

# The Chinese Gold & Silver Exchange Society

## Notice on Change of Membership

### Important Reminders:

1. Most items relating to change of membership require the approval of Membership Review Division and/or Executive & Supervisory Committees. Under normal circumstances, Membership Review Division and/or Executive & Supervisory Committees hold(s) meetings once a month. For member(s) who wish(es) to change any matters in relation to membership, it is a requirement to submit to The Chinese Gold & Silver Exchange Society's ("CGSE") office all relevant documents 20 business days prior to the monthly meeting. Late and/or incomplete submission will result in postponement to next meeting.
2. The following documents are basic requirement for application. The mere submission of documents DOES NOT imply the approval or potential approval of the member's application. CGSE retains the right to add extra conditions and/or require related parties for more detailed information as we see fit.
3. Please refer to CGSE website ([www.cgse.com.hk](http://www.cgse.com.hk)) to download related forms.
4. Shall you have any inquiries, please appoint persons with accounting, company secretarial, or one with experience with related matters or professionals such as lawyers or accountants to contact CGSE's membership department (phone: 2544 1945).

### A. Applying to Transfer Membership License

a.	<p><u>Transferor:</u></p> <ol style="list-style-type: none"><li>1. Complete the Membership Transfer Nomination Form (FM1)</li><li>2. Submit Original Member Certificate</li><li>3. Submit Original Trading License (if applicable)</li><li>4. Clear all outstanding fees</li><li>5. For members who are required to fulfill minimum trading volume, members should continue meeting the requirement up to one month before the Executive &amp; Supervisory Committees meeting. i.e., For members requesting to be approved on June's Executive &amp; Supervisory Committees Meeting, they are still obligated to fulfill the May's minimum trading requirement.</li><li>6. If the applicant has any outstanding open interest, they must be closed. (Please complete form F215 and submit together with Trading License to CGSE's office)</li><li>7. For Bullion Group members, a security of HK\$500,000 must be deposited in CGSE for 1 year. The security will be returned if, during the year, no members (both bullion</li></ol>
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\* If there is any inconsistency between the English and Chinese version, the version in Chinese shall prevail.

	<p>group and ordinary) complain and there are no complaints against its gold bars violating CGSE's constitutions.</p> <ol style="list-style-type: none"> <li>8. Registration of all representatives must be canceled as well as their passes returned to CGSE.</li> <li>9. Member's Executive Manager must bring along the company seal to CGSE's office within 3 business days after the approval of the membership transfer to complete and sign all documentation under the witness of CGSE's Executive Manager.</li> <li>10. If Transferor's holding structure deviates from the record held by CGSE's office and/or the transferor has any incomplete matters, CGSE has the right to require the transferor to first complete any incomplete matters.</li> </ol> <p>If Transferor is a limited liability company, it must submit:</p> <ol style="list-style-type: none"> <li>1. Certified true copy of Business Registration Certificate</li> <li>2. Certified true copy of the most recent Annual Return (AR1)</li> <li>3. Original or certified true copy (by company secretary) of Board minutes which relates to transferring membership (content must include buyer's name)</li> </ol> <p>If Transferor is a Sole Proprietor or Partnership company, it must submit:</p> <ol style="list-style-type: none"> <li>1. Certified true copy of Business Registration Certificate</li> <li>2. Original Extracts of Information on inside the Business Registration</li> </ol>
b.	<p><u>Transferee:</u></p> <ol style="list-style-type: none"> <li>1. Transferee must be a Hong Kong incorporated limited liability company.</li> <li>2. Must have a HKD bank account with Wing Hang Bank (Gold &amp; Silver Branch)</li> <li>3. Complete the following forms and procedures: <ol style="list-style-type: none"> <li>i. Membership Transfer Nomination Form (FM1)</li> <li>ii. Entry Application Form (FM1)</li> <li>iii. Membership Company Information Form (FM3-3)</li> <li>iv. Executive Manager Application Form (FM4)</li> <li>v. Member Shareholder Application Form (FM15)</li> <li>vi. Ultimate shareholder must provide financial resources proof of no less than \$5 Million or amount no less than the issued and fully paid share capital of applicant (the higher of the above and determined according to shareholding ratio). Acceptable documents include but are not limited to certified or original Personal Bank Book, Bank Statements, and etc showing 6 months records.</li> <li>vii. Ultimate shareholder's declaration (Please email the shareholding structure chart to <a href="mailto:daisylam@cgse.com.hk">daisylam@cgse.com.hk</a> and contact membership department at 2544 1945 for a template of declaration. If the witness of declaration is not a lawyer</li> </ol> </li> </ol>

in Hong Kong, please also provide a copy of lawyer's certificate.)

viii. Every Executive Manager must complete two Referral Recommendation Form (FM15)

ix. Liquid Capital Declaration Form (No less than HK\$1.50 Million) (F349-1)

We accept:

(a) Bank Savings: Hong Kong Dollars (fully count), \*Renminbi (discount at 5%), \*US dollars (discount at 5%), \*Japanese Yen (discount at 5%), \*Euro (discount at 5%)

(b) \*Gold (discount at 5%)

(c) \*Hang Seng Index (HSI) constituent stocks trading in Hong Kong Stock Exchange ("HKEx") (discount at 20%)

(d) Bank Guarantee (fully count)

Proofs (Original Bank certificates, Certified true copy of Bank Statements e.g., Monthly Statements, Certificate of Balance, Fixed Deposits Receipts, Bank Book, and / or Bank Gold holding statements, etc). Clients' monies CANNOT be included in Liquid Capital Filing.

[Note: \*Foreign currencies will be adjusted to Hong Kong Dollars according to the exchange rate of the filing day, Bank Statement date, or month end date. Gold will be adjusted according to the closing rate on the day of filing multiply by the discount rate. HSI constituent stocks trading in HKEx are adjusted according to the closing price on the filing day and multiply by its relevant discount rate].

4. Submit the following Certified True Copy Documents:

i. Group Chart showing shareholding ratio as well as ultimate holding company shareholding (must be signed by Executive Manager and submitted once a year thereafter)

ii. Business Registration (submit once a year thereafter)

iii. Memorandum & Articles of Association

iv. Certificate of Incorporation and Certificate of Change of Name (if applicable)

v. Documents showing shareholding structure and record of directors appointment such as:

(a) Return of Allotments (SC1)

(b) Bought Note, Sold Note, and Instrument of Transfer

(c) Notification of Change of Secretary and Director (Appointment/ Cessation) (D2A)

(d) Annual Return (AR1) (submit once a year thereafter)

vi. Audited Financial Statements (within 3 months and must use Hong Kong Dollars for Accounting) showing issued and fully paid shares of no less than

HK\$5 Million and Net Assets Value of no less than HK\$5 Million (applicable to newly created or established companies and submit once a year thereafter). Acceptable Asset Class ONLY includes assets in Hong Kong such as properties, bank balance, gold, and stocks trading in HKEx. The Balance Sheet/Statement of Financial Position must separately display company and client's bank balance. Also, please outline the details (bank name, account number, account type, and balance) of the clients' account.

- vii. Original or certified true copy (by company secretary) of Board Minutes which relates to transferring membership (content must include seller's name)
  - viii. Original or certified true copy (by company secretary) of Board Minutes which relates to appointment of Executive Manager(s)
  - ix. If there is an ultimate holding company, please submit the ultimate holding company's certified true copy of the following documents:
    - (a) Certificate of Incorporation
    - (b) Documents showing shareholding structure
      - Return of Allotments (SC1); or
      - Bought Note, Sold Note, and Instrument of Transfer; or
      - Annual Return (AR1)
    - (c) If the company is incorporated in British Virgin Islands (BVI) or Cayman Islands, please present the original Certificate of Incumbency; If the company is incorporated in The Islands of Bermuda, please present the original Certificate of Compliance.
  - x. If there is an intermediate holding company, please submit the intermediate holding company's certified true copy of the following documents:
    - (a) Certificate of Incorporation
    - (b) Documents showing shareholding structure
      - Return of Allotments (SC1); or
      - Bought Note, Sold Note, and Instrument of Transfer; or
      - Annual Return (AR1)
    - (c) If the company is incorporated in British Virgin Islands (BVI) or Cayman Islands, please present the original Certificate of Incumbency; If the company is registered in The Islands of Bermuda, please present the original Certificate of Compliance.
5. If ultimate shareholders are holding shares of the member company through a trust, it must fulfill the following requirements:
- i. Member company must sign an undertaking (template provided by CGSE) to report immediately in written format with relevant documents any changes of the trust structure to CGSE
  - ii. Ultimate beneficiaries of member company must sign an undertaking (template provided by CGSE) to report immediately in written format with

- relevant documents any changes of the trust structure to CGSE
- iii. Trustee of member company must sign an undertaking (template provided by CGSE) to report immediately in written format with relevant documents any changes of the trust structure to CGSE
- Trustee must be a professional institution such as banks, law firms, or auditor firms. Individuals are not eligible to act as trustee.
6. Business Plan (F386) signed by Executive Manager as well as all relevant attachments
  7. Applicant's company seal must be "Authorized Signature stamp".
  8. Appoint no more than 2 Executive Managers (must be directors) to manage company. Executive Manager must be holder of HKID and over 18 years of age.
  9. Executive Manager must have already acquired CGSE's Registered Executive Manager qualification. To inquire details of Registered Executive Manager registration qualification and processing time, please browse CGSE's website [www.cgse.com.hk](http://www.cgse.com.hk) under the heading "Registration & Training" and contact Ms. Alice Lai at the Training & Registration Department.
  10. Executive Manager must sign and submit personal curriculum vitae with information of at least the past 7 years, proof of employment issued by employer, and certified true copy of qualification certificates.
  11. Executive Manager must thoroughly list his/her financial knowledge, market operation, experiences in bullion trading, and/or experience in management.
  12. Executive Manager must work full time for the applicant or the applicant's group. Executive Manager is prohibited to be employed in any position by other companies. If applicant is currently under the employment of another company, it is required that s/he resigns from the other company and submit proof of resignation or termination of employment letter.
  13. All shareholders and directors must sign and submit personal curriculum vitae with information of at least the past 7 years, proof of employment issued by employer, and certified true copy of qualification certificates.
  14. Executive Managers, shareholders, and directors making a false declaration or misrepresenting a material fact might be guilty of a criminal offence and subject to prosecution.
  15. Executive Manager must attend CGSE's Executive & Supervisory Committees Meeting and Membership Review Division Meeting.
  16. Executive Manager must bring along the company seal to CGSE's office within 3 business days after the approval of membership transfer to complete and sign all documentation under the witness of CGSE's Executive Manager.
  17. Pay handling fee of HK\$100,000 [HK\$150,000 for application of Bullion Group] (the fee is not refundable regardless the application is approved or rejected).
  18. Prepay one month of membership monthly fee of HK\$3,000

19. Pay Trading License Annual Fee of HK\$3,000

20. All cheques must be payable to “The Chinese Gold & Silver Exchange Society” and each item on separate cheque.

(Version of 7-2017)