

Measures for the Administration of Block Trade of Spot Products of Shanghai Gold Exchange

Contents

Chapter I	General Provisions
Chapter II	Market Entry
Chapter III	Trade Submission and Execution
Chapter IV	Handling of Violations
Chapter V	Ancillary Provisions

Chapter I General Provisions

Article 1 This *Measures for the Administration of Block Trade of Spot Products of Shanghai Gold Exchange* (this *Measures*), formulated in accordance with applicable rules including the *Trading Rules of Shanghai Gold Exchange* and the *Detailed Rules for Price Matching Trading of Shanghai Gold Exchange*, is designed to regulate the block trade of spot products on or through the Shanghai Gold Exchange (the **Exchange** or **SGE**) and protect the lawful rights and interests of block trade participants.

Article 2 In this *Measures*, the term “block trade of spot product” (a **block trade**) refers to a trade of physical contract of substantial quantity, at a price privately negotiated by the trading parties, and executed following trade submission by their carrying members through the member service platform.

Article 3 The Exchange, members, customers, other related participants, and staff of related businesses and institutions shall abide by this *Measures* when engaging in block trades and related transactions.

Chapter II Market Entry

Article 4 Block trades are automatically accessible to members that are approved to trade in the price matching market of the Exchange.

Article 5 Corporate customers may engage in block trades through their carrying members; individual customers are not permitted to engage in block trades for the time being. In any block trade, either the buying customer or the selling customer, or both, shall be a proprietary trading account of a financial member of the Exchange.

Article 6 Each block trade shall generally be valued at no less than RMB 2 million. Exceptional circumstances shall be communicated and explained to the Exchange, or the Exchange shall be entitled to reject the trade.

Article 7 Block trades on or through the Exchange for special purposes such as listing of new contracts and resolution of risks or erroneous positions shall not be subject to block trade market access limitations.

Chapter III Trade Submission and Execution

Article 8 **Products available for block trades.**

Physical contracts of the Exchange can be traded through block trades.

Article 9 **Trade submission window.**

Block trades shall be submitted between 20:00 of the night session and 15:45 of the day session of each trading day.

Article 10 Trade submission method.

Each of the trading parties (or, in case of customers, their respective carrying members) shall submit the trade through the member service platform. Trades are automatically matched by the system and will be executed after passing the review by the Exchange.

Article 11 Required terms.

The trading terms to be submitted for a block trade shall mainly include the trading product, price, quantity (in lots), and the customer code, seat code, and member code of each of the two trading parties.

The price in a block trade shall be within a reasonable range of the price for the current day; any deviation shall be explained by the counterparty in the “remarks” section of the trade report. The Exchange shall be entitled to not review a block trade whose price is outside the reasonable range and for which no justification has been given.

Article 12 Trade submission procedures.

(1) Trades submission. Members qualified for block trade shall log into the member service platform and enter transaction information into the system according to the trading agreement between the parties. A block trade will be marked as “submitted” following its submission. A member must have the funds and physical inventory required by the trade when submitting the trade.

(2) Trades matching. After both parties have submitted the trade, the system will automatically match the trades. Trades will be marked as “matched” if their trading terms are identical.

(3) Trades review. Matched trades will be examined by the Exchange. Following this review and trade execution, the member service platform will mark the corresponding block trade as “executed.”

Article 13 The Exchange examines submitted block trades twice a day on each trading day at 11:00-11:30 and 15:00-15:45. Trades passing the examination will enter the review process.

If due to special circumstances a block trade needs to be executed as soon as it is submitted through the member service platform, the relevant member shall explain the situation to the staff of the Exchange to request for immediate review.

Article 14 For any block trade that has passed the review process, the Exchange will perform real-time transfer of trading account’s available funds and customer’s physical inventory. Any block trade that does not pass the examination or execution review will be deemed expired, and the relevant members may prepare the required submission materials, funds, or physical inventory and submit a new trade within the trade submission window.

Article 15 Executed block trades may be queried by the corresponding members through the member service platform. Transaction information for block trades will not be displayed in the real-time data of the price matching market.

Article 16 Block trade is viewed as an alternative means of trading a physical contract other than through a price matching trade. The Exchange performs funds clearing and physical delivery in the order of physical contracts, spot contracts, deferred contracts, benchmark price contracts, quote driven contracts, and price asking contracts. Executed block trade shall have the same legal effect as an executed price matching trade in the same physical contract.

Article 17 Transaction fees for block trades shall be governed by the same rules as trades in physical contracts.

Chapter IV Handling of Violations

Article 18 Members shall comply with relevant normative documents of the Exchange when engaging in block trades through the member service platform.

Article 19 Members participating in block trades shall establish a sound internal management framework and risk prevention system, implement effective measures to monitor and handle illegal activities and misconducts including money laundering and tunneling, and abide by the laws and regulations of China as well as the rules of the Exchange and industry supervisors.

Article 20 Any member participating in a block trade shall keep confidential of any transactional or non-public information about its counterparty that has come to its knowledge during trading, and, without the prior written consent of the counterparty, shall neither use said information for any purpose other than for the block trade nor disclose or provide it to any third party, unless such disclosure is required by laws, regulations, or competent authorities.

Article 21 If any member participating in a block trade violates this *Measures* or related rules or has engaged in any other irregular trading activity recognized by the Exchange, the Exchange can take appropriate actions against it in reference to the *Enforcement Rules of Shanghai Gold Exchange*.

Chapter V Ancillary Provisions

Article 22 The Exchange disclaims all liabilities resulting from delay or failure in handling trade submission, review, clearing, physical delivery or other transactions for block trade due to force majeure, computer hardware or software breakdown, or any other reason not attributable to the Exchange.

Article 23 This *Measures* is written in Chinese. In case of any inconsistency between its different language versions or different editions, the latest Chinese version shall prevail.

Article 24 Any matter not covered by this *Measures* shall be governed by the relevant rules of the Exchange.

Article 25 The Exchange shall reserve the right to interpret this *Measures*.

Article 26 This *Measures* shall take effect as of the date of its release.