Interim Provisions of Shanghai Gold Exchange on the Monitoring of Irregular Trading Activities

Article 1 The *Interim Provisions of Shanghai Gold Exchange on the Monitoring of Irregular Trading Activities* (this *Provisions*), formulated in accordance with applicable provisions of the *Measures for the Administration of Risk Control of Shanghai Gold Exchange*, is designed to maintain trading order, protect the lawful rights and interests of investors, and guard against trading risks.

Article 2 Where irregularities in trading are identified in the course of monitoring, the Shanghai Gold Exchange (hereinafter referred to as the Exchange) has the power to take such measures as requiring a report, arranging a warning appointment, issuing a warning letter, making a public censure, restricting the opening of new positions, requiring the closing of positions within a specified timeframe, and conducting forced liquidation, so as to guard against and control risks. Any rule violation involved shall be handled in accordance with the relevant provisions of the *Enforcement Rules of Shanghai Gold Exchange*.

Article 3 Members shall diligently perform their duty to monitor their customers' trading activities, and shall promptly detect, halt, and report any irregular trading activities of their customers. They shall not condone, induce, instigate, or support customers in conducting irregular trading.

Article 4 Members and customers involved in trading shall comply with the provisions of laws, regulations, and the Exchange's business rules, and shall conduct their trading activities in a compliant manner. Customers shall accept the lawful and regulatory management of their trading activities by their carrying members.

Article 5 The Exchange shall deem any of the following circumstances occurring in the price matching trading of a member or customer as an irregular trading activity:

(I) Abnormal price movements caused by the trades of the member or customer;

Where the placement and execution of orders by a member or customer on a particular active contract (excluding inactive contracts, the same below) result in substantial price fluctuations and cause trading price to deviate significantly from the fair value of that product.

(II) Irregularity in the order placement or execution of the member or customer, including:

1. frequent placement and cancellation of orders in a particular contract, which might have affected the trading price or misled other customers to trade;

2. multiple placement and cancellation of large orders in a particular contract, which might have affected the trading price or misled other customers to trade; and

3. placement and cancellation of large-volume orders during the Delivery Equalizer tender process, which may have affected the delivery balance;

4. placement of trading orders by means of program trading, which might compromise the security of the Exchange's system or disrupt the normal course of trading;

5. large-volume self trades by the same account;

6. other irregularities in order placement or cancellation recognized by the Exchange;

7. other irregularities in trade execution recognized by the Exchange.

Except as otherwise recognized by the Exchange.

Article 6 The specific criteria for identifying irregular trading activities by members or customers in the price matching market are as follows:

(I) Frequent placement and cancellation of orders on a particular contract, where the number of order cancellations within a single trading day exceeds 800 (inclusive), and which may have affected trading price or mislead other customers in their trading;

(II) Repeated placement and cancellation of large-volume orders on a particular contract, where the number of large-volume order cancellations within a single trading day exceeds 50 (inclusive), and which may have affected the trading price or misled other customers in their trading;

A single order cancellation volume reaching more than 100 kilograms (inclusive) for gold contracts, or more than 5,000 kilograms (inclusive) for silver contracts, shall be deemed a large-volume order cancellation.

(III) Self trades conducted more than five times (inclusive) within a single trading day;

(IV) Self trades conducted involving more than 100 kilograms (inclusive) of gold contracts or more than 5,000 kilograms (inclusive) of silver contracts within a single trading day;

(V) A price deviation of more than 3% (inclusive) in a particular contract within one minute;

(VI) Other irregularities in order placement or cancellation recognized by the Exchange;

(VII) The above identification criteria shall not apply to FAK and FOK orders, unless otherwise recognized by the Exchange;

(VIII) Trading activities for market-making recognized by the Exchange may be exempted on a case-by-case basis.

For different contracts of the same product, the Exchange shall separately count the occurrences of short-term price irregularities, frequent order placement and cancellation, large-volume order placement and cancellation, and self trades that reach the Exchange’s intervention threshold.

Article 7 The specific criteria for identifying large-volume order cancellations by members or customers in connection with the Delivery Equalizer for deferred gold and silver contracts in the price matching market are as follows:

A single delivery order cancellation volume reaching more than 5,000 kilograms (inclusive) for gold contracts, or more than 100,000 kilograms (inclusive) for silver contracts, during the Delivery Equalizer tender process shall be deemed a large-volume order cancellation.

Article 8 Where a customer's intraday trading activities, such as frequent or large-volume order placement and cancellation, self trades, or other similar activities, reach the Exchange's intervention threshold, the Exchange shall make a telephone notification to the customer's carrying member and require a report. The member shall promptly convey the Exchange's notification to the customer and shall take measures to instruct, guide, dissuade the customer, and halt such activities. If the irregular trading activities of the same customer are identified across multiple members, the Exchange shall make the telephone notification requiring a report to the member with the greatest number of such activities.

Article 9 Where a customer involved in trading engages in such activities as frequent order placement and cancellation, large-volume order placement and cancellation, or self trades, and reaches the Exchange’s intervention threshold multiple times within a single calendar year, the Exchange shall handle the matter according to the following procedures as necessary:

Where a first occurrence triggers the Exchange’s intervention threshold, the Exchange shall make a telephone notification to the designated contact person of the customer’s carrying member, requiring the member to promptly convey the Exchange’s notification to the customer and take measures to instruct, guide, and dissuade the customer, and halt such activities.

Where a second occurrence triggers the Exchange’s intervention threshold, the Exchange shall conduct a regulatory interview with the senior management of that customer and concurrently notify the carrying member of the customer’s irregular trading activities.

Where a third occurrence triggers the Exchange’s intervention threshold, the Exchange shall impose trading restriction on the customer as a regulatory measure. The duration of such trading restriction shall be not less than one month in principle.

Where a fourth occurrence reaches the

Exchange's intervention threshold, the Exchange shall impose trading restriction on the customer as a regulatory measure. The duration of such trading restriction shall be not less than three (3) months in principle. For Au (T+D) and mAu (T+D) contracts, the cumulative number of violations and the duration of trading restriction shall be calculated and enforced on a consolidated basis upon the fourth occurrence.

For irregular trading activities of a serious nature, the Exchange may impose more stringent regulatory measures in accordance with applicable rules.

Article 10 Where a member engages in such activities as frequent order placement and cancellation, large-volume order placement and cancellation, or self trades, and reaches the Exchange's intervention threshold multiple times within a single calendar year, the Exchange shall handle the matter according to the following procedures as necessary:

Where a first occurrence triggers the Exchange's intervention threshold, the Exchange shall make a telephone notification to the member's designated contact person and require a report.

Where a second occurrence triggers the

Exchange’s intervention threshold, the Exchange shall conduct a regulatory interview with the senior management of that member.

Where a third occurrence triggers the Exchange’s intervention threshold, the Exchange shall impose trading restriction on the member as a regulatory measure. The duration of such trading restriction shall be not less than three months in principle.

Where a fourth occurrence reaches the Exchange’s intervention threshold, the Exchange shall impose trading restriction on the member as a regulatory measure. The duration of such trading restriction shall be not less than five (5) months in principle. For Au (T+D) and mAu (T+D) contracts, the cumulative number of violations and the duration of trading restriction shall be calculated and enforced on a consolidated basis upon the fourth occurrence.

For irregular trading activities of a serious nature, the Exchange may impose more stringent regulatory measures in accordance with applicable rules.

Article 11 The Exchange may impose trading restriction on a member or customer by the following means:

(I) Restricting the opening of new positions in specified contracts or across all products of the Exchange;

(II) Requiring the closing of positions within a specified timeframe in specified contracts or across all products of the Exchange;

(III) Conducting forced liquidation of positions in specified contracts or in all products of the Exchange;

(IV) Other restriction means recognized by the Exchange.

Article 12 For any member that fails to fulfill its obligations to notify, instruct, guide, and dissuade the customer, and halt such activities as required by the Exchange, the Exchange may, based on the seriousness of the circumstances, take such regulatory measures against it such as requiring a report, arranging a warning appointment, issuing a warning letter, making a public censure, or publishing a risk warning announcement. Any rule violation involved shall be handled in accordance with the relevant provisions of the *Enforcement Rules of Shanghai Gold Exchange*.

Article 13 The Exchange may, based on market developments and regulatory requirements, adjust and announce in advance the criteria for identifying relevant irregular trading activities.

Article 14 The administration of trading activities in the inquiry and pricing markets shall be implemented by reference to the above principles. Specific monitoring indicators and handling standards will be further detailed in separate provisions based on the characteristics of each market.

Article 15 This *Provisions* is written in Chinese. In case of any inconsistency between its different language versions or different editions, the latest Chinese version shall prevail.

Article 16 The Exchange shall reserve the right to interpret this *Provisions*.

Article 17 This *Provisions* shall take effect as of the date of its release.