

## SMX Gold Futures Contract

### Scope

The provisions herein shall apply to all Gold Futures Contracts transacted on the Exchange. Procedures for trading, clearing, delivery, settlement and any other matters not specifically covered herein shall be governed by SMX and SMXCC Rules.

### Contract Symbol

SMGOLD

### Contract Designation

SMGOLDDDDMMYYYY where SMGOLD is the contract symbol and DDDMMYYYY refers to the Contract Month (e.g. October 2011 Contract = SMGOLD29SEP2011).

### Contract Size

The traded quantity for the Contract shall be 32 troy ounces (approx. 1 kilo).

### Quotation Basis

All bids and offers to buy or sell SMX Gold Futures Contracts shall be quoted in U.S. dollars per troy ounce of 999.9 gold equivalent to two decimal places (e.g. US\$1500.10).

### Minimum Tick Size

The minimum tick size for all bids and offers to buy or sell SMX Gold Futures Contracts shall be ten U.S. cents (US\$0.10) per troy ounce, equivalent to US\$3.20 per Contract.

## **Contract Months**

Trading shall be conducted in current and two consecutive calendar months and any even months falling within 12-month period starting with the current month.

## **Trading Hours**

The Trading Hours shall be 1000 to 0230 SGT (0130 SGT during U.S. Daylight Saving Time).

## **Trading Days**

Trading shall be conducted Monday through Friday.

## **Last Trading Day**

The Last Trading Day for SMX Gold Futures Contracts shall be the second to last Business Day of the month preceding the maturing Contract Month, unless such day is a holiday in the United States, in which case the Last Trading Day will be the first preceding Business Day that is not a holiday in the United States.

## **Daily Price Range**

The Daily Price Range (DPR) on any bids or offers to buy or sell SMX Gold Futures Contracts shall be plus or minus five percent (5%) of the previous days' Daily Settlement Price.

If this limit is reached, there shall be an increase in DPR limit of another plus or minus five percent (+/-5%), ('Increased DPR Limit') without a Cooling Off Period. If this Increased DPR Limit is reached there shall be a fifteen (15) minute Cooling Off Period and thereafter a final five percent (5%) increased limit ('Final Limit') shall be applied.

During the Cooling Off Period, trading may continue at a price that does not violate the Increased DPR Limit.

Where a Final Limit is reached, trading may continue during the balance of normal trading hours at a price that does not violate the Final Limit.

## **Position Limits**

The Customer level limit shall be not more than 5000 Contracts net long or net short in all Contract Months combined, unless a Customer has received a Position Limit Exemption as provided for and governed by SMX Notice 3004 and any subsequent changes specified by the Exchange and/or Clearing Corporation in an amendment or new Notice as may be issued from time to time. The Customer level limit shall also apply to each Broker Member, Trade Member and Remote Member Proprietary Account. Notwithstanding the forgoing, in no event shall a Customer, Broker Member Proprietary Account, Trade Member Proprietary Account or Remote Member Proprietary Account own or control more than 100 Contracts net short or net long in the maturing Contract Month.

The Member level limit, being applied to each Broker Member's and Remote Member's combined Customer and Proprietary Accounts, shall be not more than the higher of 15000 Contracts net long or net short in all Contract Months combined or twenty-five percent (25%) of open interest in all Contract Months combined, unless Customer(s) of such Member or the Member itself has received a Position Limit Exemption as provided for and governed by SMX Notice 3004 and any subsequent changes specified by the Exchange and/or Clearing Corporation in an amendment or new Notice as may be issued from time to time.

## **Daily Settlement Price**

The Daily Settlement Price (DSP) shall be computed and published as provided for and governed by SMX Notice 3005 and any subsequent changes specified by the Exchange and/or Clearing Corporation in an amendment or new Notice as may be issued from time to time.

## **Final Settlement Price**

The Exchange shall publish a Final Settlement Price (FSP) which shall be the DSP on the Last Trading Day.

## **Delivery Unit**

The Delivery Unit shall be 1 kilo bar (32.15075 troy ounces). There shall be no variance of weight allowance.

## **Delivery Centre (s)**

Exchange approved Delivery Vault(s) in Singapore

## **Deliverable Grade**

Deliverable gold shall be in the form of 999.9 gold, cast in 1 kilo bar(s) of approved Brands from an approved Refiner as published by the Exchange, deliverable with a set gold content adjustment of  $32.148^* \times \text{FSP}$ .

\*where 32.148 is equal to  $32.15075 \times 999.9/1000$

## **Notice Day**

The Notice Day for SMX Gold Futures Contracts shall be the first Business Day following Last Trading Day for the maturing Contract Month.

## **Delivery and Funds Settlement Day**

The Delivery and Funds Settlement Day for SMX Gold Futures Contracts shall be two Business Days following Notice Day.

## **Delivery Document(s) Obligations by Sellers**

The Delivery Vault, upon instruction from Seller's Clearing Member, no later than 1800SGT on the Last Trading Day, shall provide the Exchange copies of Delivery Documents.

Delivery Documents, as contemplated by this provision, shall mean:

1) Vault Receipt(s) representing the delivery quantity, issued by an Exchange approved Delivery Vault

and

2) Either

a) Assay Certificate(s) representing the delivery quantity, issued by an Exchange approved Assayer, or

b) Refiner Certificate(s) (sometimes referred to as Bar Certificates or Bar List), representing the delivery quantity, issued by an Exchange approved Refiner.

**Vault Receipts shall be negotiable and be in the form as issued by the Exchange approved Delivery Vault and shall include, but not be limited to, the following:**

a) Date of issue

b) Date of receipt of gold

c) Confirmation and name of where gold was received from: another Exchange approved Delivery Vault, Exchange approved Refiner, Exchange approved Assayer or Exchange approved International Depository

d) Clearing Member account name and number

e) Beneficial owner

f) Brand and/or mark, serial number, gross weight in troy ounces, fineness and fine weight in troy ounces of each kilo bar represented in the Vault Receipt (or equivalent in kg)

g) Authorized signature representing the Exchange approved Delivery Vault

h) Vault Receipt number

**Assay Certificates shall be in the form as issued by an Exchange approved Assayer and shall include, but not be limited to, the following:**

a) Date of issue

b) Clearing Member name and account

c) Brand and/or mark, serial number, gross weight in troy ounces, fineness and fine weight in troy ounces of each kilo bar represented in the Certificate (or equivalent in kg)

d) Authorized signature representing the Exchange approved Assayer

e) Assay Certificate number

**Refiner Certificates shall be in the form as issued by an Exchange approved Refiner and shall include, but not be limited to, the following:**

a) Date of issue

- b) Date of manufacture, Brand and/or mark, serial number, fineness and weight (in troy ounces or as 1 kilo) of each kilo bar represented in the Certificate (or equivalent in kg)
- c) Authorized signature representing the Exchange approved Refiner
- d) Refiner Certificate number

## **Delivery Notices**

SMXCC shall issue Delivery Notices (Delivery Pay-in Notices and Delivery Pay-out Notices) to all open short positions and all open long positions upon the close of business on the Last Trading Day. Such Delivery Notices shall include the quantity to be delivered or received. Simultaneously, quantity adjustment with respect to delivery unit will be communicated separately to all open short positions and all open long positions.

Matching of buyers and sellers for delivery after the end of trading on the Last Trading Day shall be done by the Exchange/Clearing Corporation at their sole and absolute discretion.

## **Delivery Pay-in Date**

The Delivery Pay-in shall be the Last Trading Day. By 1800 SGT, on the Delivery Pay-in Date, the Seller's Clearing Member shall provide SMXCC with copies of Delivery Documents.

## **Delivery Pay-out Date**

The Delivery Pay-out shall be two Business Days following the Notice Day. No earlier than 1600 SGT on the Delivery Pay-Out Date, SMXCC shall release Delivery Documents, duly endorsed.

## **Funds Pay-in Date**

The Funds Pay-in shall be the first Business Day following the Last Trading Day. By 1000 SGT, on the Funds Pay-in Date, the Buyer's Clearing Member shall deposit U.S. dollars, in an amount equal to the Delivery Notice with quantity adjustment multiplied by FSP into the designated settlement account with the Settlement Bank.

## **Funds Pay-out Date**

The Funds Pay-out shall be two Business Days following the Notice Day. No earlier than 1600 SGT on the Funds Pay-Out Date, SMXCC shall direct the Settlement Bank to release U.S. dollars, in an amount equal to the Delivery Notice with quantity adjustment, for the account of the Clearing Member of the Seller.

## **Delivery Obligation/Close Out**

All unfulfilled delivery obligations, shall be cash-settled based on the following:

(a) For a Buyer failing to take delivery (defaulting Buyer), the cash settlement price shall be the lower of the FSP or the price on the Delivery and Funds Settlement Day, as calculated by SMXCC; or

(b) For a Seller failing to make delivery (defaulting Seller), the cash settlement price shall be the higher of the FSP or the price on the Delivery and Funds Settlement Day, as calculated by SMXCC.

A penalty as per the details provided herein, shall be levied on the defaulting Member.

A penalty of the higher of US\$1000 or 2% is levied on any defaulting Seller or Buyer failing to fulfil delivery obligations, of which 75% shall be credited to the account of the non-defaulting buyer or seller as the case may be, 15% to the Settlement Guarantee Fund and the balance of 10% shall be retained by the Exchange as administrative expenses.

Notwithstanding the above, SMXCC shall have the absolute discretion to waive or modify all or any penalties as provided for herein.

## **Approved Delivery Vault(s)**

As published by the Exchange.

## **Approved International Depositories**

As published by the Exchange

### **Approved Assayer(s)**

Singapore Assay Office (SAO)

### **Approved Brands/Refiners**

As published by the Exchange

### **Verification of Delivery by Buyer**

A Buyer, upon receiving a Delivery Notice, may verify and inspect the delivery. If the Buyer is not satisfied with the delivery, the Buyer through its Clearing Member may call for an assay by notifying the Exchange by 1800 SGT on the first Business Day following Notice Day. If the Buyer does not call for an assay then the Buyer will not have any recourse to challenge the quality and quantity subsequently and it is assumed that the Buyer will receive the delivery as per the Contract Specifications.

If the Buyer does call for an assay through its Clearing Member, the Buyer shall schedule an assay of the delivery by an Exchanged approved Assayer and the cost and any liabilities associated with such assay, including, but not limited to, any transport to and from Approved Delivery Vault and Approved Assayer for this purpose, shall be borne by the Buyer. The assay shall include testing as to the fineness of the delivery and the findings of such assay shall be conclusive, final and binding.

The Buyer, through its Clearing Member, shall furnish the Exchange with a copy of the assay report on the same day in which it is issued by the Assayer.

If the result of the assay does not differ from the Delivery Documents relating to the delivery, the delivery shall be affected in accordance with the procedures herein, immediately.

If the result of the assay differs from the Delivery Documents submitted by the Seller, then within one Business Day of receipt of the assay report, the Buyer, through its Clearing Member, must instruct the Exchange to either;

(a) Accept the delivery as is, with no penalties imposed on either the Buyer or Seller; or,

(b) Reject the delivery, whereby the delivery is cancelled and the Delivery Documents returned in the name of the Seller and the funds paid-in held by SMXCC returned to the Buyer's Clearing Member. Penalties shall be imposed on the defaulting Seller in an amount as provided for under Delivery Obligations/Close Out herein, plus the cost of the assay.

SMXCC shall retain the Delivery Pay-in and Funds Pay-out documentation and funds until such time that the above procedure is concluded.

However, notwithstanding the above, any subsequent claims by the Buyer or Seller shall be subject to Arbitration as provided for in the Exchange Rules and neither the Exchange nor SMXCC shall have any obligations whatsoever.

### **Duties, Taxes, Levies**

The Buyer shall pay any applicable taxes and levies, including, but not limited to any sales tax and any value-added tax (VAT) obligations.

### **Vault, Insurance, Transportation and Incidental Charges**

Any vault, insurance, transportation and any other incidental charges associated with the making or taking of delivery of SMX Gold Futures Contracts, except those expressly provided for herein, shall be borne in the following manner:

- (a) By the Seller up to and including the Funds Pay-out date
- (b) By the Buyer after the Funds Pay-out date

### **Delivery Validation Process**

In order to be eligible for delivery against a short SMX Gold Futures Contract, the gold must:

- (a) Be in the form of a kilo bar(s) of 999.9 fineness, manufactured by an Exchange approved Refiner, with each bar permanently stamped with the refiner's brand, a serial number, weight (as 1 kg or in troy ounces) and fineness.
- (b) Be deposited in an Exchange approved Delivery Vault
- (c) Have a Vault Receipt issued by an Exchange approved Delivery Vault

In order to obtain a Vault Receipt issued by an Exchange Approved Delivery Vault, the gold must:

- 1) Be deposited directly by an Exchanged Approved Refiner for the account of a Clearing Member, be gold fulfilling the requirements of (a) above and be accompanied by a Refiner Certificate(s); or,

2) Be deposited directly from an Exchange Approved Assayer for the account of a Clearing Member, be gold fulfilling the requirements of (a) above and be accompanied by an Assay Certificate(s); or,

3) Be deposited directly from an Exchange Approved International Depository for the account of a Clearing Member, provided such deposit conforms to the requirements of (a) above, had been deposited into the Approved International Depository directly from an Exchange Approved Refinery and be accompanied by a Refiner Certificate(s).

### **Exchange for Physical (EFP) and Exchange for Swaps (EFS) Transactions**

EFP and EFS transactions shall be allowed in a manner as provided and governed by SMX Notice 3006 and any subsequent changes specified by the Exchange and/or SMXCC in an amendment or new Notice as may be issued from time to time.