

Annex 1

Self-Discipline Guidelines for Members of the Shanghai Gold Exchange on Anti-Money Laundering, Counter-Terrorist Financing and Anti-Tax Evasion

- Article 1** The *Self-Discipline Guidelines for Members of the Shanghai Gold Exchange on Anti-Money Laundering, Counter-Terrorist Financing and Anti-Tax Evasion (Self-Discipline Guidelines)* is formulated to regulate gold market transactions, strengthen self-discipline in the industry, earnestly fulfill the statutory obligation of anti-money laundering, counter-terrorist financing and anti-tax evasion (collectively ‘**AML, CTF and ATE**’) and effectively prevent relevant risks.
- Article 2** Members shall strictly comply with *the Anti-Money Laundering Law of the People’s Republic of China, the Counter-Terrorism Law of the People’s Republic of China, the Tax Collection and Management Law of the People’s Republic of China* and other applicable laws and regulations, raise awareness on anti-money laundering (AML), counter-terrorist financing (CTF) and anti-tax evasion (ATE) and earnestly fulfill the obligations of AML, CTF and ATE.
- Article 3** Members shall not take advantage of the Shanghai Gold Exchange (**SGE**) as a channel to engage in money laundering, terrorist financing, tax evasion, other illegal and/or criminal activities, and shall not provide assistance for the illegal and/or criminal activities mentioned above.
- Article 4** Members shall adhere to the principle of “risk-based”, fully understand the risks of money laundering, terrorist financing and tax evasion in their business areas, and focus on cash transactions, physical flow and fund flow in all business processes.
- Article 5** Members shall ensure the legitimacy of the sources and destinations of their funds and their customers’ funds. Members shall neither provide business services for illegal funds nor facilitate money laundering.
- Article 6** Members shall ensure that the sources of precious metals loaded in SGE are legal and compliant and shall ensure that the precious metals loaded out from SGE shall not be used for criminal activities.
- Article 7** Members shall purchase gold and other traded commodities for real business need. Members shall legally obtain and use VAT special invoices, and shall not fraudulently issue VAT special invoices.
- Article 8** Members shall establish an internal control system including AML, CTF and ATE measures, and timely assess and improve the internal control system to ensure its compliance and effectiveness.
- Article 9** Members shall incorporate AML and CTF work into the processes of auditing, inspection or risk assessment.

- Article 10** Members shall establish AML management systems for brokerage business to prevent customers from taking advantage of members or SGE to conduct money laundering, terrorist financing and/or other criminal activities.
- Article 11** Members shall establish the AML management framework, designate department and compliance specialists responsible for AML work. The head of member shall take ultimate responsibility for effective implementation of AML work.
- Article 12** Members shall provide necessary resources for department responsible for AML and actively use information systems to enhance the effectiveness of AML work.
- Article 13** Members shall act with due diligence and comply with the principle of “know your customer” by adopting a differentiated customer identification regime according to the money laundering and terrorist financing risk profile of customers, business relations, and transactions.
- Article 14** Members shall take appropriate measures to know the identity of customers, the purpose and nature of their transactions, the natural persons controlling them as well as the ultimate beneficiaries of those transactions.
- Article 15** When a customer applies for opening gold trading account in SGE, members shall verify valid identification of the customer, register basic information of the customer's identity, and retain copies or photocopies of the valid identification and the original authorization letter (if applicable). Members shall not open anonymous or pseudonymous accounts for their customers, or provide services for unidentified customers, or allow any customer to use the account of another person to make transaction.
- Article 16** In dealing with the account opening applications of customers related to VAT special invoices, members shall know the real trading background of customers. Members are entitled to request customers to provide relevant documents in accordance with the provisions of SGE.
- Article 17** Where a customer authorizes any person to give instructions, transfer funds, confirm settlement statements, or perform other functions as its agents, the member shall require the said agents to present an authorization letter, verify valid identifications for the said agents, register their names and contact information, and retain the original authorization letter and a copy or photocopy of said identifications.
- Article 18** If a member suspects that the identification or materials provided by a customer contain false records, the member shall refuse to serve the customer; if there is any doubt regarding the identification or materials, the member shall require the customer to provide supplementary documents or materials that are sufficient to prove the customer's identity, and shall refuse to serve the customer if its identity cannot be so ascertained.
- Article 19** Members shall ensure that the names shown on customers' gold trading accounts and corresponding funds accounts are identical with those recorded on the customers' identifications.
- Article 20** Members shall adopt noncash payment methods in brokerage services. Bank

transfers shall be made from and to a bank account under the name of the trading party.

- Article 21** A member shall continuously check the identity of its customers, monitor them and their daily transactions, and timely remind them to update their information throughout the period in which there is an ongoing business relation.
- Article 22** Members shall pay attention to UN Security Council resolutions and lists of terrorist organizations and individuals published by competent national authorities. Members shall neither establish any business relation with nor provide any form of service to any entity, organization, or individual on such lists.
- Article 23** If a member finds or has reasonable cause to suspect that any customer, its funds or other assets, completed or attempted transactions are involved in money laundering, terrorist financing and/or other criminal activities, then irrespective of the amount or asset value involved, the member shall file a suspicious transaction report to CAMLMAC.
- Article 24** In addition to sending a suspicious transaction report to CAMLMAC, a member shall also report to the local PBC branch, public security bureau, or national security organ if the suspicious transaction:
- (1) evidently involves money laundering, terrorist financing, or other criminal activities;
 - (2) severely endangers national security or social stability; or
 - (3) involves other grave circumstances or emergencies.
- Article 25** Members shall properly retain customer identity information and transaction records for a period of no less than five years.
- Article 26** Members shall keep confidential and not disclose to any entity or individual any customer identity materials and transaction information of customers during the performance of their statutory AML obligations.
- Article 27** Members shall actively participate in AML training organized by SGE. Members shall publicize AML knowledge to customers and potential customers.
- Article 28** Members shall assist and cooperate with judicial organs and administrative law enforcement organs in combating money laundering, terrorist financing and tax evasion as required by law. Any clues to suspected criminal activities, once identified, shall be reported to competent administrative and investigation authorities in accordance with the law.
- Article 29** Members shall actively cooperate with AML law enforcement inspection and investigation carried out by the People's Bank of China; and shall neither refuse or hinder such inspections and investigations, nor provide false information or conceal or destroy evidence.
- Article 30** Members shall conduct annual self-examination on AML and CTF compliance, and report the results of self-examination to SGE in writing.
- Article 31** If any member is punished for violation of AML, CTF and ATE regulation or is

in violation of the Self-Discipline Guidelines, SGE shall strictly handle the matter until its membership is revoked. If any customer is involved, SGE has the right to require the member to dissolve brokerage relationship with the customer.

Article 32 SGE reserves the right to interpret the Self-Discipline Guidelines.

Article 33 The Self-Discipline Guidelines shall take effect as of the date of release.