

Registration and Accreditation Standards for SGE Standard Gold Ingot Refiners and Gold Ingot Grades (Provisional Overseas Edition)

(Amended November 2019)

Chapter I General Provisions

Article 1 These *Standards* are formulated in accordance with the *Articles of Association of Shanghai Gold Exchange*, the *Trading Rules of Shanghai Gold Exchange*, and other relevant rules to regulate the registration and accreditation of qualified overseas suppliers of standard gold ingots and gold ingot grades at the Shanghai Gold Exchange (the **Exchange** or **SGE**).

Article 2 The Exchange, its members, and registered and accredited suppliers shall comply with these *Standards*.

Chapter II Basic Requirements for Applicant

Article 3 Any enterprise applying to be a qualified supplier of standard gold ingots on the Exchange shall meet the following basic requirements:

- (1) be a legal entity;
- (2) have been engaged in gold refining business for five years or more as of the date of application;
- (3) have a gold refining capacity of not less than 10 metric tons per year;
- (4) the gold ingot products manufactured by the enterprise shall comply with the prevailing *SGE Standard for Gold Ingot*; and
- (5) have a minimum registered capital or net assets of RMB 50 million.

Chapter III Basic Requirements for Accreditation

Article 4 Any enterprise applying to be a qualified supplier of standard gold ingots of the relevant grades shall submit a duly completed the *SGE Standard Gold Ingot Refiner Accreditation Application Form* along with the following materials. Information on the Chinese language version of the application materials (translated from English) is deemed authoritative; the English version shall be attached as an appendix.

- (1) photocopy of the Business License and Organization Code Certificate;
- (2) document certifying the registered capital or net assets;
- (3) certificate of guarantee or creditworthiness;
- (4) document certifying that the applicant has been engaged in the refining business for five years or more;
- (5) photocopy of the trademark registration;
- (6) corporate standards for gold ingot products and gold assaying;
- (7) corporate requirements for the review and acceptance of raw materials for refining;
- (8) corporate quality manual;
- (9) photocopy of technical drawings that clearly depict the seal(s) and mark(s) of gold ingot;
- (10) ten color photographs showing the production process and the gold ingots themselves;
- (11) certificate of quality, packing list, and assay reports;
- (12) photocopy of registration certificates issued by other exchanges;
- (13) the standards for gold ingot and assay methods of the country or region where the applicant is located; and
- (14) document certifying that the raw materials are *not* sourced from conflict or high-risk regions.

Chapter IV Accreditation Assessment and Review

Article 5 The Exchange will conduct a preliminary screening after receiving all application materials. Eligible applicants will proceed to accreditation assessment by the Exchange's expert review group as well as the review by the Exchange.

Article 6 The expert review group will choose between on-site review and/or sampling test based on the application materials. Unless the circumstances require otherwise, on-site review is waived for the latest LBMA-accredited suppliers, who will proceed directly to sampling test.

Article 7 The on-site review mainly covers:

- (1) on-site confirmation of the refining process and capabilities of the applicant;

- (2) on-site supervision of the whole casting process, including an inspection on the specification, weight, and surface quality of the gold ingots produced;
- (3) preparation by the Exchange of 12 samples for the gold assay;
- (4) on-site supervision of the sample assaying process of the applicant;
- (5) on-site spot checks on the raw materials and assay reports to confirm the accuracy of information; and
- (6) on-site confirmation of the accuracy of information given in the application materials.

Article 8 Sampling refers to the selection of six batches of samples from the branded gold ingots of the applicant in storage. Sample testing shall be conducted by an inspection agency designated by the Exchange.

Article 9 Both on-site reviews and sampling tests shall be conducted in accordance with the prevailing *SGE Standard for Gold Ingot*.

Article 10 The Exchange will review and confirm the information assessed by the expert review group. A compliant applicant will be recognized by the Exchange as a qualified supplier of standard gold ingots.

Article 11 The Exchange will confer a certificate to each supplier that has passed the accreditation process to recognize it as a qualified supplier of standard gold ingots of the relevant grades. An accredited supplier shall update its corporate information every three years starting from the date of accreditation.

Article 12 The standard gold ingots produced by an accredited supplier are deliverable at the Exchange.

Article 13 An applicant that fails the accreditation for the first time may re-apply three months after the date of notification by the Exchange; an applicant that fails the accreditation for the second time may re-apply one year after the date of notification by the Exchange.

Chapter V Supervision and Administration

Article 14 All accredited suppliers shall accept the supervision and inspection of the Exchange. The Exchange shall have the right to take such actions as collecting samples for testing purposes and conducting on-site inspections.

Article 15 The Exchange shall have the right to impose corresponding measures on suppliers failing to meet supervisory or inspection standards.

Article 16 Any dispute over the quality of gold ingot arising during the delivery process shall be subject to the arbitration assay and final ruling by an inspection agency designated by the Exchange.

Article 17 The Exchange shall have the right to take corresponding measures against any supplier found to have quality issues, including ordering it to rectify the issues within a specified period and, ultimately, revoking its accreditation.

Article 18 Any supplier whose accreditation is revoked shall not be allowed to re-apply for accreditation within two years as of the date of revocation.

Chapter VI Fees

Article 19 An applicant that successfully completes registration and accreditation at the Exchange must pay RMB 300,000 to the Exchange as quality guarantee deposit.

(1) An applicant that is already registered with and has delivered on LBMA, shall be exempted from paying the quality guarantee deposit.

(2) An accredited supplier that has voluntarily surrendered its accreditation shall be refunded of the quality guarantee deposit.

Article 20 Each applicant shall pay a registration and accreditation fee of RMB 100,000 as well as an on-site review fee of an amount determined by the actual expenses incurred during the review.

Article 21 Each qualified supplier of standard gold ingots shall pay RMB 20,000 to the Exchange in the first quarter every year as the annual management fee.

Chapter VII Penalties

Article 22 If any gold ingot from a supplier is found by the Exchange to have surface defects, weight shortage, a chemical composition inconsistent with the certificate of quality, or other quality issues, the supplier shall issue a replacement immediately, compensate for any direct and indirect losses, and bear the inspection, travel, and other related expenses.

1. The Exchange will in addition impose a business sanction and a fine on the supplier based on the cause and resolution of the quality issue.

(1) Business sanction. First offense: verbal reprimand and rectification within a specified period; Second offense: notice of reprimand, rectification within a specified period, and suspension from delivering gold ingots for one month, which shall not be lifted until the results of rectification are satisfactory to the Exchange; Third offense: Revocation of accreditation and prohibition to re-apply for accreditation within two years as of the date of revocation;

(2) Inconsistency between the actual fineness level and the certificate of quality shall incur a fine payable to the Exchange as follows:

- (a) A shortfall in fineness of up to 0.5‰ shall incur a fine of 100 times of the value of the missing gold fineness;
- (b) A shortfall in fineness of over 0.5‰ shall incur a fine of 200 times of the value of the missing gold fineness.

(3) Inconsistency between the actual gold weight and the certificate of quality shall incur a fine payable to the Exchange as follows:

- (a) A shortfall of 500 milligrams per kilogram or less shall incur a fine of 20 times of the value of the missing gold weight;
- (b) A shortfall of 500 (exclusive) to 1,000 (inclusive) milligrams per kilogram shall incur a fine of 40 times of the value of the missing gold weight.

Shortfall beyond the above range shall be fined proportionally.

2. Other violations shall be penalized in reference to the *Product Quality Law of the People's Republic of China*.

3. Fines paid for violations shall be attributed to the Risk Management Fund of the Exchange.

Article 23 Any accredited supplier that is found to have sourced raw materials for gold refining from a conflict or high-risk region shall have its accreditation revoked.

Chapter VIII Ancillary Provisions

Article 24 The Exchange shall reserve the right to interpret these *Standards*.

Article 25 These *Standards* shall take effect as of the date of release.