

## **The National Stock Exchange of India Limited**



### **NSE Refiner Standards for BIS – Standard Gold 2020**

**As on 09<sup>th</sup> July 2020**



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**THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED****NSE REFINER STANDARDS FOR BIS – STANDARD GOLD 2020****Objective:**

To enable the acceptance of gold bars produced by the domestic refiners in India, for settlement of the gold futures contracts traded on the NSE platform.

Based on the domestic market framework, the market feedback and the views expressed by the industry experts, NSE hereby issues the following NSE Refiner Standards (NRS) for BIS – Standard Gold namely:-

**CHAPTER 1 Preliminary and Definitions****1. Title and Commencement**

- 1.1 This standard shall be called the “**NSE Refiner Standards (NRS) for BIS – Standard Gold**”.
- 1.2 The NRS for BIS – Standard Gold shall be effective from July 10, 2020.
- 1.3 The NRS for BIS – Standard Gold is a contractual arrangement between NSE, the Approved Refiner, the Approved Referee Lab, and the Approved Logistic Service Provider.
- 1.4 The Refiner Agreement, the Referee Lab Agreement and the Logistic Service Provider Undertaking shall at all times be read with this NRS for BIS – Standard Gold.

**2. Definitions and Interpretation**

- 2.1 In this NRS for BIS – Standard Gold, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly:

“**Accreditation(s)**” means certificate of accreditation obtained by the Approved Refiner for the Refinery and laboratory of refiner as prescribed by NSE from time to time.

“**Anti-Corruption Laws**” shall mean Applicable Law pertaining to anti-bribery and anti-corruption as applicable to the Approved Refiner and its operations, including without limitation (i) legislation adopted in furtherance of the OECD Convention on Combating Bribery

of Foreign Public Officials in International Business Transactions; and (ii) the Indian Prevention of Corruption Act, 1988 any rules and regulations framed thereunder (and any amendments or modifications thereto).

**“Anti-Money Laundering Laws”** shall mean anti-money laundering-related laws, regulations, and codes of practice applicable to the Approved Refiner and its operations from time to time, including without limitation the Indian Prevention of Money Laundering Act, 2002, any rules and regulations framed thereunder (and any amendments or modifications thereto).

**“Applicable Law”** shall mean all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any Governmental Authority, (b) Governmental Approvals, (c) orders, decisions, directions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority or statutory regulatory authorities or courts of India, (d) rules of any stock exchange, (e) international treaties, conventions and protocols.

**“Approved Referee Lab”** shall mean a Referee Lab who is in compliance with applicable provisions of this NRS for BIS – Standard Gold and has been empanelled by NSE.

**“Approved Refiner”** shall mean an Incorporated Person engaged in the activity of refining gold bars who is in compliance with applicable provisions of this NRS for BIS – Standard Gold and has been empanelled by NSE for a specific Refinery.

**“Approved Refinery”** shall mean a Refinery of an Approved Refiner.

**“Approved Logistic Service Provider”** shall mean an Incorporated Person engaged in the activity of rendering metal movement services to the Approved Refiners and who is approved by NSE.

**“Assaying”** shall mean the process followed by the Approved Refiner / Approved Referee Lab to measure the gold content along with other alloys etc. in a sample of gold and shall also include the process in Clause 9 of Chapter 3.

**“Assaying Reports”** shall mean the Assaying report prepared by an Approved Refiner and/ or Approved Referee Lab and submitted to NSE.

**“As Converted Basis”** means in relation to any Securities of the Approved Refiner that are convertible or exchangeable into Equity Shares, the total number of equity shares proposed to be issued upon conversion or exercise of such securities (assuming, where the number of equity shares to be issued upon conversion or exercise is indeterminate, the maximum number of equity shares that may be issued).

**“Audit”** shall mean audit of the Approved Refiner and/or Approved Refinery conducted by the NSE Auditor for reviewing and confirming the compliance by the Approved Refiner and/or Approved Refinery with the NRS for BIS – Standard Gold.

**“BIS”** shall mean the Bureau of Indian Standards.

**“Business Day”** shall mean a day (other than Sunday or a public holiday).

**“Commodity Derivatives”** shall have the meaning ascribed to it in the Securities Contract Regulation Act, 1956.

**“Companies Act”** shall mean the Companies Act 2013 (and includes rules, regulations, circulars, clarifications issued pursuant thereto).

**“Conflict Affected and High-Risk Areas”** shall mean such areas that areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence characterised by widespread human rights abuses and violations of national or international law.

**“Consent”** shall mean any approval, consent, license, no-objection, registration, ratification, permission, waiver, authorization, certificate, order, qualification whether under Applicable Law or contract.

**“Control”** (together with its correlative meanings, **“Controlled by”** and **“under common Control with”**) includes

- (a) with respect to any Person who is incorporated under the Act (the **“Subject Person-1”**), (i) the direct or indirect legal or beneficial ownership of securities of more than 50% on a Fully Diluted Basis, and/or (ii) the possession, directly or indirectly, of (A) the power to direct or cause the direction of management or policies of the Subject Person-1 and/or (B) power to appoint the majority directors on the board of the Subject Person-1, (whether through ownership of voting securities or partnership or other ownership interests, by contract or in any other manner); and
- (b) with respect to any Person other than in sub-clause (a) above (the **“Subject Person-2”**), (i) the direct or indirect legal or beneficial ownership interest of more than 50% in the profits of the Subject Person-2, and/or (ii) the possession, directly or indirectly, of (A) the power to direct or cause the direction of management or policies of the Subject Person-2 and/or (B) power to appoint the majority partners or management of Subject Person-2, (whether through partnership or other ownership or economic interests, by contract or in any other manner).

**“Financial Year”** shall mean the period commencing on 01 April of the calendar year and ending on 31 March of the subsequent calendar year.

**“Fully Diluted Basis”** means the total of all classes and series of securities of the Approved Refiner (including existing, issued and subscribed) outstanding combined with all options (including both issued, un-issued and employee stock option shares, if any), warrants (including both issued and un-issued) and convertible securities of all kinds and the effect of any anti-dilution protection regarding previous financings, all on an As Converted Basis.

**“Gold Derivative Contract”** shall mean a Commodity Derivatives contract having gold as the underlying commodity and such contract is approved by NSE.

**“Governmental Approval”** shall mean any consent, approval, authorization, waiver, no-objection certificate, permit, grant, franchise, concession, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to, as the case may be, any Governmental Authority.

**“Governmental Authority”** shall mean any nation or government or any province, state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any agency, department, board, commission or instrumentality of India or any political subdivision thereof or any other jurisdiction, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

**“Illegal Activity”** shall mean activities which are identified as illegal under Applicable Law, including but not limited to serious abuses of human rights, violation of international humanitarian law, conflict finance, money launder, tax evasion, bribery etc.

**“Incorporated Person”** shall mean a company incorporated under the Companies Act or a limited liability partnership incorporated under the LLP Act.

**“Inspection”** shall include a technical evaluation of the Approved Refiner and/or Approved Refinery conducted by a Technical Expert.

**“Inspection Report”** shall mean the report prepared by the Technical Expert from time to time in relation to the Inspection conducted by the Technical Expert.

**“Key Management Personnel”** shall have the meaning ascribed to it under the Companies Act.

**“KYC”** shall mean the ‘Know Your Customer’ requirements prescribed by the SEBI or under Applicable Laws as the case may be.

**“Litigation”** shall include show cause notices, arbitration or conciliation proceedings, disputes before any court, regulatory authority as well as disputes arising out of any contract.

**“LLP Act”** shall mean the Limited Liability Partnership Act, 2008 (and includes rules, regulations, circulars, clarifications issued pursuant thereto).

**“Losses”** shall mean any and all losses liabilities, damages, fines, interest, penalties, deficiencies, direct losses and expenses including without limitation interest, court costs, amounts paid in settlement, reasonable expenses of investigation, reasonable fees and expenses of attorneys, accountants and other experts and expenses of Litigation, of any claim, default, assessment involving a third party claim or a claim.

**“NABL”** shall mean the National Accreditation Board for Testing and Calibration Laboratories.

**“Net Worth”** shall mean the net worth as per a formula or criteria prescribed by NSE from time to time.

**“NSE”** shall mean the National Stock Exchange of India Limited.

**“NSE Auditor”** shall mean a Person appointed by NSE who shall be required to carry out an audit of the Approved Refiners and/or the Approved Refinery as per the terms of reference specified by NSE from time to time.

**“OECD”** shall mean Organisation for Economic Cooperation and Development.

**“Person”** means any individual, Hindu undivided family, sole proprietor, corporation, limited or unlimited liability company, body corporate, partnership (whether limited or unlimited), , trust, firm, Governmental Authority or other enterprise, association, organization or entity whether or not required to be incorporated or registered under Applicable Law.

**“Politically Exposed Person”** shall mean individuals who are or have been entrusted domestically with prominent public functions, for example heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.

**“Promoters”** shall have the meaning ascribed to it under the Companies Act.

**“Proper Legal Channels”** shall mean gold that has been brought into the country through customs and after payment of Taxes under Applicable Laws to the relevant Governmental Authorities and which has been brought into the country in compliance with Applicable Laws.

**“Referee Lab”** means an Incorporated Person engaged in the activity of testing and Assaying of gold bars.

**“Referee Lab Agreement”** shall mean a duly stamped and executed agreement entered into between NSE and the Referee Lab in a form and manner prescribed by NSE.

**“Reference Samples”** shall mean the sample of gold provided to / by a Referee Lab.

**“Refinery”** shall mean a refinery engaged in the Refining Business.

**“Refiner Agreement”** shall mean a duly stamped and executed agreement entered into between NSE and the Approved Refiner in a form and manner prescribed by NSE.

**“Refining Business”** shall mean and include all activities expected to be undertaken by the Approved Refiner, including and not limited to operating an in-house NABL accredited laboratory.

**“Restructuring Event”** means any of the following events (whether pursuant to a single transaction or a series of transactions) in relation to the Approved Refiner:

- (a) any direct or indirect change in shareholding or partnership or economic interest exceeding 26% of the Approved Refiner;
- (b) any direct or indirect change in the Control of the Approved Refiner;
- (c) any direct or indirect Transfer of shareholding of the Approved Refiner or economic interest in the Approved Refiner by the Promoter or any shareholder or partner Controlling the Approved Refiner;
- (d) any direct or indirect merger, consolidation, amalgamation, demerger, or similar schemes of arrangement between the shareholders or creditors of the Approved Refiner and any third Person;
- (e) direct or indirect Transfer of the Approved Refinery or the undertaking (as defined in the Act) or the substantially the whole of the undertaking (as defined in the Act) of the Approved Refiner; or
- (f) any combination of the above.

**“Sanctions”** shall mean the economic sanctions laws, regulations, embargoes or restrictive measures or prohibition on imports administered, enacted or enforced by: (i) the United Nations (ii) the United States government;; (iii) the European Union; (iv) the United Kingdom; (v) Republic of India; (vi) Financial Action Task Force sanctioned countries; (vii) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**“OFAC”**), the United States Department of State, and Her Majesty’s Treasury (**“HMT”**); or (vi) other similar governmental bodies with regulatory authority over any Person including the Approved Refiner issuing, administering, enacting or enforcing economic sanctions laws, regulations, embargoes or restrictive measures of the nature set out above, from time to time (together **“the Sanctions Authorities”**).

**“Sanctions List”** shall mean the list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

**“Scrap Gold”** shall mean gold that has been previously refined, such as end-user, post-consumer and investment gold and gold-bearing products, and scrap and waste metals and

materials arising during refining and product manufacturing, which is returned to a refiner or other downstream intermediate processor to begin a new life cycle as 'recycled gold'.

**"Security Deposit"** shall have the meaning ascribed to it in Clause 4.1.3 of this NRS for BIS – Standard Gold.

**"Tax"** means all forms of taxation, duties (including stamp duties), levies, imposts an, whether direct or indirect including corporate income tax, wage withholding tax, value added tax, service tax, goods and service tax, customs and excise duties, capital tax, dividend withholding tax, taxes on immovable property, environmental taxes and duties and any other type of taxes or duties payable under Applicable Law; together with any interest, penalties, surcharges or fines relating to them, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or political sub-division, and "Tax" shall be construed.

**"Technical Expert"** shall mean expert appointed by NSE for the purpose of carrying out technical evaluation of the Approved Refiner's refining standards, assaying capabilities, etc.

**"Transfer"** includes

- (a) any transfer or other disposition of the Securities or ownership or economic interest (including the legal and/or beneficial ownership) or voting interests (of such Securities) or any interest therein, including, without limitation, by operation of Applicable Law by court order, by judicial process, or by foreclosure, levy or attachment;
- (b) any sale, assignment gift, donation, redemption, conversion or other disposition of such securities or ownership or economic interest (including the legal and/or beneficial ownership) or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such Securities or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value;
- (c) the granting of any encumbrance in, or extending or attaching to securities or ownership or economic interest or any interest therein.

**"Logistic Service Provider Undertaking"** shall mean the undertaking provided by the Logistic Service Provider in a form and manner prescribed by NSE.

## 2.2 Interpretation

In this NRS for BIS – Standard Gold, unless the context otherwise requires, the following rules of interpretation apply:

- 2.2.1 The terms referred to in this NRS for BIS – Standard Gold, unless defined otherwise or unless inconsistent with the context or meaning thereof, shall bear the same meaning

as defined under the relevant statute/ legislation under Applicable Law and/or as per customary trade usage.

- 2.2.2 All references in this NRS for BIS – Standard Gold to statutory provisions shall be construed as meaning and including references to:
- (a) any statutory modification, consolidation or re-enactment (whether before or after the date of commencement of this NRS for BIS – Standard Gold) for the time being in force;
  - (b) all statutory instruments or orders made pursuant to a statutory provision; and
  - (c) any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
- 2.2.3 Words denoting the singular shall include the plural and words denoting any gender shall include all genders.
- 2.2.4 References to Clauses or Schedules are references to, unless the context otherwise requires, recitals to, clauses of, or schedules to, this NRS for BIS – Standard Gold.
- 2.2.5 Any reference to “*writing*” includes printing, typing, lithography and other means of reproducing words in visible form. All approvals and/ or consents to be granted under this NRS for BIS – Standard Gold shall be deemed to mean approvals and/ or consents in writing.
- 2.2.6 The terms “*include*” and “*including*” shall mean “include/including without limitation”.
- 2.2.7 The chapters and titles of the clauses and sub-clauses of this NRS for BIS – Standard Gold are for convenience of reference only and are not to be considered in construing this NRS for BIS – Standard Gold.

**CHAPTER 2      EMPANELMENT OF REFINERS****3.      Registration for Empanelment**

- 3.1      An application for grant of letter of empanelment shall be made by an Approved Refiner in the form as specified in *Schedule 1* of this NRS for BIS – Standard Gold (along with copies of documents specified therein and under *Schedule 2*) and shall be accompanied by a non-refundable application fee and a Security Deposit as specified *Schedule 3* of this NRS for BIS – Standard Gold and an undertaking of empanelment in the form as specified in *Schedule 4*.
- 3.2      NSE shall take into account the requirements as specified in this NRS for BIS – Standard Gold (as amended from time to time) for the purpose of considering the grant of letter of empanelment to the Approved Refiner for a specific Refinery.
- 3.3      The letter of empanelment shall be granted for one Refinery of the Approved Refiner at one specific location. The Approved Refiner shall submit an individual application for each Refinery to be empanelled with NSE.

**4.      Eligibility Conditions for Empanelment**

- 4.1      For the purposes of granting a letter for empanelment, NSE shall consider the following eligibility conditions:
- 4.1.1    the Approved Refiner shall be an Incorporated Person permitted to carry on the activities as a refiner;
- 4.1.2    the Net Worth of the Approved Refiner being not less than INR 30,00,00,000 (Three hundred million rupees only) or any other amount as may be notified by NSE from time to time and the Approved Refiner having submitted to NSE a Net Worth certificate as of March 31 of the immediately preceding Financial Year duly certified by a duly qualified chartered accountant;
- 4.1.3    the Approved Refiner having provided an interest free deposit of not less than INR 4,00,00,000 (Forty million rupees only) in the form of cash or a bank guarantee of a scheduled commercial bank in the format specified in *Schedule 5* or scheduled commercial bank fixed deposit receipt (duly endorsed in favour of NSE) or Bullion (Gold Bars). In the event the Approved Refiner does not meet the Net Worth criteria in Clause 4.1.2 above, the Approved Refiner shall provide an additional deposit of INR 1,50,00,000 (Fifteen million rupees only) as an interest free deposit), provided that the Approved Refiner has a minimum tangible Net Worth of INR 5,00,00,000 (Fifty million rupees only);
- 4.1.4    the Approved Refiner having been involved in the Refining Business for not less than

3 years and having an average yearly gold production of not less than 3 tonnes and the Approved Refiner having submitted a certificate from a duly qualified chartered accountant confirming the production details;

- 4.1.5 the Approved Refiner having obtained and submitted a certificate of Accreditation; provided that such certificate of Accreditation has a minimum validity of 6 months at the time of seeking empanelment;
- 4.1.6 the Approved Refiner shall conduct its Refining Business within its Approved Refinery and shall not outsource and/or sub-contract any of its refining activities;
- 4.1.7 the Approved Refiner shall have in place its own safe deposit vaults and surveillance and security mechanism as per industry standards;
- 4.1.8 the Approved Refiner confirms that there is no Litigation against the Approved Refiner or any of its Promoters, directors, Key Management Personnel which will adversely affect their compliance of their respective obligations under this NRS for BIS – Standard Gold. The Approved Refiner shall have no pending Litigation which prohibits the Approved Refiner from conducting the Refining Business;
- 4.1.9 the Approved Refiner having complied with the requirements and provisions of this NRS for BIS – Standard Gold;
- 4.1.10 the Approved Refiner having procured all requisite insurance (for example including in relation to natural disasters and calamities as well as in relation to theft, burglary and terrorist activities) as per industry practice in relation to the Refining Business;
- 4.1.11 the Approved Refiner having procured all Consents, and having complied with the terms of all such Consents, in relation to the Refining Business;
- 4.2 NSE may require the Approved Refiner to furnish any further information or clarification regarding the Approved Refiner, the Approved Refinery, or any such matter connected thereto to consider the application for the grant of a letter of empanelment.
- 4.3 The Approved Refiner shall promptly inform NSE of any change in the information submitted to NSE at the time of application for letter of empanelment.

## **5. Grant of Letter of Empanelment**

- 5.1 NSE may grant letter of empanelment to an Approved Refiner, if it is satisfied that such Approved Refiner fulfils the requirements as specified in this NRS for BIS – Standard Gold and based on the findings of the Inspection Report and for such reasons as it may deem fit.
- 5.2 NSE may refuse to grant letter of empanelment to an Approved Refiner for such reasons as it

may deem fit and NSE's decision shall be final and binding on the Approved Refiner.

- 5.3 The letter of empanelment may be granted with such conditions as may be deemed appropriate by NSE.
- 5.4 Simultaneously with the grant of the letter of empanelment, the Approved Refiner shall execute Refiner Agreement which is duly stamped as per Applicable Laws in a form and manner prescribed by NSE.
- 5.5 NSE shall publish a list of all Approved Refiners along with the name and/or location of the Approved Refinery on its website.
- 5.6 NSE may at its discretion, from time to time, impose position limits for the gold bars on the Approved Refiners.
- 5.7 In the event of any change in the Key Managerial Personnel or change in promoters, the Approved Refiner and/or the new Promoter and/or the new Key Managerial Personnel shall continue to comply with this NRS for BIS – Standard Gold. Notwithstanding the above, NSE shall have the right as specified in Clause 6.3.
- 5.8 The Approved Refiner shall at all times be liable for any breach of this NRS for BIS – Standard Gold.
- 5.9 The Approved Refiner shall intimate NSE about the change in location of the Approved Refinery and submit an application for empanelment of the Refinery as per the provisions of this Chapter 2. An on-site inspection of the new refinery location may be conducted by the Technical Expert and based on the report submitted by the Technical Expert, NSE may grant the letter of empanelment to the Approved Refiner for the new Refinery location, subject to the Approved Refiner and the new Refinery meeting all conditions as required under the NRS for BIS – Standard Gold.
- 5.10 The Approved Refiner shall ensure that its Net Worth does not fall below the amounts prescribed by NSE and shall submit a Net Worth certificate by a qualified chartered accountant at the end of every Financial Year.

## **6. Empanelment Validity**

- 6.1 The letter of empanelment granted to the Approved Refiner shall be valid for a period of 3 years from the date of the letter of empanelment and shall be auto renewed for further periods of 3 years each, subject to the Approved Refiner complying with all the requirements under the NRS for BIS – Standard Gold and the Refiner Agreement without any serious violations / observations in the audits carried out.

- 6.2 In the event of rejection or revocation of an application for letter of empanelment by NSE, the such refiner may submit a fresh application in accordance with the provisions of this Chapter 2 after a period of not less than 1 year or such other period as may be specified by NSE from the date of such rejection or revocation of application.
- 6.3 In case of any changes in the Key Managerial Personnel and/or any direct or indirect Restructuring Event, NSE shall have the right to terminate the Refiner Agreement in the manner contemplated therein.
- 7. Compliance with Anti-Money Laundering Laws and Anti-Corruption Laws**
- 7.1 An Approved Refiner seeking registration of empanelment as per this NRS for BIS – Standard Gold shall submit to NSE the Anti-Money Laundering and Anti-Corruption Law compliance undertaking in the format specified in *Schedule 4* of this NRS for BIS – Standard Gold along with the application as per Clause 3.1 of this NRS for BIS – Standard Gold.
- 7.2 An Approved Refiner, its Promoters, officers, directors and employees, acting in an official capacity for and on behalf of the Approved Refiner shall at all-times comply with the Anti-Money Laundering Laws and Anti-Corruption Laws.
- 7.3 Each Approved Refiner and/or Approved Refinery (as the case may be) shall comply with all Applicable Laws and the terms of the Refiner Agreement.

**CHAPTER 3 SPECIFICATIONS AND ASSAYING****8. Gold Bar Specifications**

- 8.1 Gold bars manufactured by the Approved Refiner, as well as which shall be used for the delivery and settlement of the Gold Derivative Contract shall comply with the conditions specified in *Schedule 6* of this NRS for BIS – Standard Gold.
- 8.2 The Approved Refiner shall not be permitted to amend or change specification of a gold bar.
- 8.3 Gold bars which comply with the specifications set out in this Clause 8 shall be deemed to be a good delivery of gold bars.
- 8.4 The Approved Refiner shall provide to NSE, the batch numbers and serial numbers of the gold bars produced by them in each consignment. The batch and serial details on the gold bars received for settlement of the gold futures contracts on NSE and the details of the Reference Samples provided by the Approved Refiner shall be checked against the batch numbers and serial numbers provided by the Approved Refiner for each consignment.

**9. Testing of Assaying Capability**

- 9.1 The Approved Refiner shall be required to assay the reference samples provided by NSE. The reference samples shall be provided by NSE appointed referee labs. The Approved Refiner shall be required to assay the samples and submit the report as per the procedure defined in *Schedule 7* of this NRS for BIS – Standard Gold.
- 9.2 The Approved Refiner shall also be required to send reference samples along with their Assaying Report to NSE for its testing purpose. NSE shall send these samples to the Approved Referee Labs for testing as per the procedure defined in *Schedule 7* of this NRS for BIS – Standard Gold.
- 9.3 Decision of NSE in relation to deciding whether the results of the Assaying Report are acceptable shall be final and binding on the Approved Refiner
- 9.4 An Approved Refiner shall be required to retain samples of each batch of gold bar manufactured by it for a period of 60 Business Days or for such other period as may be specified under BIS or NABL, whichever is longer.

**CHAPTER 4     GENUINE SOURCING AND COMPLIANCE****10.     Genuine Sourcing**

- 10.1     In order to ensure genuineness of the gold sourced by the Approved Refiners (whether in the form of gold dore or Scrap Gold), NSE has laid down the genuine sourcing requirements under this NRS for BIS – Standard Gold, as detailed in Clause 11 below, which shall be strictly complied with by all the Approved Refiners.
- 10.2     The main objective of these genuine sourcing requirements is to ensure that the Approved Refiner has:
- Structured and adequate management systems are in place to ensure effective due diligence for sourcing of gold;
  - Mechanism to identify and assess risks associated with sourcing of gold;
  - Mechanism to evaluate the risks identified and take measures to prevent / mitigate its impact.

**11.     Genuine Sourcing requirements**

- 11.1     The Approved Refiners shall adopt the necessary due diligence procedures in respect of the sourcing of gold and ensure compliance with the genuine sourcing requirements as mentioned herein.
- 11.2     The Approved Refiners shall have a written, approved and effective internal supply chain policy / guideline for sourcing of gold aimed at ensuring that the gold sourced by the Approved Refiner for its refining activities is sourced through genuine and responsible methods and sources. The internal supply chain policy / guideline shall contain certain key aspects including, but not limited to, the following:
- KYC checks of the supplier
    - For natural person the basic KYC checks may include national identity card or passport considered for full name and nationality, place of residence / original domicile, employer details wherever applicable
    - For corporate entities the basic KYC checks may include the necessary documents validating the key information about such entity including legal status, category, full name, domicile / country of registration, principle business activities, address of registered office and principle place of business, KYC of authorised representatives and their authorisation as a representative
  - The additional due diligence and process checks for the following:

- The sourced gold originates or is claimed to originate from:
    - A Conflict-Affected and High-Risk Area or has been transported through a Conflict-Affected and High-Risk Area;
    - A country that has limited known reserves or stocks;
    - A country through which gold from Conflict-Affected and High-Risk Areas is known or reasonably suspected to transit;
    - Recyclable/scrap or mixed sources and has been refined in a country where gold from Conflict-Affected And High-Risk Areas is known or reasonably suspected to transit;
    - The suppliers operate in or have shareholders or other interests in suppliers of gold from one of the abovementioned red flag countries / locations of gold origin and transit;
    - Suppliers are known to have sourced gold from a red flag country / location of gold origin and transit in the last 12 months; or
    - Any anomalies or unusual circumstances are identified through the information collected during the risk assessment of the source which give rise to a reasonable suspicion that the gold may contribute to conflict or serious abuses associated with the extraction, transport or trade of gold.
  - Documented process in identification of red flag countries using reliable sources including but not limited to:
    - FATF sanctioned countries;
    - The global conflict tracker identified by the Council on Foreign Relations;
    - Areas listed as 4 or 5 rating by Heidelberg Conflict Barometer
    - Countries bordering the Democratic Republic of Congo
    - Mining countries under international Sanctions
- 11.3 The Approved Refiner shall ensure that the appropriate senior management official i.e., director is responsible for overseeing the adherence of the entire internal supply chain policy / guideline.
- 11.4 The Approved Refiner shall ensure that the payment in respect of all the transactions related to sourcing of gold, covering the complete trail till the payment reaches the supplier / miner, is carried out through official banking channels through an independent commercial bank.
- 11.5 The Approved Refiner shall ensure that the sourcing of gold is carried out after payment of timely and adequate applicable Taxes to the concerned Governmental Authorities.

- 11.6 The Approved Refiner shall undertake and ensure that the gold is not sourced from a Politically Exposed Person and that it is sourced through Proper Legal Channels free from any conflict.
- 11.7 The Approved Refiner shall ensure that necessary internal procedures and ongoing monitoring and control mechanism is in place to ensure strict adherence of the above internal supply chain policy / guideline.
- 11.8 The Approved Refiner shall ensure that the sourcing of gold shall not violate any Anti Money Laundering Laws.
- 11.9 The Approved Refiner shall ensure that the necessary risk identification, assessment and mitigation policy / framework is in place and the relevant escalation levels and authorities are identified.
- 11.10 The Approved Refiner shall ensure maintenance of documentation and records related to sourcing of gold including records for full traceability from source to finished products for a period of atleast 3 years. The Approved Refiner shall also undertake to make such records available to NSE Auditors for verification as and when required.
- 11.11 It shall be the sole responsibility of the Approved Refiner to ensure that the gold (whether in the form of gold dore, Scrap Gold, or in any other form) are sourced in the manner set out in this NRS for BIS – Standard Gold and the Approved Refiner shall be solely liable for any Loss arising out of non-compliance with this NRS for BIS – Standard Gold.
- 11.12 The NSE Auditor may from time to time validate the compliance of the Approved Refiner with the provisions of this Clause 11. NSE may also provide an indicative list of information to be maintained by the Approved Refiners for sourcing gold.
- 11.13 The Approved Refiner shall comply with the Responsible Minerals Assurance Process specified by the Responsible Minerals Initiative or with any other certification programme aligned with OECD Due Diligence Guidance for Responsible Supply chain of Minerals from Conflict Affected and High-Risk Areas within 15 months from the date of letter of empanelment.
- 11.14 In order to confirm its adherence to the NSE's Genuine sourcing requirements, the Approved Refiner shall provide the genuine sourcing undertaking as defined in *Schedule 4* of the NRS for BIS – Standard Gold to NSE.

## CHAPTER 5 INSPECTION, AUDIT AND DISCLOSURES

### 12. Inspection and Audit Right of NSE

NSE shall have the right to (a) appoint a Technical Expert to conduct the Inspection; (b) appoint a NSE Auditor to conduct Audit; and (c) authorise any Person to act as representatives of NSE to accompany the Technical Expert and/or the NSE Auditor.

### 13. Inspection at the time of Empanelment of Approved Refiner

13.1 At the time of empanelment of the Approved Refiner, NSE shall have the right to require the Technical Expert to conduct on-site Inspection and assessment of the Approved Refinery for which an application has been submitted by the Approved Refiner and shall submit an Inspection Report to NSE.

13.2 The Technical Expert shall evaluate *inter alia*, including but not limited to, the following in its Inspection Report:

- Refining standards;
- Areas of risks and its recommendations if any;
- Assaying facility;
- Quality of gold bars;
- In-house standards and capabilities including but not limited to, the melting facilities, melting procedure, casting, sampling, weighing and final sampling and Inspection of the quality and condition of the refined bars and the bar marks;

13.3 Based on such on-site inspection, the Technical Expert shall certify whether the Refinery has the ability to produce gold bars as per this NRS for BIS – Standard Gold.

13.4 NSE may provide a checklist to each Approved Refiner on a case to case basis and such documents as required under such checklist shall be furnished to the Technical Expert within the specified time in order to ensure timely and accurate completion of the Inspection process.

13.5 The NSE Auditors may verify the adherence to the undertaking provided by the Approved Refiner and during the course of its predefined Audits and the Approved Refiner shall ensure that complete support is extended to the auditor for successful completion of the Audit including provision of the documents / proofs sought by the NSE Auditors.

### 14. Ongoing Inspection and Audit of the Approved Refiners

14.1 The Approved Refiners shall be subject to the ongoing Inspection and/or an Audit.

### 14.2 Half yearly review and Inspection by Technical Experts

14.2.1 The Technical Experts appointed by NSE shall conduct a half yearly review and Inspection of the Approved Refiners.

14.2.2 Any adverse findings identified during the course of the Inspection shall be communicated to the Approved Refiner by NSE. The Approved Refiner shall undertake necessary actions as may be prescribed by NSE. The Approved Refiner shall be required to respond to the findings within a period of not more than 21 days of receiving the communication from NSE.

## **15. NSE Audit Process and Information**

15.1 The NSE Auditor shall, on a half yearly basis or at such other frequency as may be specified by NSE, conduct an Audit to ensure compliance with this NRS for BIS – Standard Gold of the Approved Refinery of the Approved Refiner. NSE shall provide the Approved Refiner with a prior written notice to conduct the aforesaid Audit along with the tentative scope of audit.

15.2 The Approved Refiner shall maintain accurate and complete records in accordance with this NRS for BIS – Standard Gold and shall provide NSE Auditor with such information as may be required by NSE Auditor and/or the Technical Expert.

15.3 The Approved Refiner shall extend full support to the NSE Auditor for the purpose of conducting such requisite Audit. The necessary documents shall be furnished to the auditors within the specified time in order to ensure timely and accurate completion of the Audit process.

15.4 NSE shall have the right to require such other information as it may deem fit and such information shall be provided to NSE by the Approved Refiner such time as may be mutually agreed from the date of receipt of the request for such information.

15.5 The Approved Refiner shall take full responsibility to understand and abide by the Audit findings prior to the next periodic Audit and document necessary steps taken to comply with the same. The Auditor shall submit its findings to NSE with its observations and based on such observations, NSE may initiate any action against the Approved Refiner as it may deem fit.

## **16. DISCLOSURES**

16.1 The Approved Refiner shall disclose to NSE of all events or information, as specified in in this Clause 16, as soon as reasonably possible but not later than 72 hours from occurrence of the event or information:

16.1.1 Shut down /disruption of operations;

- 16.1.2 Litigation against the Approved Refiner or any of Promoters, directors, Key Management Personnel or any other event which will adversely affect their compliance of their respective obligations under this NRS for BIS – Standard Gold or which prohibits the Approved Refiner from conducting the Refining Business;
- 16.1.3 Breach of any of the provisions of this NRS for BIS – Standard Gold;
- 16.1.4 Commencement of corporate insolvency resolution process under the Insolvency and Bankruptcy Act, 2016 and the regulations made thereunder;
- 16.1.5 Any changes in the general character or nature of business / activities, disruption of operation due to natural calamity or otherwise;
- 16.1.6 Any other event that is likely to impact the business of the Approved Refiner.

**CHAPTER 6****MISCELLANEOUS****17. Power to take certain Action**

17.1 NSE shall have the right to publish on its website a list of all Approved Refiners, Approved Referee Labs and Approved Logistic Service Providers.

17.2 NSE has no negative tolerance with respect to the quality and weight of the gold bars produced by the Approved Refiner.

17.3 In the event that the gold delivered by the Approved Refiner is not as per the provisions of this NRS for BIS – Standard Gold with respect to quality or quantity, NSE shall have the right to undertake the following actions:

17.3.1 Seek from the Approved Refiner all details pertaining to the particular batch in question and confirm that all the assaying was done as per the defined procedure of NABL & NRS for BIS – Standard Gold. The approved refiner shall be required to provide such details within 2-3 business days.

17.3.2 Send the gold for Assaying to one or more of the Approved Referee Labs. The approved referee labs shall be required to submit the assaying report within 3 working days from the date of receipt of metal and in the event of deviation the approved referee labs shall retain the sample of the tested metal for a period of 6 months or till the completion of appeal period and settlement of differences / fees whichever is later.

17.3.3 If the deviation is confirmed based on the approved referee lab report :

- Buyer and seller / refiner shall have an option to mutually negotiate the final settlement proceeds within one working day from receipt of assayer's report (as per the current procedure for deliverable bullion futures contracts traded on NSE)
- All the cost for assaying and transportation etc shall be borne by the Approved Refiner
- Non-compliance fee shall be imposed on the refiner and shall be treated as an instance

**Or**

- NSE shall direct the Approved Refiner to replace the gold with gold that is as per the provisions of this NRS for BIS – Standard Gold;
- All costs for Assaying, transportation, etc shall be borne by the Approved Refiner.
- NSE clearing shall ensure that any bars from the specific batch number shall

not be released to the market (move out of the vault) and shall direct the approved refiner to replace all the bars under the specific batch number with bars that are as per the provisions of this NRS for BIS – Standard Gold

17.3.4 If there is no deviation based on the referee lab report, all the cost for assaying, metal loss and transportation etc to be borne by Buyer

17.3.5 In respect of the confirmed deviations based on the assaying report of the approved referee labs:

- The copy of assaying report from the referee lab along with the metal shall be sent to the approved refiner and seller.
- If the buyer and seller are unable to mutually negotiate the final settlement proceeds, then the approved refiner shall be required to replace the metal within 3 business days of receiving the assaying report
- Approved Refiner shall be required to pay a deposit amount equal to the current value of the metal plus potential adverse price movement expected in the replacement period (in the form of BG / FD / Cash)
- NSE Clearing shall release the metal delivered to the approved refiner post receiving the deposits (BG / FD / cash deposit)
- A non-compliance fee as mentioned below shall be levied on the approved refiner by the exchange
- The approved refiner shall be provided a time period of 5 days, from the date of intimation of the levy of fee, to appeal to the exchange regarding levy of the said fee.
- The appeal may be considered by NSE if the approved refiner is able to justify that the metal delivered meets the quality specifications
- If by the end of the appeal period, if the results of the appeal are declared against the approved refiner then, NSE shall collect the applicable non-compliance fee from the approved refiner.

17.3.6 Multiple buyers raising a concern on metal delivered from a single batch shall be treated as a single instance only.

17.4 In case of deviation in the fineness or weight, NSE may impose an additional non-compliance fee or initiate actions as specified below:

| Instance | Non-compliance fee for Fineness Deviation* | Non-compliance fee for Weight Deviation* |                            | Other actions |
|----------|--------------------------------------------|------------------------------------------|----------------------------|---------------|
|          |                                            | Weight upto 500mg / Kg                   | Weight exceeding 500mg/ Kg |               |
|          |                                            |                                          |                            |               |

|     |                                    |                               |                               |                                                                                                                                                                                                                                                                                                     |
|-----|------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1st | 10 times of difference of finesse  | 10 times difference of weight | 20 times difference of weight | NSE may send a warning letter to the refiner                                                                                                                                                                                                                                                        |
| 2nd | 100 times of difference of finesse | 20 times difference of weight | 40 times difference of weight | -                                                                                                                                                                                                                                                                                                   |
| 3rd | 200 times of difference of finesse | 40 times difference of weight | 60 times difference of weight | <ul style="list-style-type: none"> <li>• NSE may revoke the letter of empanelment of such Approved Refiner and impose a ban for a period of 1 year.</li> <li>• NSE may send notification to BIS, NABL and / or initiate any further legal action under Applicable Law as it may deem fit</li> </ul> |

\* The non-compliance fee shall be computed on each bar delivered and shall be based on the spot rate as published by NSE as on delivery day

#### **18. Power to Call for Information**

NSE may from time to time call for any information from an Approved Refiner and/or an Approved Referee Lab and/or an Approved Logistic Service Provider with respect to any matter or activity of the Approved Refiner and/or an Approved Referee Lab and/or an Approved Logistic Service Provider.

#### **19. Maintenance of Records**

- 19.1 An Approved Refiner shall be required to maintain all information pertaining to the Refining Business including but not limited to procurement/sourcing/logistics/refining/sales for a period of 3 years.

#### **20. Power of NSE to amend, issue clarifications**

- 20.1 In order to remove any difficulties in the application or interpretation of this NRS for BIS – Standard Gold, NSE may from time to time issue clarifications in the form of circulars.
- 20.2 NSE shall issue circulars and/or notices and/or other forms of communication in relation to this NRS for BIS – Standard Gold.
- 20.3 NSE may by notification and/or notices and/or circulars and/or any other form of communication, prescribe, amend or alter this NRS for BIS – Standard Gold.

- 20.4 Without prejudice to the foregoing, NSE may issue circulars and notifications for all matters or any matter which by this NRS for BIS – Standard Gold are required to be made or may be prescribed.

## **21. Delegation of Powers**

The rights and powers exercisable by NSE under this NRS for BIS – Standard Gold and/or the Refiner Agreement and/or the Referee Lab Agreement and/or the Logistic Service Provider Undertaking shall also be exercisable by any director and/or officer and/or employee and/or representative who have been authorised by the board of directors of NSE by a resolution in this regard.

## **22. Compliance**

The Approved Refiner, Approved Referee Lab and the Approved Logistic Service Provider shall be solely responsible for complying with this NSE Refiner Standard as applicable to them including without limitation the obligations, roles and responsibilities cast on them respectively under this NSE Refiner Standard. Notwithstanding any provision to the contrary under this NSE Refiner Standard and/or the Refiner Agreement and/or the Referee Lab Agreement and/or the Logistic Service Provider Undertaking, NSE shall not be liable in any manner whatsoever in relation to the breaches and/or failure of the Approved Refiner and/or Approved Referee Lab and/or the Approved Logistic Service Provider of their aforesaid, to adhere to and comply with their respective obligations, roles and responsibilities including but not limited to any defect in the production and/or refinement of Gold. Further The Approved Refiner, Approved Referee Lab and the Approved Logistic Service Provider or any other party that NSE may enter into an agreement within the framework of this NSE Refiner Standard, agree that NSE in framing these gold standards shall not at any time be liable or accountable for, nor any claim shall lie on NSE or any of its directors, officers except for claim, if any, arising on account of fraud, wilful default and gross negligence on the part of NSE.

## **23. Costs**

All expenses, taxes, stamp duty and any other costs in relation to or in connection with this NRS for BIS – Standard Gold or any agreement hereunder shall be borne by the Approved Refiner and/or Approved Referee Lab and/or Approved Logistic Service Provider (as may be applicable).

**Schedule 1 – Application for Empanelment as an Approved Refiner****(On Letter Head of the Approved Refiner – duly stamped and signed)**

Date:

To,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

**Sub: Empanelment as an Approved Refiner with NSE**

Dear Sir / Madam,

We hereby submit the application for our empanelment as an Approved Refiner with NSE under the NRS for BIS – Standard Gold prescribed by the Exchange.

a) Name of the Refiner: \_\_\_\_\_

b) Registered / Corporate Office Address of the Refiner: \_\_\_\_\_

c) Incorporated as: \_\_\_\_\_

*(Whether private limited or public limited company or limited liability partnership)*

d) Permanent Account No. (PAN) of the Refiner: \_\_\_\_\_

e) Contact Details:

Contact Person: \_\_\_\_\_

Designation: \_\_\_\_\_

Contact No: \_\_\_\_\_

E-mail : \_\_\_\_\_

Correspondence address, if different: \_\_\_\_\_

f) Name of the Refinery: \_\_\_\_\_

g) Address of Refinery: \_\_\_\_\_

h) Brief details of the Refinery:

| Sr. No. | Details                                                                        |
|---------|--------------------------------------------------------------------------------|
| 1.      | Years of Commencement of Refining Operations                                   |
| 2.      | Type of Land: Owned/Leased                                                     |
| 3.      | If leased, please specify remaining period of lease on the date of application |
| 4.      | Area of Land                                                                   |

i) Brief details of the Refining Business: \_\_\_\_\_

j) An Auditors' certificate to confirm the presence and production details for last 3 years:

k) Details of other Certificates / Licenses / Clearances:

| Sr. | Details                                                                                  | Certificate / License No | Validity Date of certificate / license |
|-----|------------------------------------------------------------------------------------------|--------------------------|----------------------------------------|
| 1   | BIS Licence                                                                              |                          |                                        |
| 2   | NABL Licence                                                                             |                          |                                        |
| 3   | Factory establishment license from state                                                 |                          |                                        |
| 4   | Clearance certificates from environmental authorities:<br>• Name of Authority & Purpose: |                          |                                        |
| 5   | Clearance from local pollution board                                                     |                          |                                        |

l) Date of earlier application, if any:

m) Are there any internal sourcing guidelines?

The supporting documents as required by you are enclosed with this application.

We confirm that we have read and understood the requirements and guidelines as specified in the NRS for BIS – Standard Gold and we shall ensure complete adherence to the same during our course of empanelment as an Approved Refiner with NSE. We agree to furnish you the required deposits for empanelment and pay to you the relevant fees under the NRS for BIS – Standard Gold.

We hereby request you to kindly approve our above-mentioned Refinery and empanel us as an Approved Refiner with NSE.

**For [Approved Refiner Name]**

**Authorized Signatory**  
**Name & contact number**  
**Designation**

**Enclosed: Supporting documents as per Schedule 2**



**Schedule 2 – List of Documents to be Submitted by the Approved Refiner for Empanelment**

**Approved Refiner has to submit below mentioned documents along with the application for empanelment**

1. Certificate of Incorporation
2. Address proof
3. Details of Beneficial Owners of the Company as declared in Form BEN-1 and BEN- 4
4. Details of pending Litigation / enquiries under Indian Laws such as BIS and NABL, Customs, Anti-Money Laundering Laws, FEMA etc. in India and any other foreign jurisdiction
5. Details of insurances obtained by the Refiner:
6. Copy of BIS Licence Certificate (validity of atleast 6 months at the time of application)
7. Copy of NABL Accreditation Certificate (validity of atleast 6 months at the time of application)
8. Copy of PAN card
9. Copy of Clearance certificates from environmental authorities and local pollution board
10. Copy of Factory establishment and other statutory licenses as required from state
11. Net Worth certificate (as per the latest audited number) duly authorised by Auditor
12. Certificate of refined production for past 3 Financial Years duly authorised by Auditor
13. Name and address of the bankers and the facilities availed from such banks, including nature of facilities availed.
14. Board Resolution (for getting empanelled)
15. Details of Dominant shareholder / promoter group / Key Management Personnel / directors/ beneficial owner
  - (i) Name;
  - (ii) Contact No;
  - (iii) Email id;
  - (iv) PAN No;
  - (v) Address Proof
16. Refiner Agreement
17. Refiner Undertaking
18. Application fee
19. Deposit for empanelment

**Schedule 3 –Fee Structure**

The fees applicable to the Approved Refiners are provided below:

| Type of Fee            | Applicable Fee                   | Payable                                                                                                                                                                                                             |
|------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Application fee        | Application fee: Rs.5 lacs + GST | Along with the application and other supporting documents.                                                                                                                                                          |
| Annual maintenance fee | Annual fee: Rs.3 lacs + GST      | Within 15 Business Days from letter of empanelment. The annual maintenance fee shall be payable in the month of April.<br><br>The fee shall be levied on a pro-rata basis for the empanelment done during the year. |
| Renewal fee            | Rs.3 lacs + GST                  | Within one month from start of renewal period.                                                                                                                                                                      |

The fees may be payable by way of demand draft in favour of 'National Stock Exchange of India'.

The **Security Deposit** payable by the Approved Refiner is as below:

An interest free deposit of not less than INR 4,00,00,000 in the form of cash or a bank guarantee or scheduled bank fixed deposit receipt (duly endorsed in favour of NSE) or Bullion (Gold Bars).

In the event the Approved Refiner does not meet the Net Worth criteria in Clause 4.1.2, the Approved Refiner shall provide an additional deposit of INR 1,50,00,000 as an interest free deposit, provided that the Approved Refiner has a minimum tangible Net Worth of INR 5,00,00,000.

**Schedule 4 – Approved Refiner Undertaking**

**On Stamp Paper of Rs. 500 – one time undertaking to be executed by Approved Refiner and submitted to NSE at the time of enablement)**

Date

To,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

We M/s. \_\_\_\_\_ undertake the Refining Business. We have applied for empanelment as an Approved Refiner with NSE for delivery of gold bars (which may / may not be approved by LBMA), as per NSE standards for settlement of Gold Derivative Contract available on the Commodity Derivatives segment of NSE.

We, \_\_\_\_\_ hereby declare that,

**A. EMPANELMENT UNDERTAKING**

We have the necessary clearance certificates from the environmental authorities, local pollution board, and other concerned authorities in place for our refining business. We confirm that we have all the relevant statutory registrations with the concerned central and state governments.

We have the factory establishment license from the state in which we operate.

We are not involved in any terrorist financing activities and do not support any such activities during the course of our business or otherwise.

We have not outsourced any part of our Refining Business.

There are no Litigations pending against us or any of our Promoters, directors, Key Management Personnel in India which will adversely affect our compliance of the respective obligations under this NRS for BIS – Standard Gold. We have no pending Litigation which prohibits us from conducting the Refining Business.

We have our own safe deposit vault and have adequate surveillance mechanism in place.

We agree to have adequate insurance cover, as per the Industry practices, against all potential perils relevant to our Refining Business.

We hereby agree to completely abide by the NRS for BIS – Standard Gold all subsequent operational and other guidelines as may be laid down by NSE from time to time.

We shall ensure accuracy of both weight as well as quality of the delivered gold bars at all points of time in respect of all finished gold bars produced by us.

We shall extend full support to NSE and / or any entity appointed by them during the course of our empanelment as an Approved Refiner with NSE and for ensuring subsequent ongoing compliances in this regard including onsite inspection and evaluation of our refining and Assaying capabilities.

We appoint following principal points of contact for co-ordination with NSE in matters pertaining to us being an Approved Refiner with NSE.

|             | Contact 1 | Contact 2 |
|-------------|-----------|-----------|
| Name        |           |           |
| Designation |           |           |
| Address     |           |           |
| Telephone   |           |           |
| Email       |           |           |

In the event of any change in our principal point of contacts, we shall inform NSE in writing as soon as is reasonably possible.

We confirm that we shall inform the exchange of any material change in the ownership structure, or such other material information immediately on such change.

We confirm to abide by any actions taken by NSE in the event of non-adherence of any of the points mentioned in this undertaking.

#### **B. ANTI MONEY LAUNDERING AND ANTI CORRUPTION LAW COMPLIANCE UNDERTAKING**

We and our Promoters, officers, directors and employees, acting in an official capacity for and on our behalf shall at all-times comply with the Anti-Money Laundering Laws and Anti-Corruption Laws.

We, shall not, whether directly or indirectly use any monies, or lend, contribute or otherwise make available such consideration (or any part thereof) to any subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any Person currently subject to any Sanctions.

We are not identified on any Sanctions List

We shall maintain procedures and mechanisms for the internal reporting of actual or suspected activities which are, or are likely to be, in contravention of any Anti-Corruption Laws, and any such reports shall be investigated and promptly disclosed.

**C. GENUINE SOURCING UNDERTAKING**

We adopt the necessary due diligence procedures in respect of the sourcing of dore / raw material including recycled gold and also to ensure compliance with the NSE's requirements for genuine sourcing of metals under the NRS for BIS – Standard Gold. We undertake that we shall undergo the Responsible Minerals Initiative's (RMI) audit and be conformant with the RMAP (Responsible Minerals Assurance Process) standards as laid down by RMI, or any other certification programme aligned with OECD Due Diligence Guidance for Responsible Supply chain of Minerals from Conflict Affected and High Risk Areas within a period of 15 months from the date of our empanelment as an Approved Refiner with NSE.

In respect of the procedures adopted by our organisation for sourcing of dore / raw material including recycled gold, we hereby submit that,

We and / or our suppliers, have a written, approved and effective internal supply chain policy / guidelines for sourcing of metal.

This internal supply chain policy / guideline aims to ensure that the dore / raw material including recycled gold, if any, required for our refining activities is sourced through genuine and responsible methods and sources.

The key aspects covered in our / our supplier's\* internal policy / guidelines related to gold supply chain are as mentioned below:

- KYC checks of the supplier
  - For natural person: National identity card or passport considered for full name and nationality, place of residence / original domicile, employer details wherever applicable
  - For Corporate entities: Necessary documents validating the key information about such entity including legal status, category, full name, domicile / country of registration, principle business activities, address of registered office and principle place of business, KYC of authorised representatives and their authorisation as a representative
- Additional due diligence and process checks for the following:
  - The metal originates or is claimed to originate from:

- ✓ A Conflict-Affected and High-Risk Area or has been transported through a Conflict-Affected and High-Risk Area
- ✓ A country that has limited known reserves or stocks
- ✓ A country through which gold from Conflict-Affected and High-Risk areas is known or reasonably suspected to transit
- ✓ recyclable/scrap or mixed sources and has been refined in a country where gold from Conflict Affected and High-Risk Areas is known or reasonably suspected to transit
- ✓ The suppliers operate in or have shareholders or other interests in suppliers of gold from one of the abovementioned red flag countries / locations of gold origin and transit
- ✓ Suppliers are known to have sourced gold from a red flag country / location of gold origin and transit in the last 12 months.
- ✓ Any anomalies or unusual circumstances are identified through the information collected during the risk assessment of the source which give rise to a reasonable suspicion that the gold may contribute to conflict or serious abuses associated with the extraction, transport or trade of gold
- Documented process in identification of red flag countries using reliable sources including but not limited to:
  - ✓ FATF sanctioned countries;
  - ✓ The global conflict tracker identified by the Council on Foreign Relations;
  - ✓ Areas listed as 4 or 5 rating by Heidelberg Conflict Barometer
  - ✓ Countries bordering the Democratic republic of Congo
  - ✓ Mining countries under international Sanctions
- Sourced after payment of timely and adequate applicable taxes to the concerned government authorities
- Not sourced from a Politically Exposed Person
- Not sourced through any fraudulent / Illegal Activity
  - Risk identification, assessment and mitigation policy / framework adopted by us / our suppliers\* and the relevant escalation levels and authorities.
  - Maintenance of records
  - Mechanism to ensure traceability
  - Internal procedures and ongoing monitoring & control mechanism adopted to ensure strict adherence of the said policy / guidelines

We confirm that all the financial transactions, covering all transactions in the complete trail till the payment reaches the supplier / miner, carried out by and on behalf of our Refinery are carried out through official banking channels through an independent commercial bank.

We confirm that all the documentation and records related to the sourcing of raw materials and identification of material from its source to finished products are maintained at our end for atleast 3 years and the same may be made available to NSE appointed auditors for verification as and when required.

We confirm that an appropriate senior management official i.e., our company director is responsible for overseeing that the above-mentioned policy / guidelines are strictly adhered to by our Refinery and all its officials.

We agree to NSE conducting Audit of our Refining Business as per the periodicity decided by NSE from time to time. We agree to extend full support to the NSE Auditors for the purpose of conducting the requisite Audit. We also agree to take full responsibility to understand and abide by the Audit findings prior to the next periodic Audit and document necessary steps taken to comply with the same.

We hereby confirm that our Refining Business abides by all the relevant taxation and legal guidelines of India as well as of other concerned jurisdictions from where the material has been sourced. We hereby confirm that NSE is not and shall not be responsible, in case if any deviations, of our Refining Business, from this undertaking are identified by any authority. We hereby agree to indemnify NSE in case of any financial loss caused on account of our deviation from the details provided in this undertaking.

We shall enter into a Non-Disclosure Agreement (NDA) with NSE and agree to share relevant information as and when the same is sought by NSE for the purpose of our empanelment as an Approved Refiner with NSE and for ensuring our continued empanelment on NSE.

**For [Approved Refiner Name]**

**Authorized Signatory**

**(to be duly signed and stamped)**

**Name & contact number**

**Designation:**

**Date:**

**Schedule 5 - Format of Bank Guarantee for Security Deposit****GUARANTEE**

This guarantee **bearing No. [●]** is issued by [●] (bank), a body corporate constituted under the [●] Act [●], having its Head Office at [●] (hereinafter referred to as the “Bank” which term shall wherever the context so permits, includes its successors and assigns) in favour of National Stock Exchange of India Limited, a company established under the Companies Act, 1956 and having its registered office at Exchange Plaza, Plot C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “NSE” which expression shall include its successors and assigns),

**WHEREAS**

1. M/s [●], a limited liability partnership registered under the Limited Liability Partnership Act, 2008 and having their office at [●] (Complete Address), (hereinafter referred to as the “Approved Refiner”, which expression shall include their successors and assigns) /\*

M/s [●], incorporated as a company under the Companies Act, 1956/2013 and having its registered office at [●] (Complete Address), (hereinafter referred to as the “Approved Refiner”, which expression shall include its successors and assigns).

2. One of the conditions of the NRS for BIS – Standard Gold is that the Approved Refiner maintains with NSE a **security deposit** in the form of a bank guarantee from a scheduled commercial bank or scheduled commercial bank fixed deposit receipt (duly endorsed in favor of NSE) of a value not less than Rs.4,00,00,000 (Rupees Four Crores only ) as prescribed by NSE.
3. At the request of the Approved Refiner, NSE has agreed to accept **security deposit** in the form of cash, bank guarantee, fixed deposit receipt from scheduled commercial bank or Bullion (Gold bars) in favour of NSE for an equivalent amount of Rs. 4,00,00,000 (Rupees Four Crores only).
4. The Approved Refiner has requested the Bank to furnish to NSE a guarantee for Rs.4,00,00,000 (Rupees Four Crores only).

**NOW IN CONSIDERATION OF THE FOREGOING,**

1. We, the [●] (Name of Bank) having a branch at [●] (Complete Address of Branch) at the request and desire of the Approved Refiner do hereby irrevocably and unconditionally guarantee to pay a sum of Rs. 4,00,00,000, (Rupees Four Crores only) to NSE as a security for due performance and fulfillment by the Approved Refiner of its engagements, commitments, operations, obligations or liabilities as an Approved Refiner of NSE including any sums due by the Approved Refiner to NSE or any other party as decided by NSE arising out of or incidental to any contracts made, executed, undertaken, carried on or entered into or purported so to

be, by the Approved Refiner. The Bank agrees and confirms that the said guarantee shall be available as a security for meeting, satisfying, discharging or fulfilling all or any obligation or liability of the Approved Refiner as directed and decided by NSE, with no reference to the Approved Refiner.

2. The Bank hereby agrees that if in the opinion of NSE, the Approved Refiner has been or may become unable to meet, satisfy, discharge or fulfill any obligations, liability or commitments or any part thereof to NSE, or to any other party as decided by NSE, then without prejudice to the rights of NSE under the NRS for BIS – Standard Gold or otherwise, NSE may at any time thereafter and without giving any notice to the Approved Refiner invoke this guarantee to meet the aforesaid obligations, liabilities or commitments of the Approved Refiner.
3. The Bank undertakes that it shall, on first demand of NSE, without any demur, protest or contestation and without any reference to the Approved Refiner and notwithstanding any contestation by the Approved Refiner, pay to NSE such sums not exceeding Rs. 4,00,00,000 (Rupees Four Crores only) as may be demanded by NSE. The decision of NSE as to the obligations or liabilities or commitments of the Approved Refiner and the amount claimed shall be final and binding on the Bank, and any demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee.
4. The guarantee shall be a continuing guarantee and remain operative in respect of each of the obligations, liabilities or commitments of the Approved Refiner severally and may be enforced as such in the discretion of NSE, as if each of the obligations, liabilities or commitments had been separately guaranteed by the Bank. The guarantee shall not be considered as cancelled or in any way affected on any demand being raised by NSE but shall continue and remain in operation in respect of all subsequent obligations, liabilities or commitments of the Approved Refiner. However, the maximum aggregate liability of the Bank during the validity of the guarantee shall be restricted to an aggregate sum of Rs. 4,00,00,000 (Rupees Four Crores only).

Notwithstanding the above, the Bank notes that the nature of operations of the Approved Refiner is such that the obligations, liabilities or commitments of the Approved Refiner are of a continuing nature and as such, Bank agrees that this guarantee can be invoked by NSE even in respect of the obligations, liabilities or commitments of the Approved Refiner towards NSE which might have arisen prior to the execution of this guarantee.

5. This guarantee shall not be prejudiced by the failure of the Approved Refiner to comply with the Rules or Bye Laws or Regulations of NSE or any terms and conditions of the NRS for BIS – Standard Gold. NSE shall be at liberty to vary, amend, change or alter any terms or conditions of the NRS for BIS – Standard Gold in general or as applicable to the Approved Refiner in particular from time to time, without thereby affecting its rights against the Approved Refiner or the Bank or any other security belonging to Approved Refiner now or hereafter held or taken by NSE at any time. The discretion to make demands under this guarantee shall exclusively be that of NSE and NSE is entitled to demand hereunder notwithstanding being in possession of any deposits or other securities of the Approved Refiner.

6. The validity of this guarantee shall not be affected in any manner whatsoever if NSE takes any action against the Approved Refiner including revocation of letter of empanelment of the Approved Refiner.
7. This guarantee shall not be affected by any change to the constitution of NSE or the Approved Refiner or the Bank and it shall remain in force notwithstanding any forbearance or indulgence that may be shown by NSE to the Approved Refiner.
8. The Bank undertakes to pay to NSE, the amount hereby guaranteed **within 24 hours** of being served with a written notice requiring the payment of the amount either by hand delivery or by registered post or by speed post.
9. This guarantee may be invoked by NSE in part(s) without affecting its rights to invoke this guarantee for any liabilities that may devolve later.
10. The Bank undertakes not to **amend or revoke** this guarantee or **reduce the amount** during its currency except with the previous consent of NSE in writing and this guarantee shall be a continuous and irrevocable guarantee upto a sum of Rs. 4,00,00,000/- (Rupees Four Crores only).
11. Notwithstanding anything mentioned herein above,
  - (a) the liability of the Bank under this guarantee shall not exceed Rs. 4,00,00,000 (Rupees Four Crores only)
  - (b) This guarantee shall be valid for a period of [●] months i.e. upto [●].
  - (c) The bank is liable to pay the guaranteed amount only if NSE serves upon the Bank a written claim or demand on or before [●] (i.e. within [●] months after the date of expiry of the bank guarantee as mentioned in clause b above).

Executed this [●] day of [●] at [●] (place).

FOR [●] (BANK)

[●] (BRANCH)

AUTHORIZED SIGNATORIES

SEAL OF THE BANK

- **Strike out whichever is not applicable**

**Instructions:**

- 1) The above printed format is required to be used.

- 2) The Bank Guarantee to be stamped for Rs.100/- or the value prevailing in the State where executed, whichever is higher. Bank Guarantee to be executed on Non-Judicial stamp paper(s) or on paper franked from Stamp Office
- 3) All the blanks in the format are required to be duly filled by the issuing bank along with the signature of the authorized signatory and seal of the bank.
- 4) Each page of the bank guarantee should bear the bank guarantee number and issue date and should be signed by two authorized signatories of the bank unless the bank has specifically intimated NSE that only one authorized signatory shall sign the bank guarantees issued by them in favour of NSE.

**Schedule 6 –Gold Bar Specifications as per BIS**

For compliance to the NRS for BIS – Standard Gold, the purity and weight of the gold bar produced by the Approved Refiner is required to be as follows:

1. A gold bar shall carry a purity/fineness of 995.0 parts per thousand fine gold or 999.0 parts per thousand fine gold.
2. Gross weight of a gold bar shall be equal to either 1 kilogram. The physical weigh scales should be as per BIS standards and calibrated on a specified regular interval.

No negative tolerance shall be allowed on the declared gold purity and weight.

Further, the Approved Refiner shall be required to adhere to the Gold bar specifications as prescribed by BIS in the Refined Gold and Silver Bars for Good Delivery – Specification, reference no IS 17278:2019 issued in December 2019. The bar appearance, dimensions and marking shall be strictly in adherence to the said BIS specifications. Moreover, any changes in the said specifications as informed by BIS from time to time shall be incorporated by the refiners.

**Schedule 7 – Testing of Assaying Capabilities****Part A –Testing of Assaying Procedure for the Reference Samples provided by NSE to the Approved Refiner**

1. NSE shall inform the Approved Refiner, Approved Referee Lab and Approved Logistic Provider about initiation of the process for testing of reference samples.
2. NSE shall provide the Approved Refiner with 3 Reference Samples weighing from 1 to 2 grams or such other number and weight of Reference Samples as may be notified by NSE from time to time.
3. The Approved Refiner shall do a complete analysis of the Reference Samples as per the method prescribed by BIS.
4. The Approved Refiner shall complete the analysis of the Reference Samples Within 5 Business Days from the date of receipt of the Reference Samples and inform the Approved Logistic Provider and NSE about completion.
5. The Approved Logistic Provider shall pick-up the tested samples from the Approved Refiner.
6. The Approved Refiner shall submit its final Assaying Report to NSE comprising of, but not limited to, the following:
  - a. Method shall be mandatory (BIS prescribed methods)
  - b. Report should have the fineness defined upto five significant figures
  - c. Weight before Assaying
  - d. Weight post Assaying
  - e. Metal loss at the time of testing
7. In order to maintain anonymity, the Approved Refiner shall ensure that no marks are affixed on the reference samples after testing and at the time of returning the samples.
8. NSE shall compare the Assaying Reports as provided by the Approved Refiner and the Referee Lab.
9. Any differences in the Assaying results to the extent of 1/3 rd of the total sample size will be acceptable and the tolerance levels with respect to the NSE Assaying / reference value shall be prescribed from time to time.
10. Gold bars having a fineness of 999.5 per thousand of fine gold or less, the normal / splitting limits / assay agreements shall be +/-0.15.

11. Gold bars having a fineness exceeding 999.5 per thousand of fine gold, the splitting limits shall be  $\pm 0.05$ .

**Part B – Testing of Reference Samples provided by the Approved Refiner**

1. As per the NRS for BIS – Standard Gold, NSE requires the Approved Refiners to provide, 4 samples weighing 1-2 grams each for testing by the Approved Referee Lab.
2. This shall be carried out for every consignment (batch) which is being refined
3. The Approved Refiner shall inform NSE and the Approved Logistic Service Provider on sample readiness
4. The Approved Logistic Service Provider shall collect the samples from the Approved Refiner
5. In order to maintain anonymity, these samples shall not have any marking identifying the Approved Refiner.
  - The samples should be in two batches of 2 samples each.
  - In each batch, sample fineness should be different across samples
  - Across batches, sample fineness should be identical. In other words, Sample 1 in batch 1 and 2 should be identical as given below

|                | <b>S1</b> | <b>S2</b> |
|----------------|-----------|-----------|
| <b>Batch 1</b> | Xxx.xx    | Yyy.yy    |
| <b>Batch 2</b> | Xxx.xx    | Yyy.yy    |

- Each sample should carry an individual Assaying Report with fineness mentioned upto five significant figures
  - The report should also indicate the method used (should be BIS prescribed methods) along with the weight and the batch number from which the sample has been picked.
6. The samples shall be sent to the Referee Lab who shall do a complete analysis of the Reference Samples and submit a report to NSE.
  7. NSE shall compare the Assaying Reports as provided by the Approved Refiner and the Referee Lab.
  8. In case of deviations in the fineness between Referee Lab and the Approved Refiner, beyond the acceptable tolerance limits for such samples, the Approved Refiner shall be required to provide fresh samples for testing from the same batch as given before.
    - a. The cost of Assaying of such fresh samples and the cost of metal loss, if any, shall be borne by the Approved Refiner