

Measures for the Administration of Customer Appropriateness Management of the Shanghai Gold Exchange

Chapter I General Provisions

Article 1 These *Measures for the Administration of Customer Appropriateness Management of the Shanghai Gold Exchange* (these “Measures”) are formulated in accordance with the *Rules on Supervision of Business Activities of the Shanghai Gold Exchange* promulgated by the People’s Bank of China (the “PBC”), the *Articles of Association of the Shanghai Gold Exchange*, the *Spot Trading Rules of the Shanghai Gold Exchange*, the *Measures for the Administration of Membership of the Shanghai Gold Exchange*, the *Enforcement Rules of the Shanghai Gold Exchange* and other relevant business rules, to standardize the customer appropriateness management of the Shanghai Gold Exchange (the “Exchange” or the “SGE”), and protect the lawful rights and interests of the customers.

Article 2 These Measures, other business rules of the Exchange and regulations of the self-regulated organizations of relevant industries on customer appropriateness management are applicable to relevant products or services provided by members of the Exchange for their customers on the Exchange market (the “products or services”).

Products or services referred to in the previous paragraph shall be defined specifically by the Exchange, including but not limited to the spot and deferred gold/silver products.

The Exchange may, as prescribed in these Measures, formulate guidelines on customer appropriateness management for specific products or services.

Article 3 Implementation of customer appropriateness management shall not replace the customer’s judgment regarding investment or reduce the inherent risks of certain products or services; customers shall be held accountable for investment risks, execution of contracts and fees and charges arising thereof.

Chapter II General Regulations

Article 4 Members' customer appropriateness management shall include the following:

- (1) To be aware of their customers' conditions and assess their risk tolerance capabilities;
- (2) To be aware of the information related to the products or services to be provided;
- (3) To provide their customers with products or services that match their risk tolerance capabilities, and carry out constant tracking and management;
- (4) To brief customers, prior to providing products or services, on the specifications, nature, characteristics and the relevant business rules of such products or services as targeted customer education;
- (5) To describe the risks of the products or services by signing the Risk Disclosure Statement with customers.

Article 5 Members shall set entry requirements for their customers engaged in trading or other business activities on the Exchange, including but not limited to their financial status, knowledge in relevant markets, investment experience and credit records.

Customer entry requirements stipulated otherwise in any other laws, administrative regulations or rules shall be abided by as well.

Article 6 Customers engaged in trading on the Exchange shall be classified into professional investors and general customers based on their financial status, knowledge in relevant markets, investment experience, and risk tolerance capabilities. Professional investors refer to any of the following:

- (1) Professional institutions and their branches including large and medium-sized gold manufacturing and consuming enterprises who are also the members of the Exchange, commercial banks, trust companies, fund management companies, financial services companies, securities and futures companies, insurance companies and qualified overseas institutional investors, and etc.,;
- (2) Trust plans, asset management plans, wealth management products of banks or insurance companies, social security funds, pension funds, investor protection funds, enterprise annuities, securities investment funds, and other funds or entrustment investment assets where any of the institutions listed in the previous paragraph serves as the professional managing party;
- (3) Registered institutional investors in conformity with the relevant Exchange rules and regulations not listed in the previous two categories; and
- (4) Any other institutions or individuals in conformity with other Exchange rules and regulations approved by the Exchange members upon application.

Customers other than professional investors shall be defined as general customers.

Article 7 Except where specified otherwise in laws and regulations or Exchange business rules, members shall be bound to the following customer appropriateness management obligations when providing products or services to their customers:

(1) For general customers, the member shall exercise in full the customer appropriate management responsibilities as defined by these Measures;

(2) For professional investors defined in Article 6.4, the members shall exercise responsibilities for describing the inherent risks of products or services and sign the Risk Disclosure Statement;

(3) For professional investors defined in Articles 6.1, 6.2 and 6.3, the member shall not be bound to the provisions of the Measures in carrying out customer appropriateness management.

Article 8 When certain products or services are beyond the customer's risk tolerance capability, the member shall warn the customer of such risks; provided that the customer insists on such products or services, the member shall ask the customer to sign the Commitment Statement and bear all the investment risks involved on its own.

Where the customer fails to meet the entry requirements for products or services under the relevant laws, regulations or the business rules of the Exchange, the member shall refuse to provide the requested products or services.

Article 9 For customer with poor credit records, the member shall have the right to refuse its request for the relevant products or services.

Article 10 The member shall strengthen education, with respect to the relevant market knowledge and risks of products or services, to its customer who have recently opened accounts or engaged in new business on the Exchange, and shall, in appropriate ways, remind them to conduct trading activities prudently.

Chapter III Exchange Regulation and Service

Article 11 The Exchange shall, in accordance with the relevant laws, administrative regulations and provisions, develop a well-established system for customer appropriateness management.

Article 12 The Exchange shall provide guidance, coordination, supervision and service for members performing their duties on customer appropriateness management, and guide them in strengthening their customer appropriate management.

Article 13 The Exchange shall provide education and risk disclosure for customers via the media, such as newspapers, TV, the Internet, and social media, thus helping them make rational investment decisions.

Article 14 The Exchange may, through the Internet, provide customers with learning, testing and certification services on knowledge about gold/silver trading products, thus helping its members understand their customers' market knowledge.

Article 15 The Exchange may provide simulated trading services for its members and customers engaged in specified trading activities.

Article 16 The Exchange may provide its members with consulting, training and integrity query services for them to better carry out their customer appropriateness management.

Article 17 The Exchange shall, in conjunction with the PBC or its branches and the relevant industrial self-disciplined organizations, impose supervision and examination on its members' efforts to carry out customer appropriateness management, where the member shall provide the relevant information truthfully, without concealing, obstructing or refusing .

Article 18 For any member violating the Exchange's customer appropriateness management provisions, the Exchange shall impose appropriate regulatory measures on the member in accordance with the *Measures for the Administration of Membership of the Shanghai Gold Exchange* and the *Enforcement Rules of the Shanghai Gold Exchange*, and shall report to the PBC or issue an administrative penalty proposal depending on the severity of the case.

Chapter IV Supplementary Provisions

Article 19 The Exchange shall reserve the right to interpret these Measures.

Article 20 These Measures shall come into effect as of the date of their promulgation.