

Detailed Rules for Physical Delivery

of

the Shanghai Gold Exchange

Chapter I General Provisions

Article 1 These *Detailed Rules for Physical Delivery of the Shanghai Gold Exchange* (these “*Detailed Rules*”) are formulated pursuant to the *Spot Trading Rules of the Shanghai Gold Exchange*, to regulate the delivery process of precious metals traded on or through the Shanghai Gold Exchange (the “Exchange” or the “SGE”), protect the lawful rights and interests of trading parties, and ensure the safe operation of the vault system for Physical Deliveries.

Article 2 These *Detailed Rules* shall be applicable to the Physical Deliveries against products traded on or through the Exchange, and shall be binding upon the Exchange, its members, customers and the Certified Vaults. The term “Physical Delivery”, in relation to a specific product traded, refers to the act of transferring the ownership of the precious metals traded for the performance of the terms of the trade.

Chapter II Delivery Rules

Article 3 The Exchange adopts the practice of “one account, one code” for the physical clearing of precious metals. Any member or customer shall receive a unique Bullion Account code after opening such account. Each Physical Delivery transaction conducted by a member or a customer shall be settled within its Bullion Account.

Article 4 Any physical bullions (“bullions”) traded in a physical product, a spot product, or a deferred product by a member or customer shall all be managed in the member or customer’s singular Bullion Account.

Each Bullion Account shall be subdivided into a Load-in Inventory Account and a Traded Inventory Account. Physical bullions deposited into a Certified Vault by a member or a customer shall be recorded on its

Load-in Inventory Account; precious metals purchased by a member or a customer shall be recorded on its Traded Inventory Account.

Deliverable silver bullions recorded on any Bullion Account are not to be further classified under the Load-in Inventory Account or the Traded Inventory Account.

Article 5 Certified Vaults shall be responsible for managing the Load-in and Load-out processes for members and customers of the Exchange. Gold ingots can be deposited into and withdrawn from any Certified Vault; gold bars can be deposited into any Certified Vault, but can only be withdrawn from Certified Vaults in Shanghai, Beijing, and Shenzhen, save and except that Certified Vaults in other locations also have a stock of gold bars available for withdrawal; platinum ingots shall be deposited into and withdrawn from the same Certified Vaults in Shanghai and Shenzhen. Bullions deliverable against Ag99.9 and Ag(T+D) products shall be deposited and withdrawn in Shanghai; bullions deliverable against Ag99.99 product shall be deposited and withdrawn in Shanghai, Guangzhou, or Jiyuan (in Henan Province).

Article 6 Any gold ingot or gold bar deliverable through the Exchange must either be a physical bullion produced in compliance with SGE quality standards SGEB1-2002 for gold ingots or SGEB2-2004 for gold bars, respectively, by an SGE Standard Gold Ingots and Bars Delivery refiner, or a standard physical bullion produced by a qualified supplier accredited by a relevant SGE-recognized international market.

Any platinum ingot deliverable through the Exchange must be a standard physical ingot produced by a qualified platinum ingot supplier accredited either by a relevant SGE-recognized international market, or directly by the Exchange.

Any silver ingot deliverable through the Exchange must either be a standard physical ingot produced in compliance with the National Standard GB/T4135-2002 for silver ingots by an SGE Standard Silver Ingots Delivery refiner, or a standard physical bullion produced by a qualified supplier accredited by an SGE-recognized international market.

Article 7 The bullions that are deliverable against physical products, spot products, and deferred products are as follows:

- for Au50g physical product: gold bars with a Standard Weight of 0.05 kg and a fineness of no lower than 999.9;
- for Au100g physical product: gold bars with a Standard Weight of 0.1 kg and a fineness of no lower than 999.9;
- for Au99.99 physical product: gold ingots with a Standard Weight of 1 kg and a fineness of no lower than 999.9;
- for Au99.95 physical product: gold ingots with a Standard Weight of

- 3 kg and a fineness of no lower than 999.5;
- for Au99.5 physical product: gold ingots with a Standard Weight of 12.5 kg and a fineness of no lower than 995.0;
- for Pt99.95 physical product: platinum ingots with Standard Weight of 0.5 kg, 1 kg, 2 kg, 3 kg, 4 kg, 5 kg, or 6 kg and a fineness of no lower than 999.5;
- for iAu100g physical product: gold bars with a Standard Weight of 0.1 kg and a fineness of no lower than 999.9;
- for iAu99.99 physical product: gold ingots with a Standard Weight of 1 kg and a fineness of no lower than 999.9;
- for iAu99.5 physical product: gold ingots with a Standard Weight of 12.5 kg and a fineness of no lower than 995.0;
- for Au(T+D), Au(T+N1), and Au(T+N2) deferred products: gold ingots with a Standard Weight of 3 kg and a fineness of no lower than 999.5 shall be the benchmark deliverable bullions; gold ingots with a Standard Weight of 1 kg and a fineness of no lower than 999.9 may be used as the alternative deliverable bullions. For mAu(T+D) deferred product: gold ingots with a Standard Weight of 1 kg and a fineness of no lower than 999.9. The Exchange does not apply premiums or discounts to products involving alternative deliverable bullions for the time being;
- for Ag99.9 spot product: silver ingots with a Standard Weight of 15 kg and a fineness of no lower than 999.9;
- for Ag99.99 spot product and Ag(T+D) deferred product: silver ingots with a Standard Weight of 15 kg and a fineness of no lower than 999.9.

Bullions deliverable against Au50g, Au100g, Au99.99, Au99.95, Au99.5, Pt99.95, Au(T+D), Au(T+N1), Au(T+N2), mAu (T+D), Ag99.9, Ag99.99, and Ag(T+D) products shall be physical bullions deliverable on the Main Board of the Exchange (the “Main Board”). Bullions deliverable against iAu100g, iAu99.99, and iAu99.5 products shall be physical bullions deliverable on the International Board of the Exchange (the “International Board”).

Any change to physical bullions that are deliverable against a specific type of product or any addition to the list of deliverable physical bullions against such specific type of product shall be executed in accordance with any public announcements issued by the Exchange.

Article 8 Neither a corporate customer without the general taxpayer status nor an individual is allowed to participate in the Physical Delivery of silver ingots or bars.

Article 9 The Exchange will carry out Physical Delivery against trades in the following order: (1) trades in physical products, (2) trades in spot products, and (3) trades in deferred products. Furthermore, the order of

Physical Delivery of gold ingots or gold bars on deferred products shall be: (1) Au(T+D), (2) Au(T+N1), (3) Au(T+N2), and (4) mAu(T+D).

Article 10 For any trade in a specific physical gold or platinum product entered into by a member or customer, the Physical Delivery shall take place when the trade is executed, the amount to be delivered shall be the traded volume agreed upon by the buyer and the seller. For any trade in a spot silver product entered into by a member or customer on a specific day, with T+0 denoting the date on which the trade is executed, the time of Physical Delivery shall be when the Exchange conducts its end-of-day clearing on T+2; the amount due for delivery shall be the 'net' volume traded on T+0. For any deferred product traded by a member or customer, the delivery time shall be when the Exchange conducts its end-of-day clearing on the day of the tender for delivery, and the amount due for delivery shall be the portion of tendered volume matched by the Exchange.

The minimum delivery amount for any physical gold or platinum product or any spot silver product shall be one lot, and any Physical Delivery on such a product shall be in integral multiples of one lot. The minimum delivery amount for any silver deferred product shall be 15 lots, and any Physical Delivery on such a product shall be in integral multiples of 15 lots.

Article 11 Any buying member or buying customer that participates in the Physical Delivery against a spot product or a deferred product shall ensure the adequacy of funds on its currency account. If, at 30 minutes prior to close of the trading hours, the customer's available funds are insufficient to cover the payment for the traded volume, then its carrying member shall fill out a buyer default notice and this trade shall be addressed pursuant to the provisions governing delivery defaults. The seller shall ensure the adequacy of precious metals on its Bullion Account. Failure to meet the foregoing requirement shall constitute an event of delivery default.

Article 12 In the event of a unilateral delivery default, the Exchange will collect a penalty from the defaulting party of an amount that is calculated by applying a penalty rate to the amount of funds or physical bullions in default, paying a compensation to the non-defaulting party equaling such penalty and, at the same time, terminate the Physical Delivery process. Such penalty rate shall be as per the Exchange's announcement.

Article 13 In the event of a bilateral delivery default, the Exchange will collect a penalty from each of the defaulting parties of an amount that is calculated by applying a penalty rate to the amount of funds or precious metals in default of each of the defaulting parties, transfer the penalties into its Risk Management Fund and, at the same time, terminate the

Physical Delivery process. Such penalty rate shall be as per the Exchange's announcement.

Article 14 For any Physical Delivery against spot silver products, the Exchange shall perform trades matching in the order of the products' execution time; for any Physical Delivery against deferred products, the Exchange shall perform trades matching in the order of the submission time of tender for delivery.

Article 15 Each member or customer shall promptly query and verify its "inventory statement" after the end-of-day physical clearing is completed by the Exchange on each trading day. Any member or customer that intends to challenge the statement shall file a written objection to the Exchange before the market opens on the following trading day. The inventory statement shall be deemed as accurate if the member or customer does not file such objection within the aforementioned time frame.

Article 16 During Physical Delivery, the Exchange shall deduct the amount of precious metals sold by a member or customer first from its Traded Inventory Account and then from its Load-in Inventory Account on a trade-by-trade basis in accordance with the order by which each trade was executed. In the event that the member or customer has multiple Load-in Inventory Accounts with precious metals in deposit, the amount of precious metals sold by the member or customer shall be deducted first from the Load-in Inventory Account featuring the lowest stock, then from the Load-in Inventory Account featuring the second lowest stock, etc., until the entire amount is cleared.

Article 17 For trades involving silver ingots, the Exchange's system shall deduct the amount of silver ingots sold from the selling member or its customer's inventory in the ascending order of the ingots' serial numbers, and shall allocate them first to any buying member or its customer whose purchase order is a closer match to the volume sold, has a higher volume, and was executed earlier.

Article 18 A member or customer trading in a physical gold or platinum product may request to withdraw the gold or platinum bullions as soon as the trade is executed. A member or customer trading in a spot product or a deferred product may request to withdraw the physical bullions after the end-of-day physical clearing is completed by the Exchange. The Exchange will not process any withdrawal request pending the completion of its end-of-day physical clearing cycle.

Article 19 Each member shall choose between Withdrawal of Traded Inventory, Withdrawal of Load-in Inventory, or Partial Withdrawal of Traded Inventory based on its needs when filling out an *SGE Notice of Take-delivery* for gold ingots, gold bars, or platinum ingots. The term

“Withdrawal of Load-in Inventory” refers to the withdrawal of physical bullions by a member or customer wholly from those under its Load-in Inventory Account. The term “Withdrawal of Traded Inventory” refers to the withdrawal of precious metals by a member or customer wholly from those under its Traded Inventory Account. The term “Partial Withdrawal of Traded Inventory” refers to the withdrawal of precious metals by a member or customer in part from those under its Load-in Inventory Account and in part from those under its Traded Inventory Account. A member that wishes to submit an *SGE Notice of Take-delivery* for silver ingots shall specify the serial numbers of the ingots to be withdrawn.

Article 20 Any member or customer that intends to withdraw bullions from its Load-in Inventory Account shall only be able to make such a withdrawal from the Certified Vault where its bullions stock was originally deposited. In consideration of the fact that Certified Vaults do not keep track of the original depositor (either member or customer) of the bullions in its possession, any Differential Weight between the bullions withdrawn by a member or customer through Withdrawal of Load-in Inventory and those originally deposited by such member or customer shall be settled in the Second Clearing.

Article 21 The minimum amount of bullions to be withdrawn in a single transaction shall be:

- for gold ingots with a Standard Weight of 1 kg, 1 kg,;
- for gold ingots with a Standard Weight of 3 kg, 3 kg;
- for gold ingots with a Standard Weight of 12.5 kg, 12.5 kg;
- for gold bars with a Standard Weight of 0.05 kg, 0.05kg;
- for gold bars with a Standard Weight of 0.1 kg, 0.1 kg; and
- for silver ingots with a Standard Weight of 15 kg, 15kg.

The amount of bullions tendered for withdrawal in any transaction shall be integral multiples of the minimum withdrawal size specified above.

The minimum amount of platinum ingots to be withdrawn in a single transaction shall be 3 kg, and the actual amount to be withdrawn should be in integral multiples of 1 kg. In the event that the weight of platinum ingots a member requests to withdraw cannot be readily fulfilled by the combined weight of a single variant of the stock of platinum ingots available at a Certified Vault, the discrepancy shall be reconciled by revising the *SGE Notice of Take-delivery*, or by drawing upon the stock of platinum ingots of other Standard Weights available at the Certified Vault until the difference between the weights is eliminated.

The Exchange shall only provide whole bars or ingots for withdrawal, and will not offer to cut or exchange any bars or ingots.

Article 22 If a Certified Vault has a sufficient amount of bullions in stock for

withdrawal, then the bullions may be withdrawn on the same day the withdrawal request is tendered. If the Certified Vault does not have a sufficient stock to fill the withdrawal request on the day of its tender, and the bullions so requested are those for which the Exchange has the responsibility to centralize the inter-Vault transfer and distribution, then they may be withdrawn within 3 business days and no more than 5 business days at the latest after the tendering date of the withdrawal request. A request to withdraw bullions for which the Exchange has no responsibility to centralize the inter-Vault transfer and distribution shall be filled by having the buying member to either choose another delivery venue by tendering a new *SGE Notice of Take-delivery*, or negotiate with the selling member through the Exchange.

Article 23 Any gold bullion withdrawn by a member or customer shall not be loaded into any Certified Vault in the future.

Article 24 Any member or customer who has entered into a trade in Ag99.99 spot product shall tender a *Notice of Intent on Delivery Venue* to indicate its desired location for delivery taking before the Physical Delivery takes place. The member or customer shall withdraw the bullions from Shanghai if it fails to tender the *Notice of Intent on Delivery Venue*.

Chapter III Management of Load-ins

Article 25 The term “Load-in” refers to the act of storing physical bullions by a member or customer into an SGE’s Certified Vault.

Article 26 Any SGE Standard Gold Ingots and Bars Delivery refiner and any entity engaged in the importation of gold ingots, gold bars and platinum ingots shall file with the Exchange an *SGE Registration Form of Designated Deposit Persons* for recordkeeping and identification of its depositors, and promptly inform the Exchange of any change in such depositors.

Article 27 Any member or customer that wishes to deposit physical bullions into a Certified Vault shall inform the Certified Vault of the relevant information on the bullions to be deposited at least 1 business day prior to the Deposit day. In the event that the physical bullions are caught in transit and cannot be deposited into the Certified Vault during its business hours on the specified Deposit day, the member or customer shall promptly contact the Exchange and the Certified Vault to formulate a solution that ensures the security of the bullions.

Article 28 The Load-in procedures for gold ingots, gold bars and platinum ingots shall be handled by a Designated Deposit Person registered with the Exchange. To complete the Load-in procedures, each member or

customer shall provide: an *SGE Notice of Load-in* (with 3 original copies stamped with the depositing member's business transaction seal or, for an International Member, 3 original copies affixed with its principal's signatures), USB-KEY (not required for International Members or International Customers), valid ID of the Designated Deposit Person registered with the Exchange, and a certificate of quality and a packing list for the physical bullions to be deposited. In the absence of the "certificate of quality" in relation to any imported bullions, a detailed account and a packing list of the bullions shall be provided instead.

Article 29 Each Certified Vault shall be responsible for verifying the Gross Weight of the physical bullions to be deposited by each member or customer. The Certified Vault shall accept a physical bullion if the difference between its Gross Weight (as measured by the Certified Vault) and the weight indicated on its certificate of quality falls within the acceptable range specified by the Exchange, and shall use the weight indicated on the certificate of quality for settlement purposes. The Certified Vault shall reject the deposit in the event that the difference between the two weights falls outside of the acceptable range, and shall complete a "Problem Report" that is to be submitted to the Exchange after it is agreed upon and signed by both the Certified Vault and the depositing member.

The following shall be the ranges of acceptable weight differences for various types of physical bullions at Load-in:

- for gold bars: ± 0.05 g (inclusive);
- for gold ingots: ± 0.1 g (inclusive);
- for platinum ingots: ± 0.2 g (inclusive); and
- for silver ingots: ± 1 g (inclusive).

Article 30 Any member or customer that wishes to Load-in physical bullions at a Certified Vault shall pay a Load-in Fee at the time of their Load-in, and the Certified Vault shall stamp its receipt seal on the second slip of the *SGE Notice of Load-in* and return it as the Load-in receipt. The member may inquire about the real-time status of its inventory.

Article 31 A Domestic Member or Domestic Customer may deposit physical bullions deliverable on the Main Board into a Main Board Certified Vault ("MB Certified Vault" for short); the member or customer is not permitted to deposit physical bullions deliverable on the International Board into any MB Certified Vault, nor may the member or customer deposit any physical bullions into any International Board Certified Vault ("IB Certified Vault" for short).

Article 32 An International Member or International Customer who has obtained an approval from the Exchange may deposit physical bullions deliverable on the International Board into an IB Certified Vault. Furthermore, an

International Member or International Customer who has obtained an approval may deposit, within its permitted quota, physical bullions deliverable on the Main Board into an IB Certified Vault. An International Member or International Customer is not permitted to deposit bullions into an MB Certified Vault.

Chapter IV Management of Load-outs

- Article 33** The term “Load-out” refers to the withdrawal of appropriate physical bullions by a member from a Certified Vault.
- Article 34** Any member or its customer that intends to withdraw physical bullions shall have the member complete a *SGE Notice of Take-delivery*, and specify on the *Notice* the person it has designated to withdraw the physical bullions, the Certified Vault from which the physical bullions are to be withdrawn, and other pertinent information. The member shall also key in its password for withdrawal (10 characters or less set by the member itself). An *SGE Notice of Take-delivery* shall remain valid for 5 business days after its submission date.
- Article 35** Any *SGE Notice of Take-delivery* may be cancelled. If a member submitted an *SGE Notice of Take-delivery* but fails to withdraw the physical bullions within the valid withdrawal period specified by the Exchange, the Exchange’s system will automatically cancel the *Notice of Take-delivery* when the Exchange conducts its end-of-day physical clearing on the business day immediately following the expiration date of the *SGE Notice of Take-delivery*.
- Article 36** Each Domestic Member and Domestic Customer may withdraw physical bullions deliverable on the Main Board from an MB Certified Vault, but is not permitted to withdraw physical bullions deliverable on the International Board from an MB Certified Vault. Except for those members and customers qualified to import and export gold, no Domestic Member or Domestic Customer is permitted to withdraw bullions from an IB Certified Vault. Any Domestic Member or Domestic Customer that has gold import and export qualifications may withdraw physical bullions deliverable on the International Board from an IB Certified Vault.
- Article 37** Each International Member and International Customer may withdraw physical bullions deliverable on the International Board from an IB Certified Vault, but is not permitted to withdraw bullions from an MB Certified Vault. An International Member or International Customer that has obtained an approval may, through a Withdrawal of Load-in Inventory, withdraw physical bullions deliverable on the Main Board

from an IB Certified Vault.

Article 38 Any member or customer that has withdrawn bullions from an IB Certified Vault shall report to the Exchange and the Customs the destinations for such bullions. The member or the customer is not required to file any report if it has withdrawn the bullions from an MB Certified Vault.

Article 39 Each member shall provide the following materials at Load-out: an *SGE Notice of Load-out* (with 3 original copies stamped with the member's business transaction seal or, for an International Member, 3 original copies affixed with its principal's signatures), an *SGE Notice of Take-delivery*, USB-KEY (not required for International Members or International Customers), and the valid ID of the person designated to withdraw the physical bullions.

Article 40 To complete the Load-out procedures, a member shall enter its USB-KEY password, withdrawal password, and pay a Load-out Fee. The Certified Vault shall stamp its payment receipt seal on the second slip of the *SGE Notice of Load-out* and return it as the shipment receipt.

Article 41 Each member shall verify the Gross Weight of any physical bullion it withdraws from a Certified Vault. The member shall accept a physical bullion if the difference between the bullion's Gross Weight (as measured by the member) and the weight indicated on its certificate of quality falls within the acceptable range specified by the Exchange; in this case, the Exchange shall use the weight indicated on the certificate of quality for settlement purposes. In the event that the difference between the two weights falls outside of the acceptable range, the member shall reject the physical bullion, and the Certified Vault shall complete a "Problem Report" that is to be submitted to the Exchange after it is agreed upon and signed by both the Certified Vault and the withdrawing member.

The ranges of acceptable weight differences in connection with a Load-out shall be the same as those in connection with a Load-in.

Article 42 The Exchange shall provide standard templates for the *SGE Notice of Load-in* and the *SGE Notice of Load-out*. A member may either print out the forms it downloads from the Exchange's website or make and print its own forms in the same format as the standard templates.

Chapter V Fees

Article 43 "Inventory Fee" refers to the charge accrued on bullions placed under the care of any of the Certified Vaults. All the Exchange's Certified

Vaults shall share a uniform rate for Inventory Fee. In relation to any particular bullion, the weight used for clearing purposes shall be such bullion's Standard Weight.

Article 44 The Exchange shall collect Inventory Fee from members and customers on behalf of the Certified Vaults and pay such Inventory Fee to the Certified Vaults on behalf of members and customers. Inventory Fee shall be settled on the 25th day of every month. In the event that such a day falls on a public holiday, the Inventory Fee shall be settled on the nearest business day before the public holiday period. The Exchange shall collect Inventory Fee from every member and customer on the settlement day, and shall post said fees to all Certified Vaults at a pre-set time.

Article 45 The Inventory Fee shall be calculated as follows:

Inventory Fee for Load-in Inventory = base number for Load-in Inventory × the rate for Inventory Fee;

Inventory Fee for Traded Inventory = base number for Traded Inventory × the rate for Inventory Fee;

Inventory Fee on the day of the physical bullions' Load-out = amount of physical bullions for Load-out × the rate for Inventory Fee.

Article 46 The base number shall be calculated as follows:

Purchasing precious metals through the Exchange:

base number for Traded Inventory

= previous base number for Traded Inventory

+ amount purchased × (Days in Storage – 1);

Selling Traded Inventory through the Exchange:

base number for Traded Inventory

= previous base number for Traded Inventory

– amount sold × (Days in Storage – 1);

Withdrawal of Traded Inventory:

base number for Traded Inventory

= previous base number for Traded Inventory – amount withdrawn through Withdrawal of Traded Inventory × (Days in Storage – 1);

Depositing physical bullions:

base number for Load-in Inventory

= previous base number for Load-in Inventory
+ amount deposited × Days in Storage;

Withdrawal of Load-in Inventory:

base number for Load-in Inventory
= previous base number for Load-in Inventory – amount
withdrawn through Withdrawal of Load-in Inventory × Days
in Storage;

Selling Load-in Inventory:

base number for Load-in Inventory
= previous base number for Load-in Inventory
– amount sold × (Days in Storage – 1);

The base number for other transactions such as the establishment and cancellation of a pledge, disposition of pledged bullions, and leasing or transfer of bullions shall be calculated in reference to the formulas for purchasing and selling Load-in Inventory and Traded Inventory. For the calculation of base numbers for these other transactions, one month shall equate to 30 days irrespective of the actual number of days in any specific calendar month; and one year shall equate to 360 days.

Article 47 Days in Storage shall be calculated as follows:

1. If the transaction date falls between the first day of the current month and the settlement date:
Days in Storage = settlement date – transaction date + 1
2. If the transaction date falls between the first day immediately after the settlement date of the previous month and the last day of that month:
Days in Storage = number of days factored in the calculation of base numbers for each month – (transaction date – settlement date) + 1

Article 48 “Transportation and Insurance Fees” refers to the charges incurred as the Exchange performs centralized inter-Vault transfer and distribution of precious metals. The Exchange shall be responsible for the centralized inter-Vault transfer and distribution of gold ingots, gold bars, and Ag99.99 silver ingots. Transportation and Insurance Fees for gold ingots, 100-gram gold bars, and Ag99.99 silver ingots shall be borne by both the buyer and the seller; Transportation and Insurance Fees for 50-gram gold bars shall be borne by the seller.

Article 49 The Transportation and Insurance Fees for gold ingots and gold bars

shall be calculated on the following dates of significance: date of delivery for any bullions sold by a member or customer from its Load-in Inventory under its Bullion Account; date of Withdrawal of Traded Inventory by a buying member or customer from its Bullion Account; date of cancellation of the request for Withdrawal of Traded Inventory that was submitted by a member or customer on the previous day; date of automated cancellation of a request for Withdrawal of Traded Inventory by the Exchange's systems. The Transportation and Insurance Fees for Ag99.99 silver ingots shall be calculated on the date of their Physical Delivery.

Article 50 Transportation and Insurance Fees for gold ingots and bars shall be calculated as: the Transportation and Insurance Fee = rate of Transportation and Insurance Fee \times Standard Weight of the gold bullion. Transportation and Insurance Fees for Ag99.99 silver ingots shall be calculated as: the Transportation and Insurance Fee = rate of Transportation and Insurance Fee \times amount of silver ingots delivered.

Article 51 In the event that a request for Withdrawal of Traded Inventory is canceled on the day of its submission and that the precious metals covered by the request are those for which the Exchange is responsible for the centralized inter-Vault transfer and distribution, then the Exchange shall not levy any Transportation and Insurance Fee; in the event that the request for Withdrawal of Traded Inventory is canceled on any day later than the date of its submission, or that the request is cancelled by the Exchange's system through an automated operation upon expiry of the request, then the Exchange shall levy a Transportation and Insurance Fee on the portion of the bullions to be withdrawn through Withdrawal of Traded Inventory. Withdrawal of Load-in Inventory by a member or customer shall not be subject to any Transportation and Insurance Fee.

Article 52 Each member or customer depositing physical bullions into or withdrawing physical bullions from a Certified Vault shall be liable for paying a Load-in Fee or Load-out Fee directly to the Certified Vault.

Article 53 "Delivery Fee" refers to the fee for organizing deliveries that is payable to the Exchange by any member or customer involved in deliveries of physical bullions. The Delivery Fee shall be calculated as: Delivery Fee = rate of Delivery Fee \times Standard Weight of the physical bullions delivered.

Article 54 The rates for Inventory Fees, Transportation and Insurance Fees, Load-in Fees, Load-out Fees, and Delivery Fees are tabulated under the *Detailed Fee Schedule for Deliveries of the Shanghai Gold Exchange* (Annex 1). Any adjustment to these fees and charges shall be executed in accordance with any public announcements issued by the Exchange.

Chapter VI Second Clearing

Article 55 The term “Second Clearing” refers to the process wherein the Exchange clears funds for a second round to account for Differential Weights of the traded precious metals. The term “Differential Weight”, in respect of any specific physical bullion, refers to the difference between the specific physical bullion’s Standard Weight and its Fine Weight.

The Fine Weight of a specific gold ingot refers to the Pure Weight of a standard gold ingot of the same specifications as such specific gold ingot; the Fine Weight of a specific gold bar, a specific silver ingot, or a specific platinum ingot refers to the scale weight of a standard ingot or bar of the same specifications as such specific gold bar, silver ingot, or platinum ingot. The Standard Weight of any specific physical bullion refers to the nominal weight of a standard bar or ingot of the same specifications as such specific physical bullion.

Article 56 The Exchange adopts two types of Second Clearing, which are Load-in Clearing and Load-out Clearing. The clearing order for Deposit Clearing shall be: (1) trades in physical products, (2) trades in spot products, and (3) trades in deferred products.

Article 57 The Load-in Differential Weight computed during the delivery of gold ingots or platinum ingots that are being sold by a member or customer shall be calculated thusly: take the total Load-in Differential Weight on the member or customer’s account that has not yet been cleared, then prorate it between the amount of precious metals the member or customer is selling (and to be deducted from its Load-in Inventory Account) and the total amount of precious metals (of the same specifications as the ones the member or customer is selling) on its Load-in Inventory Account before the deduction took place. The Load-out Differential Weight shall be equal to the actual Differential Weight as measured during the Load-out process, and this calculation method shall apply to both Withdrawal of Traded Inventory and Withdrawal of Load-in Inventory requested by a member or customer. For silver ingots, the Differential Weight shall equal to the actual surpluses or shortfalls in weight as measured upon actual delivery taking and making by the buyer and the seller respectively.

Article 58 The Differential Weight shall be calculated as:

Load-in Differential Weight for deposited gold ingots or platinum ingots
= (the amount of precious metals sold and so deducted from Load-in Inventory ÷ the total amount of precious metals of the same specifications before the deduction took place) × the total Load-in Differential Weight that has not yet been cleared;

Load-out Differential Weight for gold ingots or platinum ingots withdrawn = Standard Weight at Load-out – Fine Weight at Load-out;

Differential Weight for delivered silver ingots = Standard Weight at delivery – Fine Weight at delivery;

The Load-in Differential Weight that has not yet been cleared shall only be cleared when the entire stock of precious metals is sold or withdrawn from the Certified Vault.

Article 59 The Differential Weight Value shall be calculated by the Exchange using a clearing price that varies in accordance with the specific type of product entered into by a member or customer. The exact formula for the Differential Weight Value shall be as follows:

Load-in Differential Weight Value of a gold ingot or a platinum ingot for a physical gold or platinum product = Load-in Differential Weight × the volume-weighted average price of the same spot product on the day the product is sold;

Load-out Differential Weight Value of a gold ingot or a platinum ingot for a physical gold or platinum product = Load-out Differential Weight × the volume-weighted average price of the same spot product on the day the ingot is Loaded-out;

Differential Weight Value of a silver ingot for a spot silver product = Differential Weight × the volume-weighted average price of the same spot product on the day the trade is executed (T+0);

Differential Weight Value of physical bullions sold and delivered in a deferred trade = Differential Weight × the settlement price of the deferred product on the delivery day of the physical bullions.

Article 60 In the event that a particular bullion or product is not traded on the current day, the volume-weighted average price and the settlement price for that physical bullion or product shall be, respectively, the volume-weighted average price and the settlement price on the previous trading day as published by the Exchange.

Article 61 The terms “Fine Weight”, “Standard Weight”, and “weight” when applied to a gold ingot in this *Detailed Rules* shall all refer to the gold ingot’s Pure Weight. The term “weight” for a gold bar, a silver ingot, or a platinum ingot shall refer to its Gross Weight.

The term “Gross Weight” shall mean scale weight; the term “Pure Weight” shall mean the Gross Weight times the fineness of the physical bullion in question.

Chapter VII Brokerage

Article 62 Any Load-in or Load-out of a customer's physical bullions shall be completed by its carrying member.

Article 63 In the event that a customer wishes to close its account, it shall withdraw its physical bullions from Certified Vaults and settle all fees and charges relating to its physical bullions with its carrying member.

Chapter VIII Resolution of Quality Disputes

Article 64 In the event that a member or customer raises objections over the quality of the physical bullions it has withdrawn from a Certified Vault, it shall submit a written objection to the Exchange within 5 business days of the date of withdrawal if the physical bullions in question are gold ingots or platinum ingots, and within 10 business days of the date of withdrawal if they are silver ingots. It shall also provide an assay certificate or other forms of valid proofs along with the objection. The member or customer shall be deemed to have accepted the quality of the physical bullions after the aforementioned time frame has passed. In the event that a member or customer raises objections over the quality of the gold bars it has withdrawn, it shall supply to the Exchange settlement documents and an assay certificate for the gold bars in question. A customer shall request its carrying member to submit the written objection and documents on its behalf.

Article 65 Any member or customer shall assume full responsibilities for the quality of the physical bullions it deposits into a Certified Vault. In the event of an objection or dispute over the quality of the physical bullions during a Physical Delivery, the Exchange shall engage an accredited domestic quality assay institute or any authoritative international assay organization that is commonly acceptable on the international physical bullions markets to perform an arbitration testing on the physical bullions in question.

The assay institutes for gold ingots and gold bars include: the National Center of Quality Supervision and Inspection on Gold, Silver and Gold-Silver Products (Changchun) and the National Center of Quality Supervision and Inspection on Gold, Silver and Gold-Silver Products (Shenyang).

The assay institute for platinum ingots include: the National Center of Quality Supervision & Inspection on Gold-Silver Products (Nanjing).

The assay institutes for silver ingots include: the National Center of Quality Supervision and Inspection on Gold, Silver and Gold-Silver Products (Changchun), the National Center of Quality Supervision and Inspection on Gold, Silver and Gold-Silver Products (Shenyang), the National Center of Quality Supervision & Inspection on Gold-Silver Products (Nanjing), and the National Center of Quality Supervision & Inspection on Gold-Silver Products (Shanghai).

Article 66 Upon the testing of an SGE-accredited assay institute, any party which is found to be at fault in a quality dispute shall:

- (1) pay the assay cost and all other related charges; and
- (2) bear any and all financial losses arising from and as a result of the dispute.

Article 67 In the event that any party at fault in a quality dispute is found to be in violation of relevant rules of the Exchange, it shall be held accountable for the violation in accordance with the *Enforcement Rules of the Shanghai Gold Exchange*, the *Registration and Accreditation Guidelines for SGE Standard Gold Ingots and Gold Ingot Products Delivery Refiners*, the *Registration and Accreditation Guidelines for SGE Standard Gold Bars and Gold Bar Products*, and the *Registration and Accreditation Guidelines for SGE Standard Silver Ingots and Silver Ingot Products*.

Chapter IX Pledging and Leasing Services

Article 68 The Exchange offers pledging and leasing services to its members and customers and handle the transfer of possession of their pledged or leased precious metals.

Article 69 A member or customer may use the pledging services of the Exchange, provided that the pledgee shall be SGE's financial member, a foreign financial member, or an International Member which is a bank and the pledged assets shall be gold, platinum, silver, or other types of precious metals.

Article 70 A member or customer may use the leasing services of the Exchange, provided that the leased assets shall be gold, platinum, silver, or other types of precious metals.

Article 71 A Domestic Member or Domestic Customer may use the pledging and leasing services for physical bullions deliverable on the Main Board. An International Member or International Customer may use the pledging and leasing services for physical bullions deliverable on the International

Board.

Upon the Exchange's approval, a Domestic Member or Domestic Customer may also use pledging and leasing services for physical bullions deliverable on the International Board, an International Member or International Customer may also use the pledging and leasing services for physical bullions deliverable on the Main Board, and a Domestic Member or Domestic Customer may also enter into a pledging or leasing agreement with an International Member or International Customer.

Article 72 Any member or customer using the pledging or leasing service shall be subject to the relevant provisions under the *Measures for the Administration of Pledging Services of the Shanghai Gold Exchange* and/or the *Measures for the Administration of Leased Precious Metals of the Shanghai Gold Exchange*.

Chapter X Management of the USB-KEY

Article 73 A USB-KEY is used to verify the identity of any member that wishes to load physical bullions into or out of a Certified Vault. The member shall assume full responsibility and liability in connection with the usage and safekeeping of its USB-KEY.

Article 74 Any member may, at its own discretion, apply for a USB-KEY in accordance with its usage needs.

Article 75 A USB-KEY shall be valid for exactly 2 years from the date of its creation. Upon the USB-KEY's expiry, a member may voluntarily extend its validity period by completing a registration process.

Chapter XI Supplementary Provisions

Article 76 These *Detailed Rules* are written in Chinese. In case of any discrepancy between different Chinese versions or between the Chinese version and any translated version thereof, the latest Chinese version shall prevail.

Article 77 The Exchange shall reserve the right to interpret and revise these *Detailed Rules*.

Article 78 These *Detailed Rules* shall come into effect as of the date of their promulgation.

Annex 1:**Detailed Fee Schedule for Delivery Transaction of the Shanghai Gold Exchange**

Type	Rates for Inventory Fees (RMB / kg day)		
	Load-in Inventory	Traded Inventory	On the day of the physical bullions' Load-out
Gold Ingot	1.8	0.6	1.8
Gold Bar	1.8	0.6	1.8
Platinum Ingot	1.8	0.6	1.8
Silver Ingot	0.011		

Note: Rates for Inventory Fees for bullions deliverable on the International Board shall be as per Exchange's announcement.

Type	Rates for Transportation and Insurance Fees (RMB / kg)	
	Buyer	Seller
Gold Ingot	50	50
Au100 Gold Bar	50	50
Au50 Gold Bar	0	100
Ag99.99 Silver Ingot	5	5

Note: Deliverable bullions on the International Board shall not be subject to any Transportation and Insurance Fee for the time being.

Type	Rates for Load-in Fees (RMB / kg)	Rates for Load-out Fees (RMB / kg)
Gold Ingot	2	2
Gold Bar	2	2
Platinum Ingot	2	2
Silver Ingot	0.09	0.09

Note: Any fractional weight shall be rounded up to one kilogram for calculation purposes.

Type	Rates for Delivery Fees (RMB / kg)
Gold Ingot	0
Gold Bar	0
Platinum Ingot	0
Silver Ingot	1