

## **Procedure for the Delivery of Gold as Gold-D Futures's Underlying**

### **1. Tender Notification Request**

Member who wishes to deliver or receive the Goods shall have the duty to ensure its ability to deliver or receive the Goods before notify its intention to deliver the goods. In this regard, the deliverer and the receiver of the Goods must be able to deliver or receive the Goods (as the case may be), and proceed as follows:

1.1 Prior to making the tender notification request, the Member who wishes to make delivery must possess the Goods or ensure that its Client possess the Goods with the qualifications prescribed in the Contract Specification with the vault operator entrusted by the Member pursuant to the list announced by TCH at the amount not less than that for which the Member or its Client has made the tender notification request. In an event TCH found that the amount of Goods possessed by the Member or its Client who wishes to make the delivery is less than the amount notified to TCH, TCH has the right to deny the tender notification request entirely, and deem that the Member has not made the tender notification request to TCH in accordance with the [Member's or its Client's] Derivatives position .

1.2 In making the tender notification request, the Member with long position and the Member with short position in derivatives contract may notify the tender notification request through TCH's Clearing System or the Member's computer system connected to TCH's Clearing System as follows:

- (1) The Member may make the tender notification request on the last trading day (LTD);
- (2) The Member have to make the tender notification request at the amount equal to the multiple of Delivery Units. In an event TCH found that the Member or its Client has made the tender notification request in accordance with the Derivatives position not equal to the multiple of Delivery Units, TCH has the right to deny the tender notification request entirely, and deem that the Member has not made the tender notification request to TCH in accordance with the [Member's or its Client's] Derivatives Position ;
- (3) In an event the Member made the tender notification request, the Member may cancel such notifying via TCH's Clearing System or the Member's computer system connected to TCH's Clearing System in accordance with the methods prescribed by TCH.

1.3 When the Member notified the tender notification request, TCH shall suspend any undertakings in relation to the member or its client's Derivatives position, and Goods for which the Member has made the tender notification request, pursuant to the amount notified by the Member.

1.4 On the last trading day (LTD), if the Member or its Client holds opened-Derivatives position and there exists reasonable cause to believe that the Member or the Client is unable to deliver or receive the Goods, the Member shall Close out the derivatives position of the Member or inform the Client to Close out the derivatives position as the case may be. If the Client fails to do so, the Member may Close out the derivatives position of the Client. On this basis, the Member shall undertake such actions within the trading session before the expiration of the time period for the making of the tender notification request as prescribed by TCH.

After the period for the making of the tender notification request has lapsed, if the Member or its Client holds opened- Derivatives position for which no tender notification request has been made, TCH shall undertake the following actions:

(1) Where the Member or its Client holds opened-Derivatives position in the derivatives position account at the amount equal to the multiple of Delivery Units, TCH shall undertake the matching process for such derivatives contract, and it shall be deemed that the Member has made the tender notification request to TCH. In this regard, the Member shall have the rights, duties and responsibilities to TCH in any undertaking with respect to the delivery or receipt of Goods (as the case may be) similarly to the situation where the Member has made the tender notification request; and/or

(2) If TCH has undertaken the matching process for the derivatives contract and found that the Member or its Client holds opened- Derivatives position in the derivatives position account at the amount not equal or less than the multiple of Delivery Units, TCH may undertake the cash settlement for such position and the Member shall have the duty to pay to TCH a fine of THB 3,000 per each derivatives position account of the Member or the Client.

## **2. Matching and Notification of Matching Result**

2.1 TCH shall undertake the matching process for derivatives contract in accordance with the derivatives position account for which the Member has made the tender notification request in Clause 1 in the following order:

(1) Undertaking the matching process as mutually agreed by both parties, and making the tender notification request to TCH;

(2) Undertaking the matching process in accordance with the chronological order of the tender notification request made by Member to TCH, or in an event the Member has made the tender notification request to TCH at the same time, TCH will undertake random selection;

(3) Any other methods as TCH deems appropriate.

2.2 TCH shall notify the result of the matching process and the calculation of the amount of Delivery Deposit to the Member within the date that the Member makes the tender notification request.

### **3. Delivery Deposit**

When the matching result has been received, the Member who has the duty to deliver and the Member who has the duty to receive the Goods shall place the Delivery Deposit with TCH within the business day following the date of the tender notification request by proceeding as follows:

3.1 Member with the duty to receive the Goods shall have the duty to place the Delivery Deposit in cash in Baht currency and must maintain such amount in the Member's bank account with a commercial bank prescribed by TCH correctly and properly according to TCH's report.

3.2 When the Member with the duty to deliver the Goods has entrusted the Goods with the vault operator, the Goods entrusted by such Member with the vault operator in the amount which is consistent to the tender notification request shall be deemed an integral part of the Delivery Deposit.

3.3 The placement of the Delivery Deposit is deemed complete when TCH receives the money transferred to TCH's bank account or when the vault operator has received the Goods correctly and properly according to TCH's report. In this regard, the Member who places the Deliver Deposit shall not cancel such transfer.

### **4. Delivery Instruction**

Within the business day following the date of the receipt of the matching result from TCH, the Member must undertake the following actions:

4.1 The Member with the duty to deliver the Goods shall submit the delivery instruction of Goods which have the quality as prescribed in the Contract Specification to the receiving Member through TCH's Clearing System or the Member's computer system connected to TCH's Clearing System so as to allow the receiving Member to confirm the delivery instruction to the Member with the duty to deliver the Goods and TCH.

4.2 The Member with the duty to deliver the Goods may amend or change the delivery instruction by cancelling the delivery instruction and restart the process in Clause 4.1. However, the consent from the counterparty Member must be obtained prior to undertaking the process above.

The member must complete the delivery of the Goods within the second business day following the date the Member has been notified of the matching result from TCH.

## **5. Ownership and Risk of Goods**

The ownership and risks of the Goods will be transferred from the party who has duty to delivery of Goods to the receiving party immediately when the receiving party has received the Goods into its possession.

## **6. Deposit, Withdrawal, Transfer and Storage of Goods**

The Member may entrust a person whose name appears on the list announced by TCH as its delivery agent and vault operator. The delivery agent shall have the duty to deposit, withdraw and inspect the quality of Goods for it shall be in accordance with the Contract Specification and prescribed by TCH before deposit and in the process of the Goods withdrawal from the vault. On this basis, the Member must notify TCH through TCH's Clearing System or the Member's computer system connected to TCH's Clearing System pursuant to the method, conditions and time period prescribed by TCH. In addition, the delivery agent shall have the duty to carrying out any actions to deposit and/or withdraw the Goods entrusted with the vault operator by proceeding as follows:

### **6.1 Deposit and Withdrawal of Goods**

(1) Deposit of Goods: the Member or its Client may deposit the Goods with the vault operator by informing the delivery agent to inspect the quality of the Goods before depositing them with the vault operator in accordance with the form prescribed by TCH, and receive evidence of such deposit from the vault operator. The Member may request for the password from TCH's Clearing System or the member's computer system connected to TCH's Clearing System for use in further deposit and withdrawal transactions.

(2) Withdrawal of Goods: The Member or its Client may withdraw the Goods entrusted with the vault operator from the vault by informing the delivery agent in accordance with the form prescribed by TCH. When the vault operator has been confirmed by TCH, the delivery agent shall bring the Goods out of the vault for delivery to the Member or its Client.

The delivery agent may refuse to be entrusted with the Goods by the Member or its Client, or refuse to receive the Goods which withdrawn from the vault, or the Member's Client may refuse to receive the Goods which withdrawn from the vault by the delivery agent if it is found that such Goods contain defect such as breakage or damage, etc. In this regard, the Member shall have the duty to inform TCH of such defect.

In any procedure for the deposit or withdrawal of the Goods by the delivery agent entrusted by the Member, the Member may use the Goods of the same type, kind, amount and weight interchangeably as prescribed by TCH, and the Member shall have the duty to pay any relevant fees and expenses directly to the delivery agent.

## 6.2 Transfer and Acceptance of Transfer of the Goods

The Member who wishes to transfer and accept the transfer of the Goods shall inform of such intention through the TCH's Clearing System or the Member's computer system connected to TCH's Clearing System, or by other channels prescribed by TCH so that TCH can confirm such transfer.

## 6.3 Storage of Goods

The Member may entrust a person whose name appears on the list announced by TCH with the duty to be entrusted with and store the Goods of the Member and its Client and transfer the Goods through the delivery agent entrusted by the Member.

In an event the Goods of the Member or its Client stored with the vault operator under paragraph one lacks the characteristics prescribed in the Contract Specification or prescribed by TCH, the Member shall have the duty to ensure the withdrawal or transfer of the Goods of the Member or its Client from the possession of the vault operator within 30 days from the date the Member learns of the lack of characteristics or is informed by TCH (whichever is earlier) and may instead entrust the Goods with the characteristics prescribed in the Contract Specification or prescribed by TCH with the vault operator. On this basis, if the Member cannot ensure the withdrawal or transfer of the Goods from the possession of the vault operator within the time period prescribed by TCH, the Member shall have the duty to pay additional fees for the storage of Goods to TCH at the rate TCH prescribes, and the Member or its Client shall not be able to use such Goods in the delivery.

In proceeding pursuant to paragraph one, the member shall have the duty to keep the relevant documents and evidence for the purpose of inspection, which may be requested by TCH if it deems appropriate.

## 7. Inspection of Goods

To achieve stability for the Clearing System and delivery system, TCH or person entrusted by TCH shall carry out inspection of the Goods stored on a regular basis in accordance with the criteria, method and time period prescribed by TCH, and TCH shall have the right to carry out additional inspection without prior notice.

#### **8. Alternative Delivery Procedure**

In an event the counterparty Member who has been notified of the matching result from TCH wishes to deliver the Goods by an alternative procedure, the Member with the duty to deliver the Goods and the member with the duty to receive the Goods shall notify of their intention to use the alternative delivery procedure to TCH within the business day following the date the counterparty members have been notified of the matching result. In this regard, TCH shall release the members who have been matched from obligations and return the Delivery Deposit to the Member with the duty to receive the Goods (if any) upon request, and cancel any suspension of withdrawal or transfer of Goods in the deposit account of the Member or its Client with the duty to make the delivery suspended in Clause 1.3. The counterparty members shall still have the duty to keep the documents and evidence in relation to the delivery or receipt of Goods for TCH's inspection, if required.

The alternative delivery procedure shall be effective when TCH releases the Member from obligations in accordance with paragraph one, and the Member shall not be able to cancel or modify the notification of such intention.

## 9. Payment of Delivery Amount

9.1 TCH shall calculate the delivery amount from the delivery price and relevant expenses and discount (if any) and notify such to the Member with the duty to deliver the Goods and the member with the duty to receive the Goods within the business day following the date the Member has been notified of the matching result from TCH and has confirmed of the delivery instruction to TCH. On this basis, the Member shall pay the delivery amount and relevant expenses, as follows:

Delivery Amount = (Baht)	{[Delivery Price (USD) x Exchange Rate* x Unit Converter into gram (0.032148) x Size of Contract (100 g) x Delivery Matching Positions} <u>plus</u> relevant expenses** <u>minus</u> discount (if any) **
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### Remarks:

(1) The delivery price shall be in accordance with the delivery price or the price used as reference for calculation of the difference of the settlement price as prescribed by TFEX.

\*(2) The exchange rate shall be as announced by TCH.

(3) The person with the duty to deliver and the person with the duty to receive the Goods shall pay the relevant taxes.

\*\*(4) The relevant expenses and discount shall be as agreed in the delivery instruction.

9.2 The Member with the duty to receive the Goods shall make payment at the amount equal to the delivery amount as notified by TCH minus the Delivery Deposit placed with TCH by the Member.

The above process will be deemed to be complete when TCH has duly received the payment for the delivery amount in Baht in accordance with paragraph one by way of transfer to TCH's bank account, and under any circumstances the Member cannot cancel such transfer.

9.3 When the Member with the duty to receive the Goods has made the payment, TCH will deliver the delivery amount according to Clause 9.1 to the Member with the duty to deliver the Goods, and TCH shall record the transfer of ownership in the Goods from the person with the duty to deliver the Goods to the person with the duty to receive the Goods.

In this regard, the Member must have completed the procedure according to Clause 9.2 and Clause 9.3 within the second business day following the date the Member has been notified of the matching result from TCH.

## 10. Delivery Fees and Expenses

TCH shall calculate the fees for the delivery, deposit, withdrawal, transfer and storage of Goods, and other relevant expenses and notify the Member. The Member who has been notified shall have the duty to pay such fees and expenses including other service fees as prescribed by TCH in the notification on the fees collectible by TCH.

#### **11. Assayer**

In an event the Member or its Client contests the quality of the Goods delivered or received as the case may be, the Member may entrust the assayer whose name appears on the list announced by TCH with the duty to inspect the quality and weight of the Goods, and notify TCH. The person who requests for the quality inspection shall have the duty to pay for the expenses incurred in the inspection directly to the assayer except where it appears from the inspection result that the liability belongs to the other counterparty.

#### **12. Procedure in an Event of Default of Delivery**

In an event the Member or its Client defaults in the Delivery, after TCH has enforced the payment for actual compensations and expenses incurred from the Delivery Deposit placed by the defaulting Member with TCH for the non-defaulting Member, the defaulting Member shall have the duty to pay the management fee and relevant expenses including the fines for such default to TCH.

The Member shall have the duty to pay the fines for such default in paragraph one at the rate of 5 percent of the delivery amount calculated in Baht in accordance with the defaulted amount by deducting from the remaining Delivery Deposit. If this is not sufficient, TCH may demand the payment of management fee and relevant expenses including the outstanding fines from the Member until paid in full.



### **13. Methods for the Provision of Information or Report**

The Member shall submit the relevant information or report in accordance with this Notification to TCH or the counterparty Member through TCH's Clearing System or the Member's computer system connected to TCH's Clearing System.