

# **Implementing Rules for the Administration of International Members of Shanghai Gold Exchange**

**(Revised in 2021)**

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## Chapter I General Provisions

**Article 1** The *Implementing Rules for the Administration of International Members of Shanghai Gold Exchange* (the **Implementing Rules**) is formulated in accordance with the *Articles of Association of Shanghai Gold Exchange* and the *Measures for the Administration of Membership of the Shanghai Gold Exchange* to regulate the trading activities of International Members of Shanghai Gold Exchange (the **Exchange** or **SGE**) and to protect their lawful rights and interests.

**Article 2** The term “International Members” refers to a legal entity or an economic organization of other forms registered outside the mainland of the People’s Republic of China (**China**); in Hong Kong, Macau, or Taiwan; or in one of mainland China’s pilot free-trade zones, and approved by the Exchange to trade precious metals on or through the Exchange in accordance with the laws and regulations of China and the *Articles of Association* of the Exchange.

**Article 3** The Exchange authorizes and delegates the Shanghai Gold Exchange International Co., Ltd. (**SGEI**) to conduct centralized management of International Members and to provide membership recruitment and management, trading connection, settlement, risk management and other services to International Members.

**Article 4** International Members are classified into Type A Members, Type B Members, and Type C Members. Type A Members are permitted to engage in both proprietary and brokerage business; Type B Members are permitted to engage in proprietary business; Type C Members are permitted to engage in such business as approved by the Exchange.

**Article 5** International Members who engage in business activities at the Exchange shall comply with applicable laws, regulations, and rules of China as well as the articles of association, rules, and measures of SGEI, and shall accept the administration by SGEI.

**Article 6** The *Implementing Rules* shall apply to International Members and their employees.

## Chapter II Membership Management

**Article 7** An applicant for international membership shall meet the following criteria:

(1) be a legal entity or an economic organization of other forms registered outside mainland China (including those registered in Hong Kong, Macau, or Taiwan) ; or in one of mainland China’s pilot free-trade zones;

(2) undertake to comply with including but not limited to applicable laws, regulations, and rules of China as well as the articles of association, rules and measures of the Exchange and SGEI, and to accept the administration of its activities by the Exchange and SGEI;

(3) the applicant or its parent company or head office has a strong industry background or position;

(4) with a registered capital or net assets of no less than USD 10 million (or the equivalent in other currencies);

(5) with a compliant operation and no record of major violations of the law or misconduct in the most recent three years;

(6) undertake to comply with applicable rules and regulations on anti-money laundering (AML), counter-terrorist financing (CTF), and anti-tax evasion (ATE); and

(7) meet other criteria prescribed by SGEI.

**Article 8** An applicant for international membership shall submit to SGEI the following written materials, which shall bear the signature or seal of its legal representative or authorized signatory to ensure such materials are authentic and valid:

(1) Membership Application Form (Appendix 1);

(2) Membership Application Letter;

(3) lawful certificate of incorporation/registration;

(4) financial report for the preceding fiscal year audited by an accounting firm or auditing company;

(5) statement on whether it has been subject to major sanctions by regulatory authorities in the most recent three years;

(6) letter of authorization for the authorized signatory;

(7) identity document of the legal representative or authorized signatory; and

(8) articles of association, relevant business rules, and internal control rules such as AML, CTF, and ATE rules;

(9) SGE AML/CTF Due Diligence Survey Form; and

(10) other documents required by SGEI.

**Article 9** The Membership Application Letter shall contain:

(1) purpose of applying for international membership and business plan;

(2) company background and operations overview;

(3) profile of its key persons-in-charge;

(4) undertake to comply with the articles of association, AML and other rules and regulations of the Exchange and SGEI; and

(5) other information required by SGEI.

**Article 10** SGEI shall approve or reject a membership application within 60 business days of receipt of satisfactory application materials. Following a decision of approval, SGEI will submit a report to the People's Bank of China (**PBC**) and then issue the membership notice to the applicant.

**Article 11** Within 90 business days of receipt of the membership notice, the applicant shall:

(1) pay the Membership Fee and Annual Membership Fee:

Membership Fee: RMB 2.8 million for Type A Members; RMB 1.6 million for Type B Members; and for Special International Members, subject to their specific business scope.

Annual Membership Fee: RMB 50,000 per year and collected on calendar year basis, prorated by quarter (including the current quarter) in the first calendar year for a newly admitted International Member.

(2) the Exchange has authorized SGEI to collect and manage such fees;

(3) open a settlement account at a Margin Custodian Bank certified by the SGEI;

(4) complete the authorization procedures for relevant individuals and their specimen seals;  
and

(5) complete other required processes.

Any applicant who fails to complete the above procedures in time without justification shall be deemed to have abandoned its membership.

**Article 12** An International Member will, following its admission, be assigned the corresponding proprietary and/or brokerage trading seats. Trading seats acquired through such automatic assignment will not be charged for trading seat fees.

**Article 13** An International Member may submit written application for up to three additional trading seats. Trading seat fees for additional trading seats are collected on calendar year basis, with the amount of RMB 50,000 per seat per year, and will not be refunded when withdrawing the membership.

**Article 14** Subject to prior approval, international membership may be changed, succeeded, and terminated.

**Article 15** An International Member may apply for ownership transfer and the membership type change. The applicant for ownership transfer shall be for an affiliate of the original International Membership holder.

**Article 16** Any International Member applying for ownership transfer shall submit to SGEI the following documents:

- (1) Membership Change Application Form (Appendix 2);
- (2) Membership Change Application Letter;
- (3) the transferee's certificate of incorporation/registration;
- (4) the transferee's financial report for the preceding fiscal year audited by an accounting firm or auditing company;
- (5) the transferee's statement on whether it has been subject to major sanctions by regulatory authorities in the most recent three years;
- (6) the transferee's letter of authorization for its authorized signatory;
- (7) identity document of the transferee's legal representative or authorized signatory;
- (8) the transferee's articles of association, relevant business rules, and internal control rules such as AML, CTF, and ATE rules;
- (9) SGE AML/CTF Due Diligence Survey Form;

(10) Transferrer's membership certificate; and

(11) other documents required by SGEI.

After receiving the above documents, SGEI shall review and approve the application in accordance with prescribed procedures and complete the membership change procedure.

**Article 17** Any International Member applying for membership type change shall submit to SGEI the following documents:

(1) Membership Change Application Form; and

(2) Membership Change Application Letter.

An International Member approved to change its membership type shall complete all necessary procedures including but not limited to Membership Fee adjustment, settlement accounts opening, and minimum Settlement Reserve deposit according to the requirements of its new membership type.

**Article 18** In the event that an International Member is merged or consolidated, the new legal entity intending to succeed the international membership, shall apply to SGEI in writing by submitting the following documents:

(1) Membership Change Application Form;

(2) Membership Change Application Letter;

(3) any legal documents related to the merger or consolidation;

(4) the successor's certificate of incorporation/registration;

(5) the successor's financial report for the preceding fiscal year audited by an accounting firm or auditing company;

(6) the successor's statement on whether it has been subject to major sanctions by regulatory authorities in the most recent three years;

(7) the successor's letter of authorization for its authorized signatory;

(8) identity document of the successor's legal representative or authorized signatory;

(9) the successor's articles of association, relevant business rules, and internal control rules such as AML, CTF, and ATE rules;

(10) the successor's SGE AML/CTF Due Diligence Survey Form;

(11) the original membership certificate; and

(12) other documents required by the Exchange or SGEI.

After receiving the above documents, SGEI will review and approve the application in accordance with prescribed procedures and complete the membership change procedure.

**Article 19** Any International Member no longer qualifies for international membership requirements in accordance with the *Articles of Association* of the Exchange shall apply for the termination of its membership as required by the Exchange. Where an International Member is dismissed or lawfully declared bankruptcy, it shall apply to SGEI for membership termination prior to the completion of the liquidation or bankruptcy proceedings.

**Article 20** To terminate its international membership, an International Member shall submit to SGEI the following documents:

(1) application letter for membership termination;

(2) relevant approval document or decision letter;

(3) international membership certificate;

(4) statement on the winding down of business; and

(5) other documents required by SGEI.

The SGEI shall accept a duly completed international membership termination application and approve or reject it within 20 business days of acceptance.

**Article 21** Subject to the approval, SGEI may revoke an International Member's membership, if the International Member:

(1) violates any law, regulation, or rule of China or materially violates the *Articles of Association*, trading rules, or other rules of the Exchange.

(2) is declared to be prohibited to enter the market by regulatory authorities;

- (3) commits a serious violation of the AML, CTF, and related rules of regulatory authorities or the Exchange;
- (4) subcontracts its international membership or trading seats to others for management or operation;
- (5) is underfunded, understaffed, poorly equipped or managed, and fail to meet the requirements after rectification;
- (6) refuses to implement a resolution of the General Members' Meeting or the Board of Directors of the Exchange;
- (7) has no trading activity for three successive months without justification;
- (8) is involved in any illegal trading activities;
- (9) forges, alters, or trades any certificate or approval document;
- (10) maliciously destroy trading system; or
- (11) other circumstance decided by SGEI.

If the International Member has any objection to the revocation of its membership, it may apply to SGEI for reconsideration within 15 business days of receiving the notice of revocation.

**Article 22** An International Member, which has been approved to terminate or abandon its membership, or has its membership revoked, shall complete the following procedures of membership exit:

- (1) terminate or perform its trading and leasing contracts, and settle all accounts related to physical inventories;
- (2) settle all its claims and liabilities at the Exchange;
- (3) return all certificates issued by the Exchange;
- (4) close its settlement accounts; and
- (5) complete any other procedures as required.

If the International Member fails to terminate or perform its contracts within the required time, the Exchange shall be entitled to liquidate its positions on the first trading day after the maturity date. If the International Member fails to settle its liabilities with the Exchange or SGEI, corresponding amount shall be deducted from the Membership Fee before refunded, and, if the Membership Fee is insufficient to cover all liabilities, the Exchange and SGEI shall reserve the right to recourse against the member. Any other instance of incomplete process shall be handled by SGEI in accordance with relevant rules.

**Article 23** After an International Member completes the membership exit procedures and its membership has been terminated, SGEI will refund its paid-in Membership Fee without refunding other fees and charges previously paid.

**Article 24** Any approval, change, succession, and termination of international membership will be reported to the PBC for record and publicly announced to the market by the Exchange.

### **Chapter III Business Management**

**Article 25** Before starting any business, International Members shall deposit the minimum Settlement Reserve, which is RMB 500,000 for each trading seat. SGEI has the right to adjust the minimum Settlement Reserve based on market conditions and the business scale and business type of the International Members.

**Article 26** An existing International Member shall pay its Annual Membership Fees by the end of the first quarter of each calendar year; a newly admitted International Member shall pay its Annual Membership Fees within 90 business days of receipt of notice of admission.

**Article 27** An International Member shall appoint a business representative, business liaison officer, and compliance officer, and promptly report to SGEI upon any change thereof. The business representative and business liaison officer shall carry out activities involving the Exchange and perform other duties required by SGEI on behalf of the International Member. The compliance officer shall perform compliance duties as required by the Exchange and SGEI.

**Article 28** International Members shall conduct activities such as trading connection, settlement, delivery, and risk management in accordance with the *Measures for the Administration of Market Activities at Shanghai International Gold Exchange Co., Ltd.*

**Article 29** An International Member shall meet the requirements set out in the *Guidelines for Brokerage Business of International Members of Shanghai Gold Exchange* and obtain prior approval before engaging in brokerage service. Brokerage services shall be offered in accordance with the prescribed procedures.

**Article 30** International Members shall conduct periodic self-inspections on transactions, IT systems, risk management, and internal controls, and submit self-inspections reports.

**Article 31** SGEI may monitor the business activities of International Members. Each International Member is obligated to report to the Exchange, in a timely manner and as required, the transactions, positions, load-in and load-out details, and other pertinent information, either in relation to itself or in relation to its International Customers, and to cooperate with business inspections.

**Article 32** SGEI strictly performs AML, CTF, and ATE responsibilities and obligations by conducting due diligence reviews on International Members under the principles of Know Your Customer, Know Your Business, and Due Diligence Review.

**Article 33** Each International Member is obligated to inform its customers of the laws and regulations governing their activities at the Exchange, relevant AML and CTF rules, tax policies, and the rules announced by the Exchange, and shall strengthen its management and guidance of International Customers to ensure AML, CTF, and ATE responsibilities and obligations are duly performed.

**Article 34** International Members shall submit annual AML reports to SGEI. If suspicious transaction activities are found, International Members are obligated to submit corresponding reports to SGEI.

#### **Chapter IV Supervision and Violation Management**

**Article 35** Other business such as foreign exchange, funds, and bullion import in connection with the precious metals trading activities by International Members shall be governed by the rules of relevant regulatory authorities including but not limited to the PBC and the State Administration of Foreign Exchange.

**Article 36** SGEI have the right to conduct policy compliance review on an International Member in regards to its qualification, business and the qualification of its traders. An International Member shall cooperate with SGEI by providing relevant reports according to their regulatory requirements.

**Article 37** An International Member shall submit a written report to SGEI within 20 business days upon occurrence of any of the following events:

- (1) a change in its legal representative;
- (2) a change in its registered capital or shareholding structure;
- (3) a change in its name, registered address or business premises, scope of business, or contact information;
- (4) a major change in its business operations;

- (5) acquisition of membership of another exchange;
- (6) involvement in a major lawsuit or financial dispute;
- (7) becoming subject to a formal investigation or sanction by a regulatory authority, or sanction by any other exchange, for suspected violation of laws, regulations, or rules; or
- (8) any other circumstances so prescribed by SGEI.

**Article 38** An International Member shall immediately notify SGEI upon the occurrence of any of following events and report any update thereof to SGEI on an ongoing basis:

- (1) any significant business risk;
- (2) any significant technical failure;
- (3) any force majeure event or unforeseen incident that may affect the normal trading activities of International Customers; or
- (4) any other event the notification of which is required by the Exchange.

**Article 39** In the event of any emergencies or abnormal events in the market, an International Member shall safeguard the normal order of the market and assist the Exchange in resolving such emergencies and abnormal events.

In the event of any emergency or abnormal event concerning an International Member's brokerage service, the International Member shall properly resolve the associated risks; failing which, SGEI may suspend the relevant businesses of the International Member.

**Article 40** The traders of an International Member who conduct trading activities on or through the Exchange must be duly authorized by the International Member, who shall be fully liable for any such activities conducted on SGEI.

A trader shall be only employed by one International Member and its affiliates at a time and shall not concurrently work for another International Member.

An International Member's authorization to its trader(s) shall automatically become invalid upon change, succession, or termination of its membership.

**Article 41** SGEI shall have the power to conduct periodic and *ad hoc* on-site or off-site inspections on International Members to check their compliance with AML, CTF, and ATE rules in their proprietary and brokerage business.

**Article 42** Information and materials submitted by International Members to SGEI shall be true, accurate, and complete.

**Article 43** SGEI shall handle the violations of International Members in accordance with the *Enforcement Rules of Shanghai Gold Exchange* and other applicable rules.

**Article 44** An International Member shall strengthen investment knowledge education and risk disclosure for investors. For any International Member who fails to perform its duties or implement an effective investor education and protection program, the Exchange may suspend its relevant business and impose disciplinary sanctions thereon according to the severity of the circumstances.

## **Chapter V Ancillary Provisions**

**Article 45** This *Implementing Rules* is written in Chinese. In case of any inconsistency between its different language versions or different editions, the latest Chinese version shall prevail.

**Article 46** All parties and their business activities under this *Implementing Rules* on or through the Exchange shall be governed by the laws of China.

**Article 47** Matters not covered in this *Implementing Rules* shall be governed by the relevant rules of the Exchange.

**Article 48** SGEI shall reserve the right to interpret this *Implementing Rules*.

**Article 49** This *Implementing Rules* shall come into effect as of the promulgation date.

<b>SHANGHAI GOLD EXCHANGE</b>			
<b>INTERNATIONAL MEMBERSHIP APPLICATION AND DUE DELIGENCE ON ANTI-MONEY LAUNDERING, ANTI-TERRORIST FINANCING AND ANTI-TAX EVASION</b>			
			No.
Applicant Information			
Company's Full Name			
Company's Abbreviated Name			
Business Scope			
Registered Address			
Registered Capital or Net Asset	<input type="checkbox"/> Registered Capital:	<input type="checkbox"/> Net Asset:	
Business Document Type			
Business Document No.		Document Expiry Date	
Company Type	<b>Financial</b> <input type="checkbox"/> State-Owned Bank <input type="checkbox"/> National Joint-stock Commercial Bank <input type="checkbox"/> City Commercial Bank <input type="checkbox"/> Foreign Bank <input type="checkbox"/> Other Bank <input type="checkbox"/> Securities <input type="checkbox"/> Fund <input type="checkbox"/> Insurance <input type="checkbox"/> Trust <input type="checkbox"/> Internet Finance <input type="checkbox"/> Other Finance  <b>Corporate</b> <input type="checkbox"/> Jeweller <input type="checkbox"/> Mint <input type="checkbox"/> Industrial Use <input type="checkbox"/> Gold Producer <input type="checkbox"/> Refiner <input type="checkbox"/> Investment and Trade <input type="checkbox"/> Other Corporate		
Telephone		Fax	
Address		Email	
Legal Representative Information			
Legal Representative		Title	
ID Type		ID Number	
Telephone		Fax	
Address		Email	
Precious Metal Director Information			
Head of Precious Metal Business		Title	
ID Type		ID Number	
Telephone		Fax	
Address		Email	
Head of Risk Control		Title	
ID Type		ID Number	
Telephone		Fax	
Address		Email	

**Membership Detail**

**If the applicant meets any of the following:**

- The applicant or its affiliate is a member or customer of SGE or SGEI. If yes, please specify:
- The applicant or its affiliate is a member or customer of Shanghai Futures Exchange.
- The applicant or its affiliate is a member of other International Exchanges. If yes, please specify:

*Note: "Affiliate" refers to a company, enterprise, or other economic organization that is related to the applicant firm by: (1) having a direct or indirect ownership or control of the applicant firm in funding, business operations, procurement and sales, etc.; (2) being under the direct or indirect ownership or control of a common third party as the applicant firm; or (3) being associated with the applicant firm through other interests.*

**Application Type:**     Type A Member             Type B Member             Type C Member

*Note: Pursuant to SGE regulation A6, firm with Type A membership is entitled to engage in the proprietary and brokerage business; firm with Type B membership is entitled to engage in proprietary business only. Type C membership is entitled to engage in the business that SGE approves.*

**Membership and AML/ATF/ATE Agreement**

I, the undersigned, hereby represent the firm in applying for the membership of the Shanghai Gold Exchange ("the SGE"). I have read and understood the membership requirements, and undertake that the above information and any information or addendums I provide are, to the best of my knowledge and belief, true and correct. In consideration of admission to membership of SGE, I hereby undertake to submit to and abide by the By-Laws and Rules of the SGE and Shanghai International Gold Exchange Co., Ltd. ("the SGEI"), as now existing and as hereafter duly amended from time to time.

The firm declares and undertakes that all information contained in these application materials submitted to the SGE and the SGEI can be verified as true, complete and accurate.

The firm undertakes to the SGE that, at any point during this application process and its subsequent business operations as a member of the SGE, any business conducted by the firm, as well as any of the firm's business partners, funds, and transactions shall not be involved in money laundering, terrorist financing, tax evasion, or other illegal or criminal activities. The firm further undertakes that it shall duly fulfill its obligations and responsibilities in regards to anti-money laundering, anti-terrorist financing, and anti-tax evasion, which include, but are not limited to guaranteeing that:

- (1) The funds involved in its businesses have lawful sources, and the gold bullions it deposited into vaults are produced by LBMA-accredited refiners;
- (2) The transactional background and use of funds in its businesses are truthful, lawful, and do not involve money laundering, terrorist financing, tax evasion, or other illegal purposes;
- (3) The firm strictly abides by the laws, regulations and rules of China and its host countries relating to anti-money laundering, anti-terrorist financing, and anti-tax evasion, and fulfills its tax obligations and responsibilities in accordance with law;
- (4) The firm retains records and evidences for its documents, agreements, transactions, and other business-related activities;
- (5) The firm establishes and implements effective measures for customer identification and verification; and
- (6) The firm shall, in the event that it detects money laundering, terrorist financing, tax evasion or other illegal or criminal activities, promptly report such activities to the competent authorities and fully cooperate with their inspections and investigations.

Any of the following circumstances shall constitute or be deemed as a breach of this Agreement by the firm:

- (1) The firm is placed on a sanctions list issued by an international organization, a local regulatory authority, or foreign government;
- (2) The firm has been sanctioned by regulatory agencies in China or other countries for its involvement in money laundering, terrorist financing, tax evasion, or other illegal or criminal activities, or such involvement or activities have been determined as illegal by local judiciary authorities;
- (3) A lawsuit has been instituted against the firm or the firm is investigated in China or other countries for suspected involvement in money laundering, terrorist financing, tax evasion, or other illegal or criminal activities, and such lawsuit or investigation has caused or may cause severe damages to the reputation or financial standing of the SGE;
- (4) Where, upon reasonable grounds, the SGE has come to suspect that the firm engages or has engaged in money laundering, terrorist financing, tax evasion or other illegal or criminal activities, and requires the firm to provide materials attesting to the legality and veracity of its transactions, and, without reasonable grounds, the firm refuses to cooperate or provides materials with inadequate evidential weight;
- (5) The firm is found to have made gross misrepresentation of its identity or the identity of its customer(s);
- (6) The firm is in breach of the foregoing undertakings or fails to fulfill its obligations; and
- (7) Other circumstances that the SGE deems to constitute a breach of this Agreement.

Date						Legal Representative's Signature/Company Seal
						Printed Name/Title

*Note: In the event of any change in the information provided, the firm shall notify the SGE at least one month in*

**General Information**

Applications must be completed, signed and sent with attachments to:  
**Shanghai Gold Exchange International, 42F, Bank of China Tower, 200 Yincheng Road Central, Pudong, Shanghai, 200120, P.R.China**

Should you have any questions, please contact :  
 sgeimarketing@sge.com.cn

**Appendix 2:**

**Membership Change Application Form**

To Be Filled out by Applicant			
Member name		Member code	
Type	<input type="checkbox"/> Membership Type Change <input type="checkbox"/> Membership Transfer <input type="checkbox"/> Membership Succession		
Reason for change			
Name of legal representative		Title	
Tel.		Email	
Contact		Title	
Tel.		Email	
Materials to be submitted by the International Member (the Applicant) for change of the membership holder or succession of its membership	The Membership Change Application Form		
	Certificate of registration/incorporation		
	The financial report for the preceding fiscal year audited by an accounting firm or auditing company		
	A statement on whether it has been subject to major sanctions by a regulatory authority in the most recent three years		
	The letter of authorization for the authorized signatory		
	The identity document of the legal representative or authorized signatory		
	Its articles of association, relevant business rules, and internal control rules such as AML, CTF, and ATE rules		
	The updated SGE AML/CTF Due Diligence Survey Form		
	Original International Member's membership certificate		
Signature of legal representative and official seal	<p>I warrant that the information and documents indicated above are true and complete, and am willing to bear all corresponding legal liabilities.</p> <p style="text-align: center;">(Signature)</p> <p style="text-align: center;">(Seal)</p> <p style="text-align: center;">Date of application:</p>		
Remark			