer the netted payables and receivables, and credit or debit an International Member's Clearing Deposit accordingly.

(4) The margin system of the SGEI

The SGEI's margin system encompasses Clearing Deposit and Trading Margin requirements. The Clearing Deposit is the money which any International Member is required to deposit into the SGEI's Settlement Account for settling future trades. It is the portion of the International Member's funds not tied to its existing trades. The Trading Margin is the money deposited into the SGEI's Settlement Account by an International Member to guarantee the performance of its obligations under trades that have been executed, and is tied to the International Member's existing trades. After a trade is entered into by a seller and a buyer, the SGEI will collect a Trading Margin of an amount equal to the value of the open positions multiplied by a set margin rate, or as otherwise provided for by the SGEI.

The SGEI will impose a minimum balance requirement for Clearing Deposit on International Members. The minimum balance requirement for Type A International Members is RMB 5 million, which needs to be posted in full amount with the

International Members' own funds; the minimum balance requirement for Type B International Members is RMB 500,000.

(5) Member Accounts

Any International Member who wishes to trade on or through the Exchange is required to open Member Accounts with an SGEI's Certified Settlement Bank.

Type A International Members are required to open a Proprietary Account, a Brokerage Account, and an Own Funds Account with an SGEI's Certified Settlement Bank for the purpose of holding funds and other related incomes. Funds in these three accounts should not be commingled. Type B International Members are required to open Proprietary Accounts with an SGEI's Certified Settlement Bank for holding funds and other related incomes.

The minimum Clearing Deposit required for proprietary trades entered into by an International Member needs to be posted from its Proprietary Account; the minimum Clearing Deposit required for trades entered into by a Type A International Member on behalf of its customers should be posted from the International Member's Own Funds Account.

Trading funds to be used for International Members' proprietary trades should be deposited into its Proprietary Account. International Customer's funds should be deposited into the SGEI's Settlement Account after transiting through the Brokerage Account of its carrying Type A International Member.

Any commissions, interests, and other incomes a Type A International Member receives should be deposited into its Own Funds Account.

(6) Segregated Funds Transactions

Any transaction involving funds of an International Customer will be handled in a fully segregated manner. The International Customer's Customer Account, its carrying International Member's Brokerage Account (Transitional Account), and the SGEI's Settlement Account will be linked together by the International Customer's trading code. Funds of such International Customer will be transferred following preset directions within the Segregated Funds Transaction system, and will be transferred into or out of the SGEI's Settlement Account in full through the Transitional Account of its carrying International Member. Transitional Account should not retain any funds belonging to International Customers.

When an International Customer wishes to make an inward remittance, it will first transfer the funds from its Customer Account into its carrying International Member's Transitional Account. The Settlement Bank will then transfer such funds from the

Transitional Account into the SGEI's Settlement Account on a real-time basis. To make an outward remittance, the International Customer will submit a request to the SGEI, who will then relay such instruction to the Settlement Bank. The Settlement Bank will follow the instruction and transfer the instructed amount of funds from the SGEI's Settlement Account into the Transitional Account, and then, on a real-time basis, forward the same amount of funds to the linked Customer Account.

(7) Gains, losses, and fees

For any International Member that trades in a deferred product, its current day's gains and losses will be paid or collected during the current day's end-of-day clearing cycle, with such gains and losses credited into and debited from its Clearing Deposit. Transaction Fees, Deferred Interests, Extended Position Fees, and other fees and charges will also be debited from the International Member's Clearing Deposit.

(8) Trading funds

International Members and International Customers will trade on or through the Exchange with offshore RMB. There is no limit to the amount of currency that can be cleared through the Exchange. After clearing is completed, International Members and International Customers may withdrawal their funds at their own discretion as long as they abide by the rules of the Exchange.

VIII. Delivery and Management of Physical Bullions

(1) Principle of Delivery

The Exchange adopts the practice of "one account, one code" for the Physical Deliveries of precious metals. Each member or customer will receive a unique Bullion Account code after opening such an account. Each Physical Delivery transaction conducted by a member or a customer will be settled within its Bullion Account.

(2) Bullion Account

Physical bullions traded in a spot gold or platinum product, a spot silver product, or a deferred product by a member or customer will all be managed in the member or customer's singular Bullion Account.

Each Bullion Account is subdivided into a Deposited Inventory Account and a Purchased Inventory Account. Physical bullions deposited into a Certified Vault by a member or customer will be recorded on its Deposited Inventory Account; those purchased by a member or customer will be recorded on its Purchased Inventory Account.

Withdrawing physical bullions recorded under a Deposited Inventory Account is called "Withdrawal of Deposited Inventory"; withdrawing those recorded under a Purchased Inventory Account is called "Withdrawal of Purchased Inventory"; withdrawing physical bullions both from the Deposited Inventory Account and the Purchased Inventory Account in a single transaction is called "Partial Withdrawal of Purchased Inventory".

(3) Deliverable physical bullions

Every product listed on the Exchange has correspondent and unique deliverable physical bullion. The physical bullions deliverable on the Main Board are for deliveries against products traded on the Main Board; the physical bullions deliverable on the International Board are for deliveries against products traded on the International Board. The 11 products an International Member or International Customer may trade and their corresponding deliverable physical bullions are as follows:

<table>
<tr><th colspan="2">Product</th><th>Deliverable physical bullion</th></tr>
<tr><td rowspan="8">Main Board products</td><td>Au100g</td><td>"Au100g": gold bars with a Standard Weight of 0.1 kg and a fineness no lower than 999.9</td></tr>
<tr><td>Au99.99</td><td>"Au99.99": gold ingots with a Standard Weight of 1 kg and a fineness no lower than 999.9</td></tr>
<tr><td>Au99.95</td><td>"Au99.95": gold ingots with a Standard Weight of 3 kg and a fineness no lower than 999.5</td></tr>
<tr><td>Au99.5</td><td>"Au99.5": gold ingots with a Standard Weight of 12.5 kg and a fineness no lower than 995.0</td></tr>
<tr><td>Au(T+D)</td><td rowspan="3">Gold ingots with a Standard Weight of 3 kg and a fineness no lower than 999.5 (Au99.95). Gold ingots with a Standard Weight of 1 kg and a fineness no lower than 999.9 (Au99.99) can be used as an alternative. The Exchange does not apply premiums or discounts to products involving alternative deliverable physical bullions for the time being;</td></tr>
<tr><td>Au(T+N1)</td></tr>
<tr><td>Au(T+N2)</td></tr>
<tr><td>mAu(T+D)</td><td>Gold ingots with a Standard Weight of 1 kg and a fineness no lower than 999.9 (Au99.99)</td></tr>
<tr><td rowspan="3">International Board products</td><td>iAu100g</td><td>"iAu100g": gold bars with a Standard Weight of 0.1 kg and a fineness no lower than 999.9</td></tr>
<tr><td>iAu99.99</td><td>"iAu99.99": gold ingots with a Standard Weight of 1 kg and a fineness no lower than 999.9</td></tr>
<tr><td>iAu99.5</td><td>"iAu99.5": gold ingots with a Standard Weight of 12.5 kg and a fineness no lower than 995.0</td></tr>
</table>

(4) Quality standards

A gold ingot and gold bar deliverable on the Exchange is either a physical bullion produced in compliance with SGE gold ingot quality standard SGEB1-2002 or gold bar standard SGEB2-2004, respectively, by an SGE Standard Gold Ingots and Bars Delivery refiner, or a standard physical bullion produced by a qualified supplier accredited by a relevant SGE-recognized international market.

(5) Certified Vaults

The Exchange has set up a network of Main Board Certified Vaults ("MB Certified Vaults") and International Board Certified Vaults ("IB Certified Vaults"). These Certified Vaults will handle the storage, Load-in, and Load-out procedures of physical bullions for members and customers, and may in consideration of such services collect Storage Fees, Load-in Fees, and Load-out Fees. IB Certified Vaults will additionally provide Safe Deposit Vaulting Services, as well as services relating to customs declaration of inbound and outbound physical bullions for or on behalf of International Members, International Customers and commercial banks qualified to import gold. IB Certified Vaults are under the supervision of PRC Customs authorities.

(6) Load-in and Load-out permissions

Without accreditation from the Exchange, International Members and International Customers may not deposit physical bullions deliverable on the International Board into an IB Certified Vault. Please refer to the *Operating Guidelines for International Board Deliveries of the Shanghai Gold Exchange* for the detailed application procedures for the Good Delivery accreditation. International Members and International Customers are not allowed to deposit physical bullions into an MB Certified Vault.

In addition, International Members and International Customers may withdraw physical bullions deliverable on the International Board from an IB Certified Vault, but are not permitted to withdraw bullions from an MB Certified Vault.

Any International Member or International Customer who has withdrawn bullions from an IB Certified Vault is required to report to the Exchange and the customs the destinations for such bullions.

(7) Second Clearing

The term "Second Clearing" refers to the process wherein the Exchange clears a member or customer's funds for a second round to account for Differential Weights of the traded precious metals. The term "Differential Weight", in respect of any specific physical bullion, refers to the difference between the specific physical bullion's

Standard Weight and its Fine Weight.

The Exchange adopts two types of Second Clearing, which are Load-in Clearing and Load-out Clearing. For gold ingots, the Load-in Differential Weight is calculated by taking the total Load-in Differential Weight on the member or customer's account that has not yet been cleared, and prorating it between the amount of precious metals the member or customer is selling (and to be deducted from its Deposited Inventory Account) and the total amount of precious metals (of the same specifications as the ones the member or customer is selling) on its Deposited Inventory Account before the deduction took place. The Load-out Differential Weight is equal to the actual Differential Weight as measured during the Load-out process, and this holds true for both Withdrawal of Purchased Inventory and Withdrawal of Deposited Inventory requested by the member or customer. In consideration of the fact that Certified Vaults do not keep track of the original depositor (either member or customer) of the bullions in its possession, any Differential Weight between the bullions withdrawn by a member or customer through Withdrawal of Deposited Inventory and those originally deposited by such member of customer will be settled in the Second Clearing.

(8) Pledging and leasing services

The Exchange offers pledging and leasing services to its members and customers and handles the transfer of possession of their pledged or leased precious metals. An International Member or International Customer may use the pledging and leasing services for physical bullions deliverable on the International Board. Upon the Exchange's approval, the International Member or International Customer may also use the pledging and leasing services for physical bullions deliverable on the Main Board. A Domestic Member or Domestic Customer may also enter into a pledging or leasing agreement with an International Member or International Customer.

(9) Safe Deposit Vaulting Services

IB Certified Vaults offer Transaction Vaulting Services and Safe Deposit Vaulting Services. "Transaction Vaulting Services" refers to the management services for physical bullions involved in the delivery against transactions entered into on or through the Exchange. "Safe Deposit Vaulting Services" refers to the management services for physical bullions not involved in such delivery activities. Physical bullions deposited into the Safe Deposit Vault of a Certified Vault will be individually stored and accounted for in respect of the depositing member or customer.

International Members and International Customers who wish to use the Safe Deposit Vaulting Services will need to submit an application to the Exchange. Gold deposited into any Safe Deposit Vault must be standard ingots produced by LBMA-accredited

Good Delivery refiners or standard ingots produced by SGE Standard Gold Ingots Delivery refiners. Physical bullions which may be deposited into Safe Deposit Vaults include gold bars with a Standard Weight of 0.1 kg and a fineness of no lower than 999.9, gold ingots with a Standard Weight of 1 kg and a fineness of no lower than 999.9, and gold ingots with a Standard Weight of 12.5 kg and a fineness of no lower than 995.0.

(10) Fees for bullions management services

1. Transaction Vault Storage Fee:

The Storage Fees for gold bars and ingots deliverable on the Main Board are:

RMB 1.8 / kg · day, for bullions in Deposited Inventory;

RMB 0.6 / kg · day, for bullions in Purchased Inventory;

RMB 1.8 / kg · day, on the day of the bullions' Load-out.

The Storage Fees for gold bars and ingots deliverable on the International Board are set per the Exchange's announcements.

2. Load-in Fee and Load-out Fee for Transaction Vaults:

The Load-in Fee and Load-out Fee for gold bars and ingots are both RMB 2 / kg. Fractional weight will be rounded up to one kilogram for calculating such Fees.

3. Transportation and Insurance Fee:

The Transportation and Insurance Fee for 100 g gold ingots and bars will be borne by both the buyer and the seller; the rate for this Charge is RMB 50 / kg.

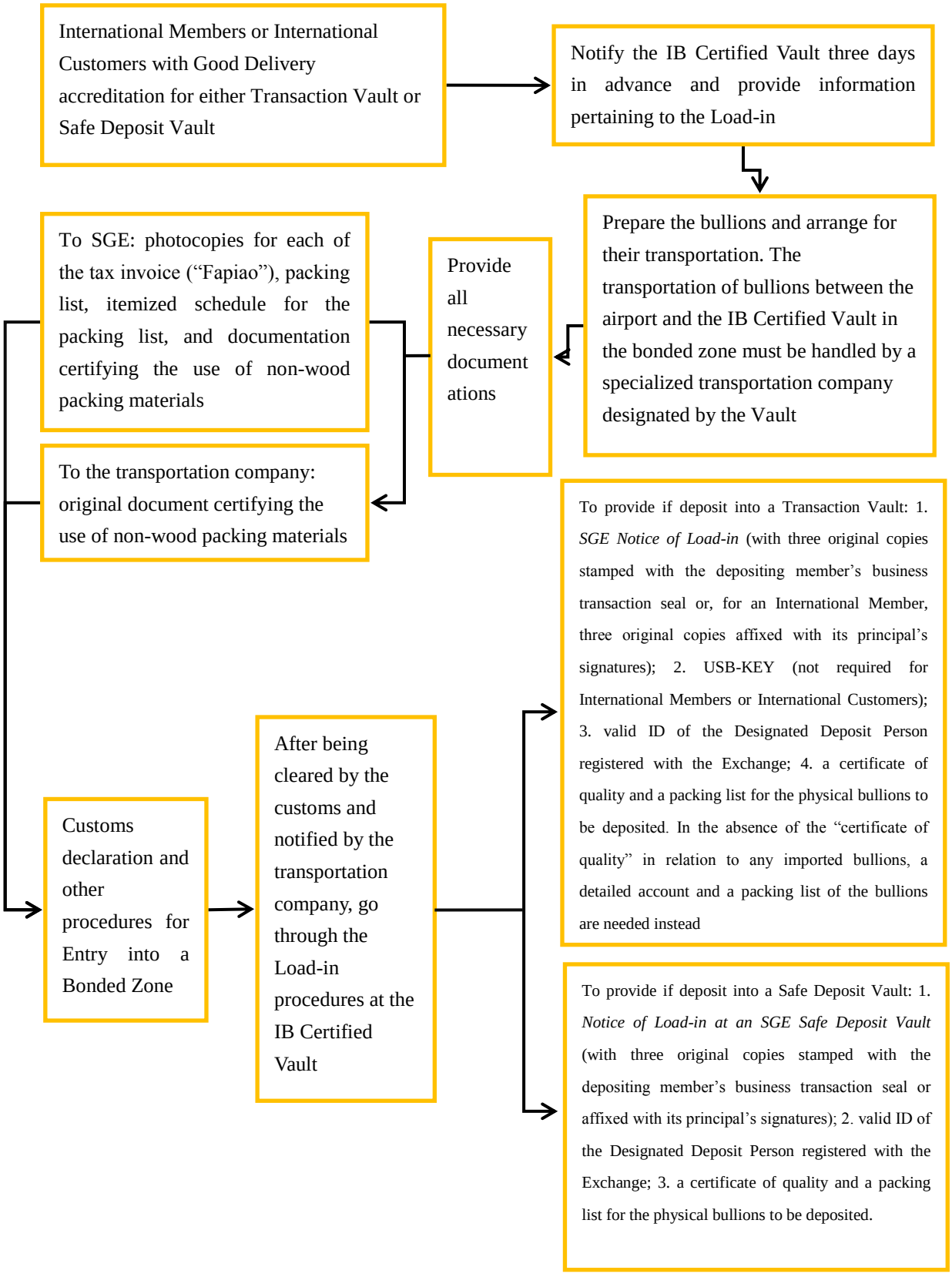
4. Delivery Fee:

Gold products are currently exempt from Delivery Fee.

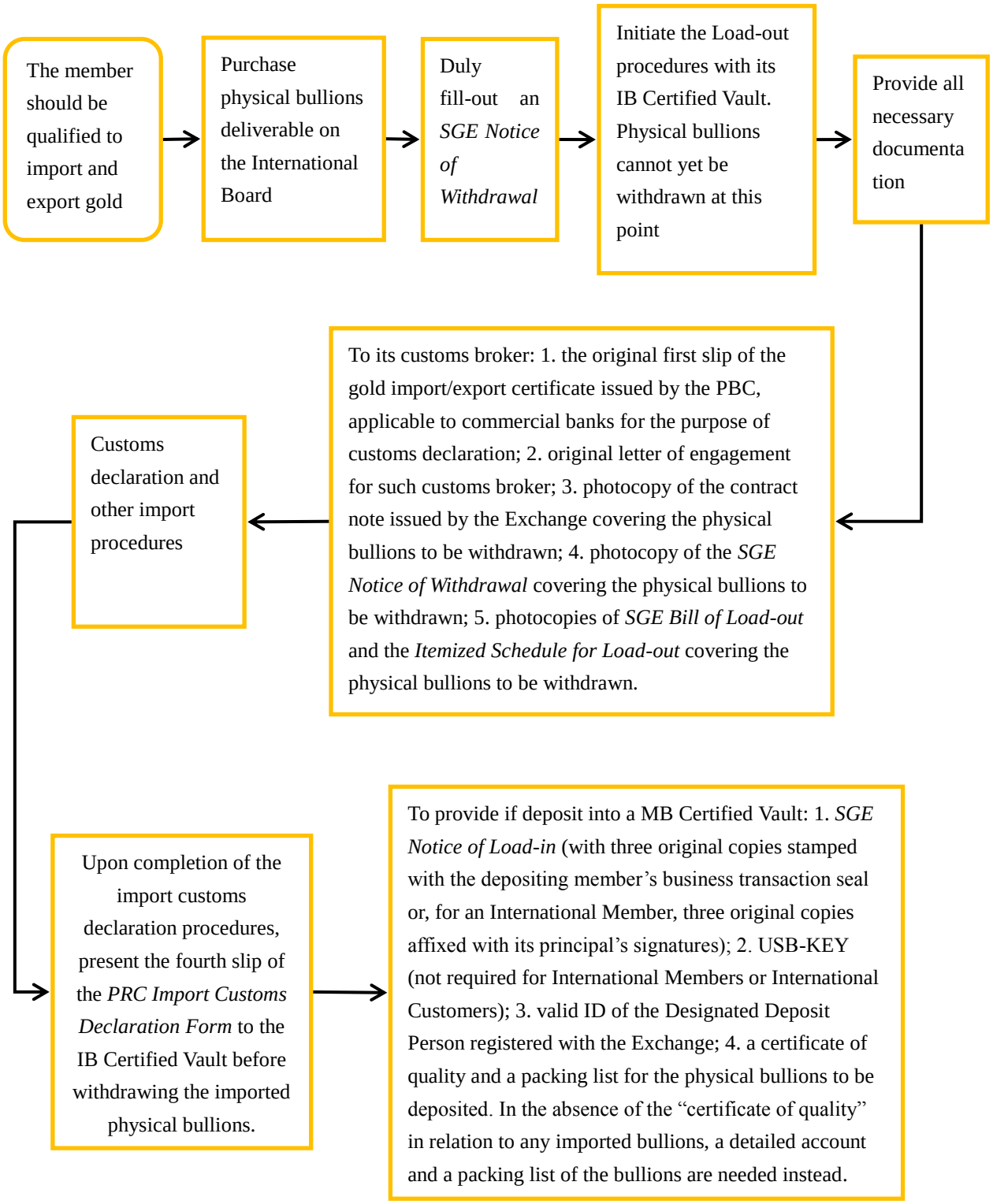
5. The list of chargeable services provided and their associated service rates for Safe Deposit Vaults are set in accordance with Exchange's announcements.

(11) Procedures for four scenarios involving customs declarations

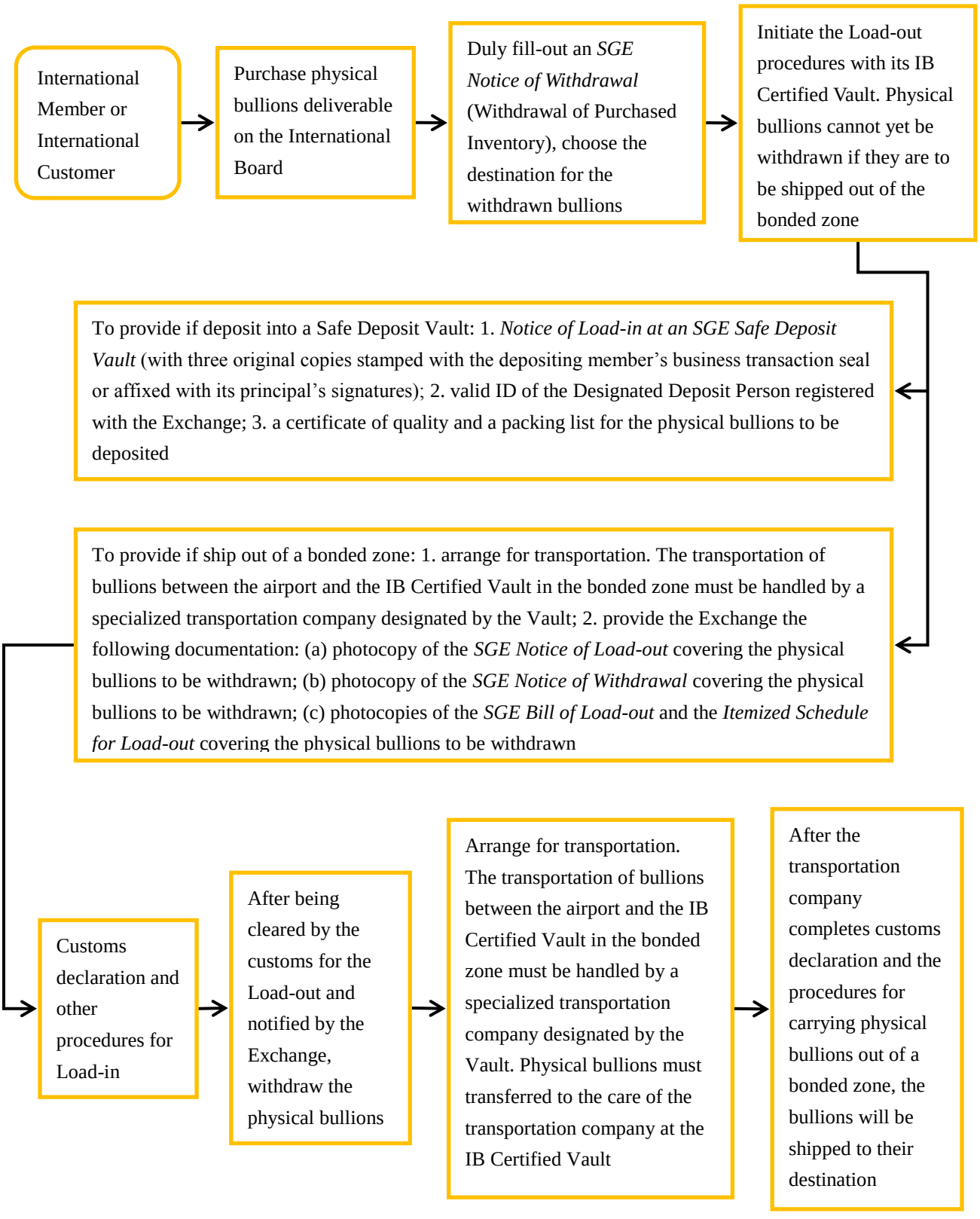
1. Procedures for Entry into a Bonded Zone



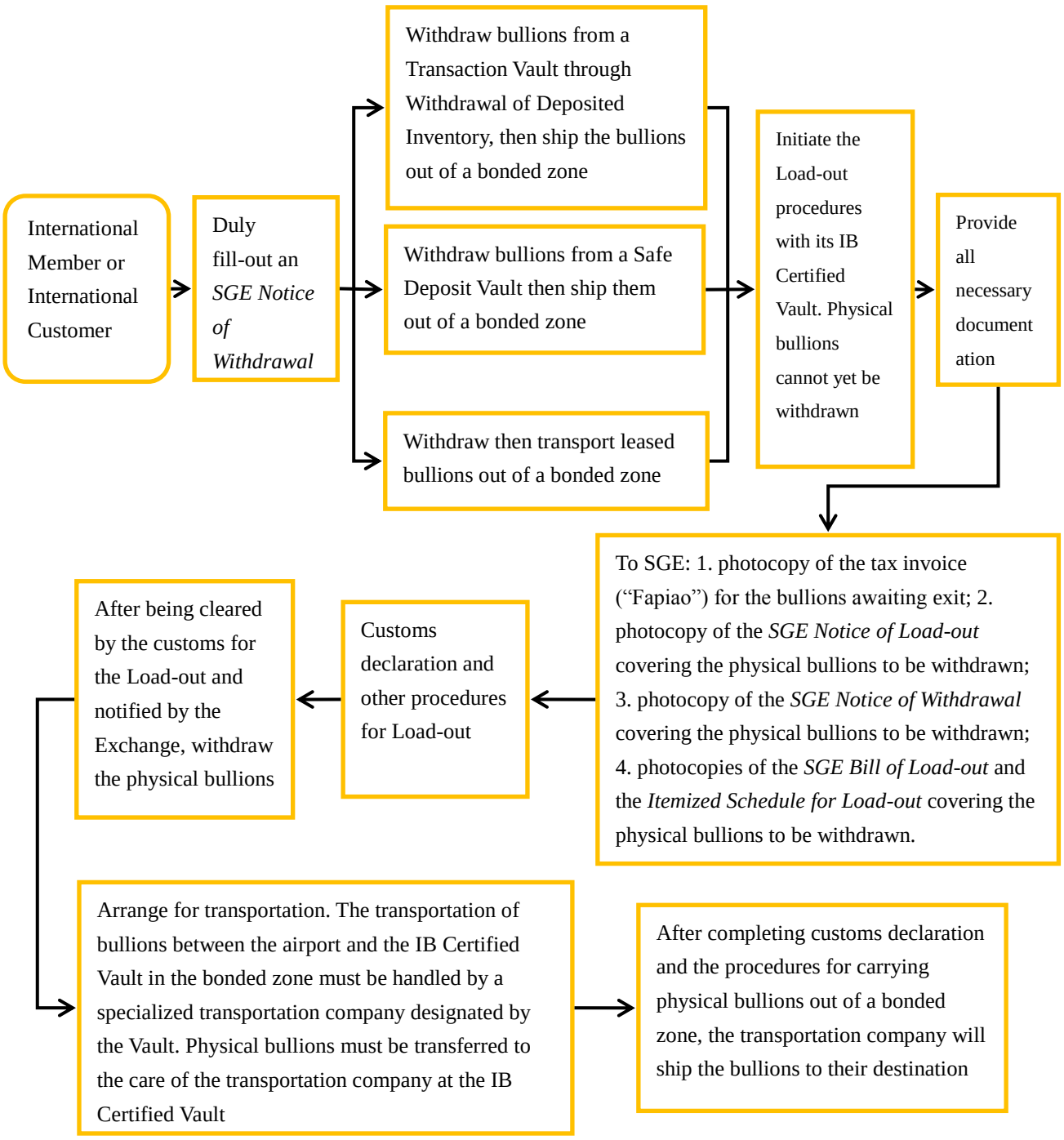
2. Import procedures



3. Procedures for Exit from Bonded Zone for physical bullions received from Withdrawal from Purchased Inventory



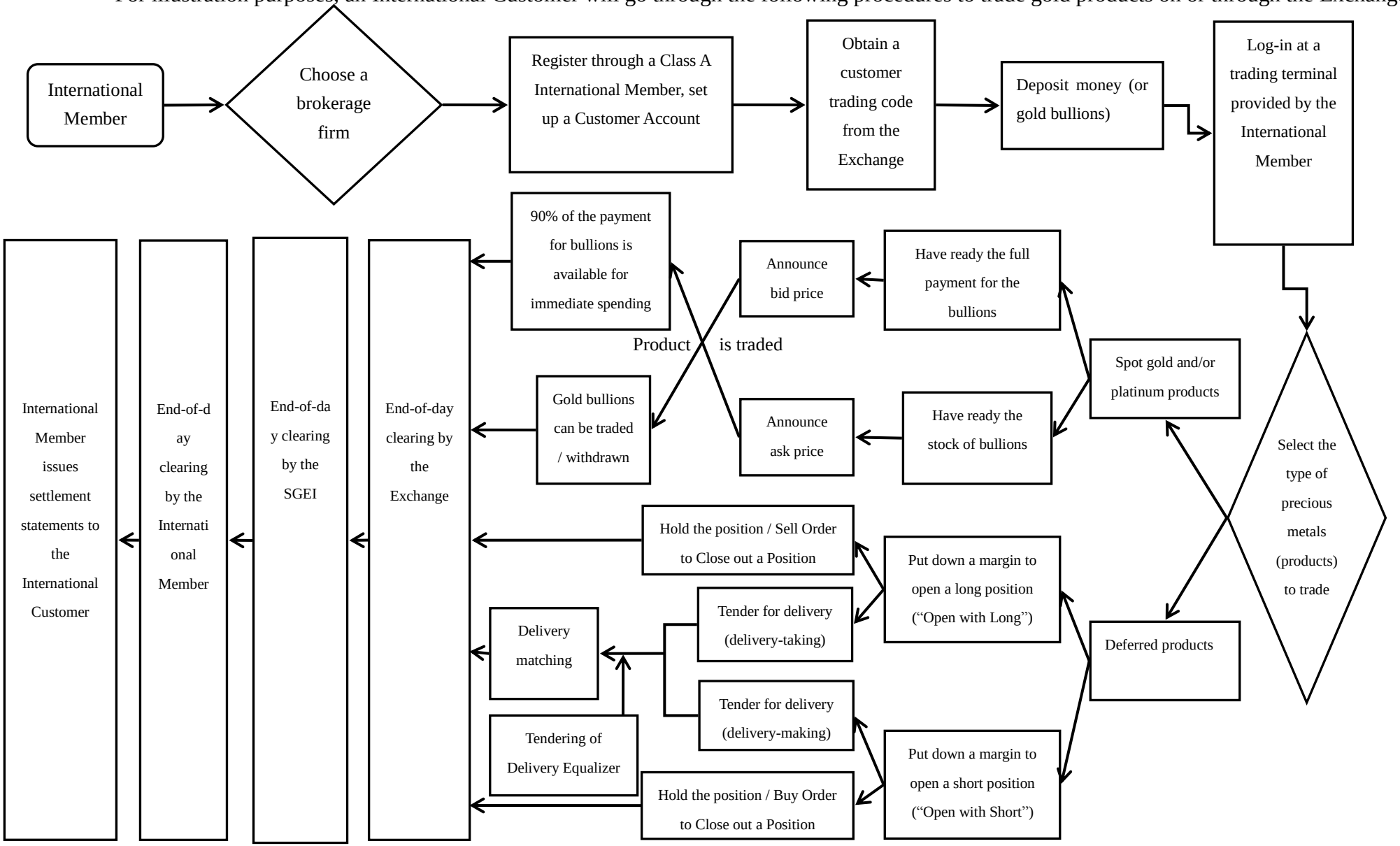
4. Procedures for Exit from Bonded Zone for withdrawn physical bullions



Note: to minimize risk to physical bullions, reduce their holdup time at airports and expedite the customs declaration process, it is strongly recommended that the International Members and International Customers carry out the procedures for Entry into and Exit from a Bonded Zone on Mondays through Thursdays.

IX. Trading on the Exchange as an International Customer (an example)

For illustration purposes, an International Customer will go through the following procedures to trade gold products on or through the Exchange:



(1) Open an account

Through its carrying International Member, an International Customer will open a trading account with the SGEI and receive a trading code from the Exchange.

(2) Trading

1. Buying or selling a spot gold product on the International Board

Deposit money: International Customers who wish to purchase gold bullions (iAu99.5, iAu99.99, etc.) on or through the International Board should deposit sufficient cash to cover the payments (offshore RMB in this and other contexts in this scenario).

Deposit physical bullions: through its carrying International Member, the International Customer will deposit the gold bullions it intends to sell into the Transaction Vault of an IB Certified Vault. The gold bullions should conform to the delivery standards set forth by the Exchange, and will be recorded as the iAu99.5, iAu99.99, or other appropriate types of physical bullions in the International Customer's Deposited Inventory.

Place orders: the International Customer can place buy orders and sell orders for gold products during trading sessions through the international trading system's terminals. The Exchange matches and fills orders based on principles of price priority and time priority. The International Customer may look up its order fills through the trading terminal.

The International Customer must have the full payment ready when placing an order to purchase gold bars or ingots; and it must have enough gold on account to cover the amount of gold it intends to sell.

Filled order: After an order on gold product is filled, the currency payment and physical gold bullions will be transferred to the appropriate accounts in real time. The buyer may re-sell the purchased gold on or after the current trading day, or request to withdraw the gold. For the seller, 90 percent of the currency payment received from selling the gold may be used for trading on that day; the remainder of the payment will be settled during end-of-day clearing.

2. Buying or selling a spot gold product on the Main Board

Deposit money: International Customers who wish to purchase gold bullions (Au99.99, Au99.95, Au99.5, etc.) on or through the Main Board should deposit sufficient cash to cover the payments.

Place orders: the International Customer can place buy orders and sell orders for gold products during trading sessions through trading terminals. The Exchange matches

and fills orders based on principles of price priority and time priority. The International Customer may look up its order fills through the trading terminal.

The International Customer must have the full payment ready when placing an order to purchase gold bars or ingots; it must have on account enough gold from previous purchases to cover the amount of gold it intends to sell.

Filled order: After an order on gold product is filled, the currency payment and physical gold bullions will be transferred to the appropriate accounts in real time. The buyer may only re-sell the purchased gold on or after the current trading day, and may not request to withdraw the gold. For the seller, 90 percent of the currency payment received from selling the gold may be used for trading on that day; the remainder of the payment will be settled during end-of-day clearing.

3. Buying or selling deferred products on the Main Board as an International Customer

International Customers who are to trade in deferred gold products (such as Au(T+D)) will need to deposit a certain percentage of the products' values as margins (offshore RMB in this and other contexts in this scenario).

In a trade over a deferred gold product, we call the buyer of the product "going long", and the seller "going short". After entering into a buy trade or sell trade, the buyer and the seller will need to deposit a certain percentage of the product's value as performance bond, and we call this "opening a position". If a position is opened to offset a previously opened position and thus eliminates the obligations to execute the previous trade, we call it "closing out a position". After the position is closed out the Exchange will return the appropriate margins and settles gains and losses.

A deferred gold product may be purchased and held on a margin that is of a certain percentage of the product's value. Any open position on such a product may be closed out by taking an opposite position, or be finally settled through such actions as tender for delivery, delivery matching, and completion of Physical Delivery upon transfer. A customer who holds a deferred product will either pay or collect a Deferred Interest, depending on which of the delivery amounts tendered for delivery-making and delivery-taking is greater on each day. The customer will also pay or collect margins based on changes in the product's price.

During the daily delivery-taking window, International Customers holding long positions may tender for delivery-taking to receive gold bullions; while those holding short positions may tender for delivery-making to deliver gold bullions. When there is a mismatch between the amount tendered for delivery-taking and delivery-making,

the side with the shortfall will need to pay the other side a Deferred Interest.

Customers should have the full amount of currency payment or gold bullions, as applicable, ready for transfer when tendering for delivery. The Exchange will promptly transfer the payments and bullions upon a successful delivery matching.

(3) Clearing of gains and losses

After market closes on a trading day, the Exchange will clear and settle the margins, gains and losses, Transaction Fees, Deferred Interests, and other pertinent fees and incomes, as well as the currency and metal payments, for all Domestic Members and the SGEI.

Domestic Members and the SGEI will clear and settle the margins, gains and losses, Transaction Fees, Deferred Interests, and other pertinent fees and incomes, as well as the currency and metal payments for Domestic Customers and International Members, respectively, using the same methodology as above. The International Members will subsequently conduct such clearing and settlement for their International Customers.

The Exchange will adopt a delivery-versus-payment system for clearing trades in spot gold products; and apply Daily Mark-to-market and Trading Margin requirements for clearing trades in deferred products.

(4) Outward remittance and withdrawal of physical bullions

After clearing is completed, an International Customer may transfer its withdrawable funds (offshore RMB) into its Customer Account in accordance with the rules of the Exchange. If the International Customer has physical bullions on deposit under its Bullion Account at an IB Certified Vault, it may withdraw such bullions through its carrying International Member.

X. Important Trading Rules

(1) The quotation unit of gold is RMB/g, with a minimum price fluctuation of RMB 0.01.

(2) The trading unit of each transaction is denominated in “lots”. Each quotation shall be in an integral multiple of “one lot”. One lot may denote different quantities for different precious metals; the details are specified in the table of product specifications.

(3) The price at which the first transaction in a spot gold or platinum product is executed on a specific trading day shall be the product’s Opening Price on the trading day. The Opening Price of a deferred product is generated by price matching. If no

Opening Price is generated by the pre-order matching on a specific trading day, the price of the first trade executed on the product on the trading day shall be the Opening Price.

(4) Closing Price, in relation to a specific product, refers to the weighted average price of the last five trades on the product executed on a specific trading day. For a spot gold or platinum product, the Closing Price on a specific trading day is the benchmark for calculating its Price Limit on the next trading day.

(5) Settlement Price, in relation to a specific product, refers to the volume-weighted average of all Transaction Prices of the product over the course of a specific trading day. In the absence of a Transaction Price on such trading day, the Settlement Price of the previous trading day shall be deemed as the current day's Settlement Price.

The Settlement Price of a deferred product on a specific trading day is the benchmark for calculating the product's Price Limit on the next trading day and serves as the basis for the clearing of gains and losses on open positions in the product on such trading day.

(6) Trading volume refers to the amount of transactions in a specific product executed during the trading hours of a specific trading day, including both the buy-side and the sell-side volumes;

(7) Open positions, in relation to a specific deferred product, refers to the number of open interests held by a customer on a certain time point, inclusive of both the buy-side and the sell-side positions;

(8) Delivery amount, in relation to a specific deferred product, refers to the quantity of bullions matched for delivery, including both the buy-side and the sell-side amounts;

(9) Trades in a deferred product, based on the trading directions and the nature of transactions, are categorized as: the Buy Order to Open a Position, the Sell Order to Close out a Position, the Sell Order to Open a Position, and the Buy Order to Close out a Position.

Buy Order to Open a Position refers to an order to buy a certain number of a deferred product to take a long position in the product;

Sell Order to Close out a Position refers to an order to sell such product to close out a long position (taking the opposite position of the long position);

Sell Order to Open a Position refers to an order to sell a certain number of a deferred product to take a short position in the product;

Buy Order to Close out a Position refers to an order to buy such product to close out a

short position (taking the opposite position of the short position).

(10) Parties trading in a deferred product are required to tender for Physical Delivery with the Exchange. During the daily delivery tendering window, a holder of short positions and a holder of long positions may tender to the Exchange for making and taking delivery of physical bullions, respectively. Any customer may cancel its tender before the delivery tendering window closes.

(11) The Deferred Interests are payments made by a customer to compensate its counterparty for any costs incurred to source funds or physical bullions in a delivery deferred by the customer. The payer of the Deferred Interests shall be either the delivery maker or the delivery taker, whichever has tendered for a smaller delivery amount.

Where, on a specific trading day and in relation to a specific deferred product, the aggregate amount of physical bullions tendered for delivery making by holders of short positions is smaller than that tendered for delivery taking by holders of long positions, then at the clearing time on that specific trading day, any holder of short positions whose tendered delivery making amount falls short of the that tendered for delivery taking by the corresponding holder of long positions shall pay the latter Deferred Interests ("Shorts Pay Longs").

Where, on a specific trading day and in relation to a specific deferred product, the aggregate amount of physical bullions tendered for delivery taking by holders of long positions is smaller than that tendered for delivery making by the holders of short positions, then at the clearing time on that specific trading day, any holder of long positions whose tendered delivery taking amount falls short of that tendered for delivery making by the corresponding holder of short positions shall pay the latter a Deferred Interests ("Longs Pay Shorts").

When the amount of physical bullions tendered for delivery making equals to that of physical bullions tendered for delivery taking, no Deferred Interests will accrue.

(12) When discrepancy exists between the amount of physical bullions tendered for delivery making and that tendered for delivery taking, the market will address such imbalance through the tendering for delivery by holders of Delivery Equalizers.

"Delivery Equalizer" refers to any open position created by a customer for participating in a Physical Delivery with the intent to receive the Deferred Interests. When the aggregate amount of physical bullions tendered for delivery taking is greater than that of physical bullions tendered for delivery making, any customer may tender for delivery making with a Delivery Equalizer, and a long position is created

thereby at the current day's Settlement Price when the delivery making is completed by such customer. When the aggregate amount of physical bullions tendered for delivery making is greater than that of physical bullions tendered for delivery taking, any customer may tender for delivery taking with a Delivery Equalizer, and a short position is created thereby at the current day's Settlement Price when the delivery taking is completed by such customer. No Transaction Fees will be charged for a Delivery Equalizer.

(13) Each member and customer is allowed to continuously hold an open position in a deferred product until the open position is closed out or the Physical Delivery is completed.

The Exchange may charge Extended Position Fees for open positions held in a deferred product beyond the specified time frame.

(14) The Exchange shall adopt a delivery-versus-payment system for trading in spot gold and platinum products as well as for trading in spot silver products; and shall apply Daily Mark-to-market and Trading Margin requirements to trading in deferred products.

(15) Physical Delivery, in relation to a specific spot or deferred product traded, refers to the act of transferring the ownership of the precious metals traded from one party to the other in performance of the terms of the trade.

XI. Risk disclosures

Gold deferred products are traded on a margin (leverage). This is a double-edged sword as a trader may both receive substantial returns on his investment, or incur great losses that can sometimes exceed the margin that he has deposited. Therefore, it is imperative for an International Member to fully understand the trading rules and potential exposures and exercise due caution while trading.

The risks that an International Customer undertakes include, but are not limited to:

1. Major fluctuations in gold prices due to political and economic factors both domestic and international as well as incidents and emergencies.

2. Inability to execute buy or sell orders when a particular deferred product hits its price limits, which may completely exhaust the International Customer's margin account or incur even further losses.

3. Major market price fluctuations that can occur even between different trading sessions on the same day; an International Customer may be adversely affected or

suffer losses if there is a delay in placing or canceling an order due to network speed or other reasons.

4. Delay or disruption of services due to malfunctions in electronic communication and networks that modern trading relies upon. Furthermore, adverse impacts or losses may occur due to malicious programs and cyber-attacks on the International Customers' computer systems.

5. Force Majeure event such as earthquake, flood, fire, insurrection, strike, war, government restrictions, international or domestic prohibitions or restrictions, power outages, technical or electronic equipment faults, or any other unpredictable and unpreventable events that may adversely affect an International Customer or cause losses.