

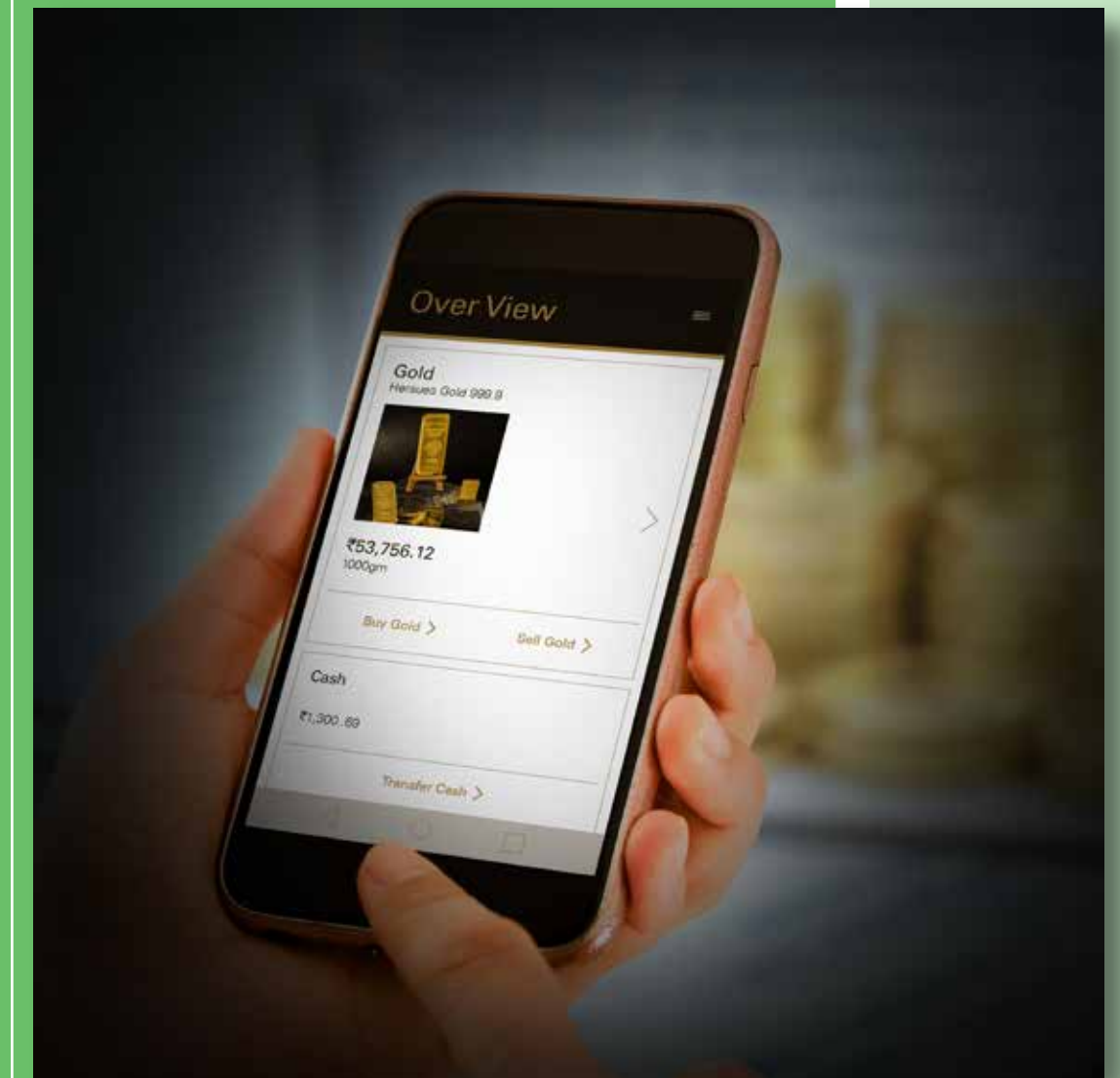
Digital Investment Gold Retailing



Code of Conduct



Self-Assessment Guide



**Swarna Adarsh
Abhiyaan**

An industry initiative

Inspired by the Retail Gold Investment Principles

Supported by



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Welcome to the in-depth guide for Digital Investment Gold Retailing.



The first part - The Code of Conduct will help you understand and adapt to the best practices laid out as per the Retail Gold Investment Principles.

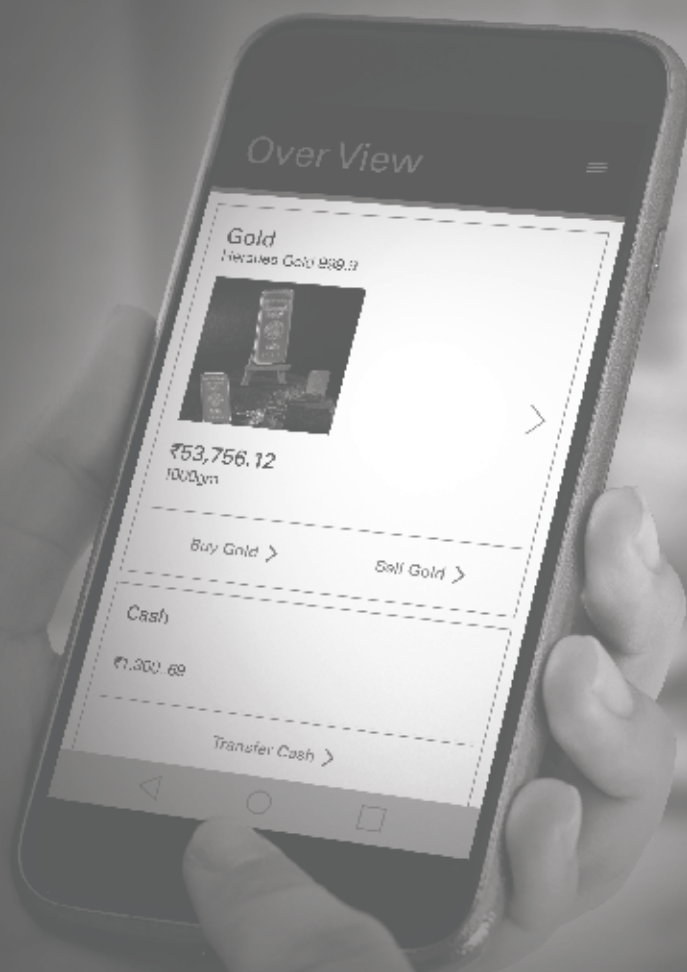


The second part - The Self -Assessment Guide will help you identify areas of improvement through a comprehensive questionnaire

We hope that with this guide by your side, you can embark on a glorious journey and set a new benchmark in the gold industry.

Contents

Introduction and structure of the Code of Conduct	... 06
Scope and Objectives	... 07
India Gold Market Code of Conduct – Digital Investment Gold Retailing	... 08
Linkage to Retail Gold Investment Principles	... 13
Implementation guidance	... 16
• Sourcing	... 17
• Marketing	... 18
• Selling	... 20
• Storage and delivery	... 21
• Customer support and complaints redressal	... 22
• Payments	... 23
• Risk management	... 23
• Compliance and audit	... 28
Dissemination and application of Code of Conduct	... 29
Disclaimer	
Annexure A: Self-assessment guide	... 31
• Introduction to Self-assessment guide	... 32
• Detailed assessment guidance	... 33
• Assessment Summary	... 58
Annexure B: Version control	... 60
Notes	... 61



Introduction and structure of the Code of Conduct document

This Code of Conduct document is aimed at providing high-level guidance for Digital Investment Gold retailing. The Code of Conduct includes sound practices, additional best practices and implementation guidance for retailing.

Sound practices capture minimum requirements which should be followed by any provider (across all sizes, complexity, etc.)

Additional best practices are aimed at larger/mature providers who wish to adhere to even higher standards of practice which allow for differentiation.

Implementation guidance offers broad steps to deploy sound practices/additional best practices at an organisation. The guidance is directional in nature and is not exhaustive. Practical application of these practices will require a detailed guidance that is specific to the organisation

Scope and Objectives



World Gold Council launched Global Retail Gold Investment Principles (RGIPs) in August 2020. The principles are designed to raise the bar for providers across the market and encourage retail investors to place their trust in gold. Greater trust should benefit customers as well as providers, creating value and driving demand across the industry.

Global Retail Gold Investment Principles



Gold is an important asset class in India with an annual demand of ~800–900 tonnes¹, making it India the world’s second largest consumer of gold. Gold holds a unique place in India, being culturally and socially significant², and is an important savings asset³ with its consumption driven largely in the form of jewellery⁴, investment bars and coins.

¹ Source: Viability of a Gold Exchange in India, 2016 by India Gold Policy Centre
²- 87% of estimated gold stock in India is with women
³- 20% of household wealth stored is in the form of gold
⁴- 80% of gold demand in India is in the form of jewellery compared to ~ 35% globally

While Indians have a strong affinity for investment in gold, individuals seeking to invest face several challenges in doing so, particularly around price transparency and quality assurance. As the market is fragmented and there is no overarching supervisory body, an industry-defined Code of Conduct is deemed to be an effective mechanism for protecting the interest of retail investors.

Digital investment gold allows customers to buy physical gold online and have it stored in professional vaults on their behalf and offers physical delivery (subject to a minimum quantity, typically 1 gm) when requested by the customer. Digital investment gold is at a nascent stage and offers multiple benefits including affordability, reliability, transparency and direct ownership. As the offering matures along with technology as a key-enabler, the associated best practices can be torch bearer for the entire gold industry.

The Code of Conduct is relevant for allocated gold products (including pool allocated) which give customers outright ownership of the gold. It does not pertain to gold-backed financial securities, such as exchange-traded funds, financial derivatives or any form of unallocated gold products.

Effective dissemination and implementation of the Code of Conduct should enhance trust of consumers in gold products. This should, in turn, drive demand for both established and new gold products, benefitting consumers and the industry. This document is a step in that direction, and it lays out the Code of Conduct specific to Digital Investment Gold Retailing. There are similar existing Code of Conduct documents for other activities across gold value chain including refining, assaying & hallmarking, bullion trading, manufacturing and retailing. We may develop further Code of Conduct for activities such as vaulting, lending, etc. in future, as required.

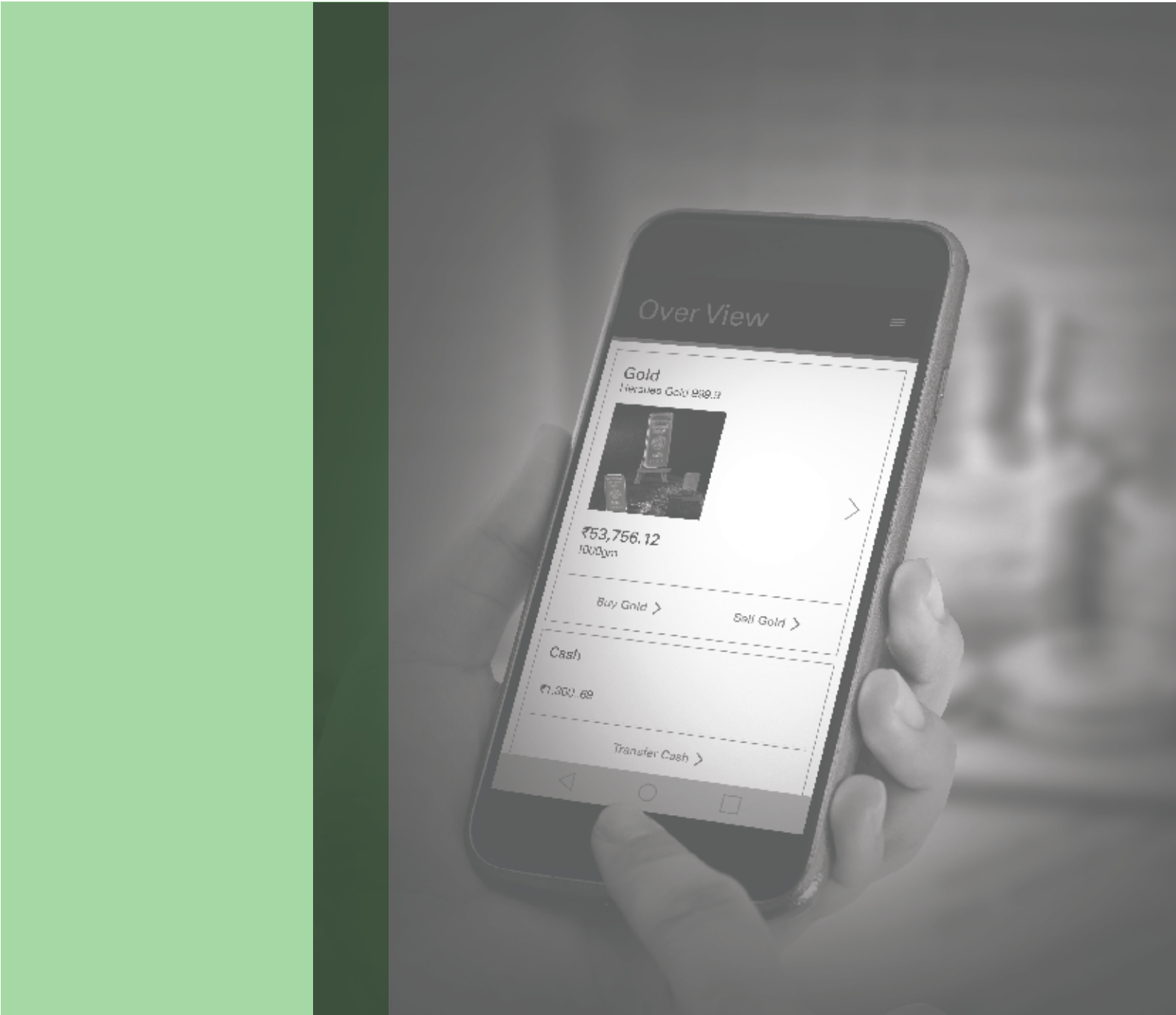
Gold industry value chain



The process of developing the Code of Conduct has included interaction with a number of industry experts, providers and other stakeholders. We envision that the Code of Conduct guidelines will continue to evolve over time in step with global best practices and changing consumer preferences and improved awareness of consumers in India.

India Gold Market

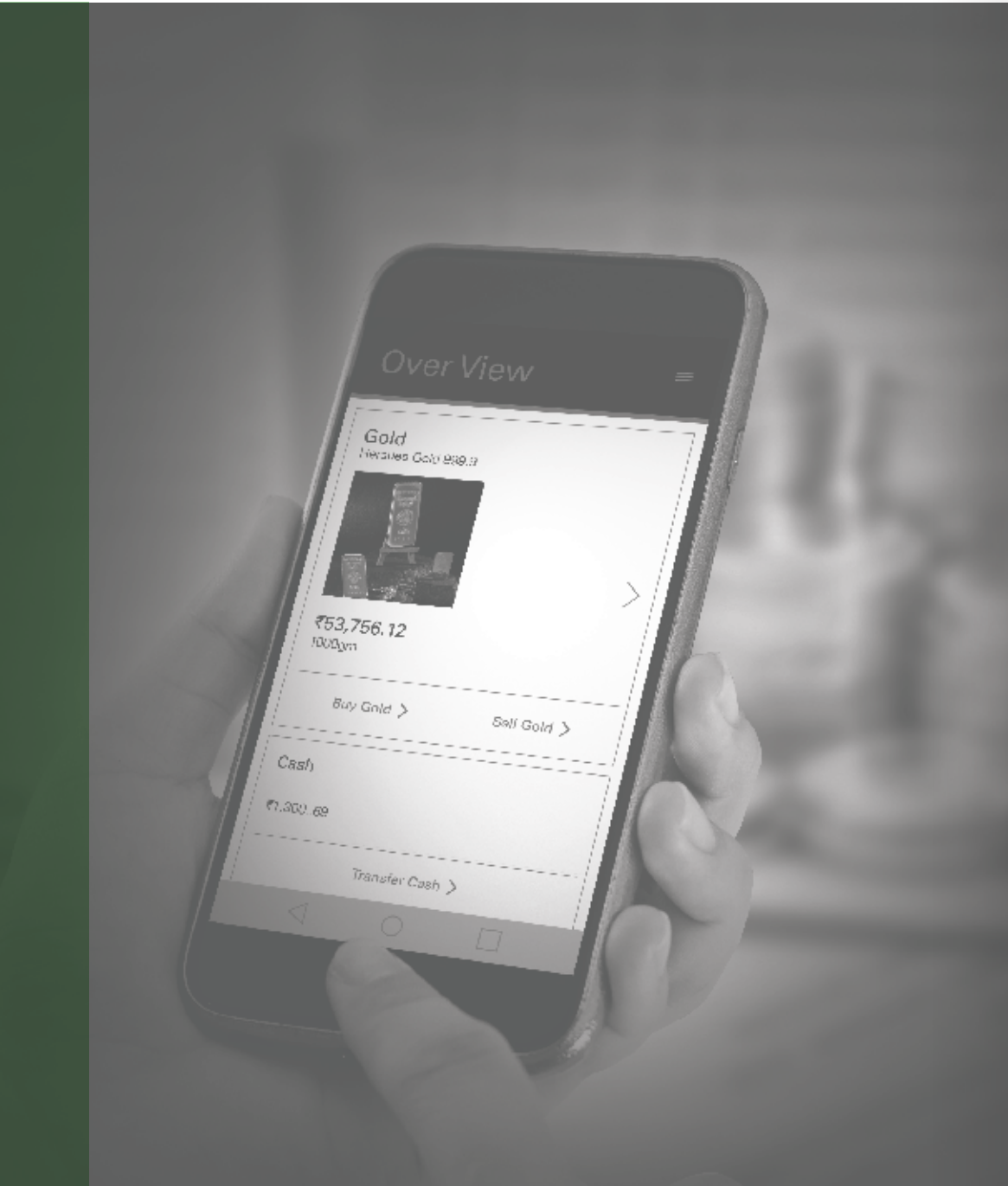
Code of Conduct - Digital Investment Gold Retailing



Activity	Sound Practices
Sourcing	<ol style="list-style-type: none"> 1. I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks 2. I promise to conduct independent and adequate tests to ascertain the characteristics of gold products received from my suppliers 3. I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers 4. I promise to only accept gold products which adhere to industry accepted chains of integrity (Additional best practices)
Marketing	<ol style="list-style-type: none"> 5. I promise to promote products and services clearly and fairly representing key product characteristics, including pricing, transfer of ownership and potential risks 6. I promise to offer educational material to customers on gold products or point them to credible sources of such information
Selling	<ol style="list-style-type: none"> 7. I promise to charge fair prices and fees and disclose key terms and conditions to the customer 8. I promise to issue tax invoice for each sale which has been generated only after ensuring required KYC across any sale platform 9. I promise to confer outright legal ownership of the gold to the customer to ensure that provider's creditors have no claim on customers’ gold holdings
Storage and delivery	<ol style="list-style-type: none"> 10. I promise to have adequate operational processes and controls to safely store and transport valuables 11. I promise to facilitate withdrawal / delivery of gold to customers within agreed upon timelines as and when requested 12. I promise to hold allocated gold (including pool allocated) for all customer investment with complete operational segregation from own stock 13. I promise to maintain gold inventory against customers’ holdings in clearly identifiable form 14. I promise to hold all allocated gold (including pool allocated) such that each customer can be recognised to an identifiable discrete gold unit (Additional best practices) 15. I promise to maintain legal segregation of customer monies and gold from institutional monies and gold
Customer support & complaints redressal	<ol style="list-style-type: none"> 16. I promise to implement adequate systems and mechanisms to receive, record and redress customer feedback, queries and complaints
Payments	<ol style="list-style-type: none"> 17. I promise to clearly communicate and adhere to terms, conditions and timelines of payments with every customer and supplier, consistently and impartially

Activity	Sound Practices
Risk management	<ol style="list-style-type: none"> 18. I promise to have adequate provisions to ensure that customers’ monies and gold holdings are not at risk 19. I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks 20. I promise to implement safe and effective IT practices to ensure data protection, cyber security and secure data storage 21. I promise to devise a wind-down plan to ensure complete transfer of customers’ gold and monies in case of any eventualities 22. I promise to run adequate anti-money-laundering controls and report suspicious activities to the relevant authorities (Additional best practices)
Audit and compliance	<ol style="list-style-type: none"> 23. I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose/ report any information as required by regulatory authorities 24. I promise to commission independent audits by third party professionals at regular intervals covering key business and operations functions (including gold holdings, cyber security and information systems) 25. I promise to disclose information such as audit reports / financial statements to enhance my credibility

Linkage to Retail Gold Investment Principles

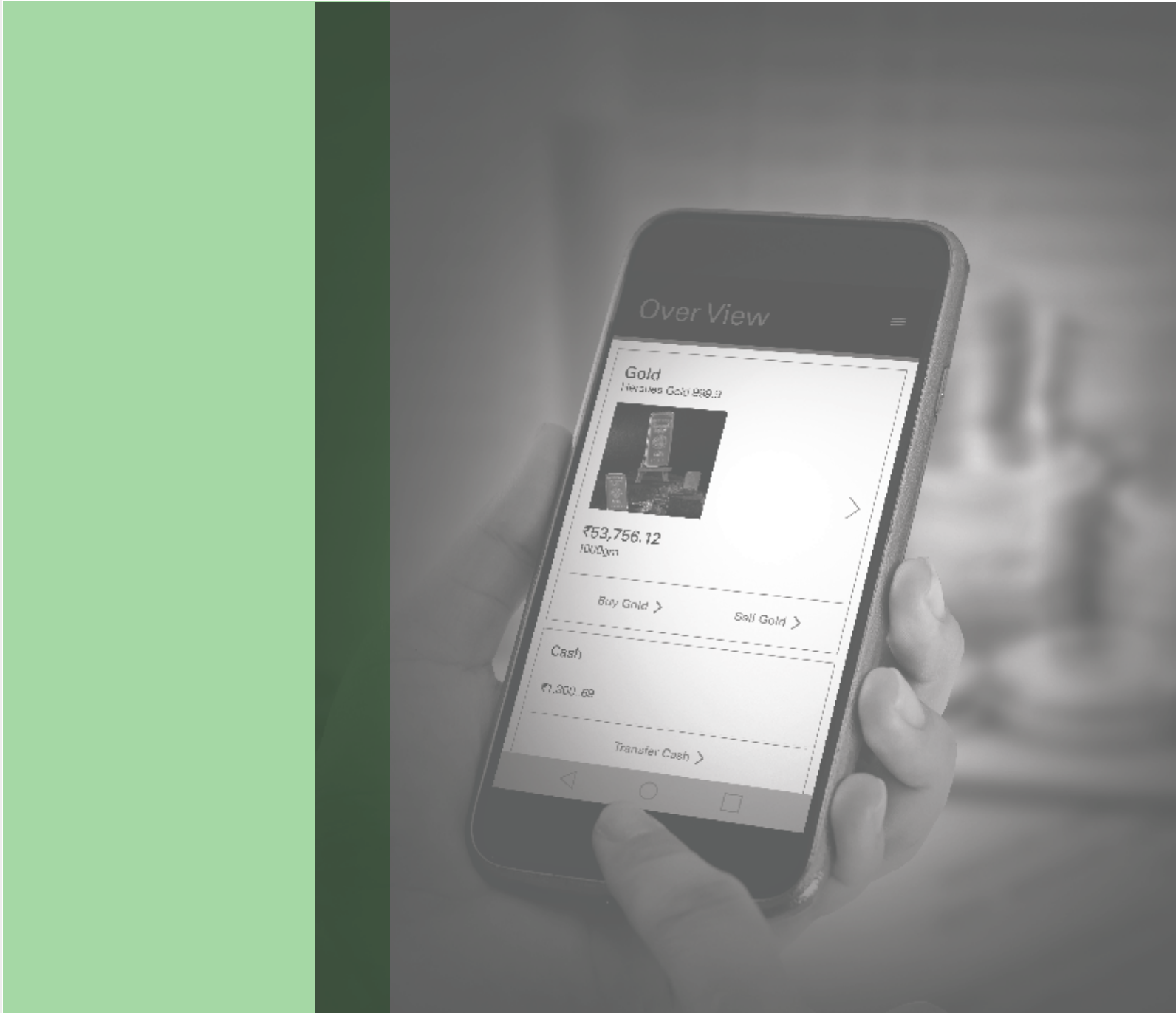


Sound practices and additional best practices for Digital Investment Gold Retailing cover all the seven Global Retail Gold Investment Principles and are mapped predominantly as below

No.	Sound practices/Additional best practices	Fairness and integrity	Transparency	Protection of client assets	Responsible gold sourcing	Regulatory compliance	Commercial prudence	Operational professionalism
1.	I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks				✓	✓		
2.	I promise to conduct independent and adequate tests to ascertain the characteristics of gold products received from my suppliers				✓			
3.	I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers		✓			✓		
4.	I promise to only accept gold products which adhere to industry accepted chains of integrity				✓			
5.	I promise to promote products and services clearly and fairly representing key product characteristics, including pricing, transfer of ownership and potential risks	✓						
6.	I promise to offer educational material to customers on gold products or point them to credible sources of such information	✓						
7.	I promise to charge fair prices and fees and disclose key terms and conditions to the customer	✓	✓					
8.	I promise to issue tax invoice for each sale which has been generated only after ensuring required KYC across any sale platform	✓				✓		
9.	I promise to confer outright legal ownership of the gold to the customer to ensure that provider’s creditors have no claim on customers’ gold holdings	✓		✓				
10.	I promise to have adequate operational processes and controls to safely store and transport valuables			✓				✓
11.	I promise to facilitate withdrawal / delivery of gold to customer within agreed upon timelines as and when requested	✓						
12.	I promise to hold allocated gold (including pool allocated) for all customer investment with complete operational segregation from own stock			✓				✓
13.	I promise to maintain gold inventory against customers’ holdings in clearly identifiable form		✓					✓
14.	I promise to hold all allocated gold (including pool allocated) such that each customer can be recognised to an identifiable discrete gold unit		✓					✓
15.	I promise to maintain legal segregation of customer monies and gold from institutional monies and gold			✓			✓	✓

No.	Sound practices/Additional best practices	Fairness and integrity	Transparency	Protection of client assets	Responsible gold sourcing	Regulatory compliance	Commercial prudence	Operational professionalism
16.	I promise to implement adequate systems and mechanisms to receive, record and redress customer feedback, queries and complaints	✓						
17.	I promise to clearly communicate and adhere to terms, conditions and timelines of payments with every customer and supplier, consistently and impartially	✓	✓			✓		
18.	I promise to have adequate provisions to ensure that customers' monies and gold holdings are not at risk			✓			✓	✓
19.	I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks						✓	
20.	I promise to implement safe and effective IT practices to ensure data protection, cyber security and secure data storage					✓		✓
21.	I promise to devise a wind-down plan to ensure complete transfer of customers' gold and monies in case of any eventualities						✓	✓
22.	I promise to run adequate anti-money-laundering controls and report suspicious activities to the relevant authorities (Additional best practices)					✓		
23.	I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose / report any information as required by regulatory authorities					✓		
24.	I promise to commission independent audits by third parties at regular intervals covering key business and operations functions (including gold holdings, cyber security and information systems)		✓					✓
25.	I promise to disclose information such as audit reports / financial statements to enhance my credibility		✓					

Implementation guidance



Sourcing

1 I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks

- Perform due diligence and record relevant information including below before initiating any business transaction with a new supplier
 - Registration number/BIS license
 - Address
 - GST certificate
 - PAN details
 - Information from market intelligence and referee (if any)
 - Promoter/ ultimate beneficial owner name and identity proof
- Monitor practices and update information of onboarded suppliers annually or intermittently (e.g. any red flag is raised for the supplier from market intelligence or any reliable source)
- Report any unfair practices based on the collected information to relevant authorities

2 I promise to conduct independent and adequate tests to ascertain the characteristics of gold products received from my suppliers

- Ensure independent random testing of the gold products provided by the supplier for relevant details including the below using standard testing equipment (e.g. carat meter, XRF machine) before the gold is made available for sale
 - Weight
 - Purity (cartage)
 - Presence of trace elements/impurities
- Any deviation from the details shared by the supplier should be shared with the supplier for requisite action and resolution
- Report any unfair practices (e.g. use of restricted elements) based on the result of independent tests to relevant authorities like BIS

3 I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers

- Ensure documentation of relevant details such as below with suppliers for each trade
 - Weight
 - Purity (caratage)
 - Purchase orders
 - Business contracts
- Proper documentation of procured gold to be maintained irrespective of the volume of gold traded and nature of relationship with the supplier
- Maintain records of past transactions for a reasonable period as mandated by the law

Additional best practices

4 I promise to only accept gold products which adhere to industry accepted chains of integrity

- Leverage industry accepted chains of integrity, e.g. accredited refineries, reputed bullion traders, or bullion banks
- As applicable, source from suppliers who by themselves and whose upstream partners adhere to responsible gold standards, e.g. LBMA, India good delivery standards

Marketing

5 I promise to promote products and services clearly and fairly representing key product characteristics, including pricing, transfer of ownership and potential risks

- Offer fair and clear information on key product characteristics (pricing, purity, weight etc.) on marketing materials, product promotions, website, mobile applications
- Highlight the stage of transaction at which gold ownership is legally transferred to the customer as well as expected timeline, especially for products sold on EMI, SIP schemes
- Disclose key risks (e.g., related to gold investment) in a simplified manner to make it easy for customers to understand
- Apprise customers about any applicable regulatory guidelines and requirements related to the offering
- Present offerings in a balanced way in connection with any comparisons made to other products or investment asset classes

6 I promise to offer educational material to customers on gold products or point them to credible sources of such information

- Provide educational materials such as FAQs and answers / “how to” videos to customers. Material should be easily accessible through mediums such as company website, mobile application. Topics covered should include guidance on understanding and using the provider's platform such as how to buy and sell gold
- Offer customer support to address customers’ queries and grievances. Ensure that the customer support services are not misconstrued as professional investment or tax advice. Refrain from pressurizing customers in any way including hard sales tactics
- Guide customers to credible sources of information (e.g. BIS website, LBMA standards, WGC) to help them know more about best practices in the gold industry and make informed decisions

Sample Scenario:

I am a new digital investment gold retailer. I am struggling to grow the business due to limited understanding / knowledge and low trust of the customers in digital investment gold. Within my limited capability, what can I do to enhance customer understanding and trust?

Potential Response:

It is critical to invoke customer trust in the product which requires customers to completely understand the product first. You may approach the situation in following way

- Offer introductory / detailed “how to” videos on company website / app to help customers understand the asset class. The topics should try and address customers’ pain points and key aspects which the customer must consider before investment
- Offer fair and clear information on key product characteristics (pricing, purity, weight etc.) in marketing materials or product promotions. Clearly highlight the stage of transaction at which gold product is legally transferred to the customer as well as expected timeline
- Focus on areas of differentiation such as withdrawal / delivery time, transfer of legal rights to the customer within “x” hours, storage facility available for “y” years etc.
- Present offerings in a balanced way in connection with any comparisons made to other products or investment asset classes

Selling

7 I promise to charge fair prices and fees and disclose key terms and conditions to the customer

- Charge fair prices and fees (price of gold, storage, insurance, delivery, withdrawal charges, other fees, taxes, etc.) aligned with local market practices and clearly disclose these to customers
- Offer same price to a customer for a reasonable time window since the intent of purchase is expressed by the customer
- Disclose key terms and conditions such as information on customer’s rights, legal transfer of ownership, delivery / withdrawal policy, storage and insurance arrangements, return policy etc. as applicable
- Ensure that key terms and conditions are not hidden in detail and are simple for customers to understand
- Communicate any changes to the fees, terms and conditions to customers before implementation

8 I promise to issue tax invoice for each sale which has been generated only after ensuring required KYC across any sale platform

- Include all the relevant information on the invoice with respect to
 - price (base price of gold, making charges, storage, insurance, delivery / withdrawal charges, other fees, taxes, etc.)
 - product (purity, weight)
 - customer rights (including link to BIS website)
 - transaction (date and time, invoice number, etc.)
- KYC details of any customer (individual, organization) should be collected (as required by law) before proceeding with the invoicing process
- Maintain required KYC details for sale though own / partner platforms

9 I promise to confer outright legal ownership of the gold to the customer to ensure that provider’s creditors have no claim on customers’ gold holdings

- Confer outright legal ownership of gold to the customer, i.e., full title of the gold to the customer. Ensure that any creditor of the provider has no claim on customers’ holdings in case of eventualities like bankruptcy / wind-down
- Clearly mention and disclose in the terms the stage at which legal title passes to the customer during the transaction process and the timeline for the same

Storage and delivery

10 I promise to have adequate operational processes and controls to safely store and transport valuables

- Store gold holding in professional, high-security vaults which meet the local security standards, preferably at independent locations not subject to premises risks of the provider
- Ensure that the gold is vaulted by an independent professional custodian. Sub-custodians, if used, should be empanelled through appropriate contracting procedures
- Ensure that valuables stored are adequately covered against any loss event including loss, damage or theft through insurance. Valuables in transit should be adequately insured by the supplier/ logistics company

11 I promise to facilitate withdrawal / delivery of gold to customer within agreed upon timelines as and when requested

- Clearly disclose customers' rights regarding withdrawal / delivery of gold holdings and timelines for the same. Highlight the differences in rights in case the customer has ownership in individual allocated or pool allocated form
- Define minimum lot sizes to facilitate withdrawal / delivery and clearly communicate the same to customers at the time of purchase
- Deliveries when requested, should be conducted through professional security carriers and within the committed timelines
- Deploy adequate checks and balances to ensure only genuine delivery requests are fulfilled. E.g., random checks to confirm that delivery request has been raised by the customer, delivery address to be same as authorized address

12 I promise to hold allocated gold (including pool allocated) for all customer investment with complete operational segregation from own stock

- Store customers' gold either as individual allocated (customer individually owns a discrete and identifiable bar or coin) or pool allocated (several customers co-own a discrete identifiable quantity of gold) form in the vaults
- Ensure that customers' gold holdings are stored separately and segregated from provider's or any other gold holding, preferably at independent locations
- Deploy appropriate controls to restrict the provider from accessing and using customers' gold holdings. E.g., offer independent custody and control of the customers' gold holdings to a trustee / custodian
- Reconcile the customers' gold holdings against the inventory held by the trustee / custodian on a daily basis

13 I promise to maintain gold inventory against customers' holdings in clearly identifiable form

- Maintain a list of clearly identifiable discrete gold units through bar numbers or other unique markers to track the gold inventory against customers' holdings
- Update the list based on any addition / removal of discrete gold units from the inventory

Additional best practices

14 I promise to hold all allocated gold (including pool allocated) such that each customer can be recognised to an identifiable discrete unit of gold for e.g. a bar or a coin.

- Map customer's gold holdings to one / multiple identifiable gold units for
 - individual allocated (customer individually owns a discrete identifiable gold unit) as well as
 - pool allocated (several customers co-own a discrete identifiable gold unit) cases

15 I promise to maintain legal segregation of customer monies and gold from institutional monies and gold

- Hold customer monies on a legally segregated basis as far as possible, i.e. in a separate trustee account or create a charge/ lien in favour of customers, and do not commingle it with working capital / include in company's balance sheet
- Do not enter into any lending / borrowing transactions involving customers' gold holdings, unless such transactions are specifically authorised in each instance by the respective customers / regulator

Customer support and complaints redressal

16 I promise to implement adequate systems and mechanisms to receive, record and redress customer feedback, queries and complaints

- Educate customers on their rights to raise complaints, share feedback and the process to access customer support through company website, mobile app or phone call
- Provider should communicate their responsibility for specific issues, e.g. related to product quality, return, withdrawal / delivery, price etc.

- Provide adequate training to support staff and ensure their availability during standard office hours by email and phone at a minimum
- Set-up a digital system for customers to file complaints or raise queries. The systems should also allow to record, track and resolve queries within the agreed upon timelines

Payments

- 17** I promise to clearly communicate and adhere to terms, conditions and timelines of payments with every customer and supplier, consistently and impartially
- Disclose/Solicit key terms and conditions with customers and suppliers such as applicable purchase price and additional charges (transaction, delivery, storage, etc.), trade settlement and insurance arrangements, timelines for the payment, etc.
 - Deploy adequate controls to restrict payment frauds such as use of compromised card details for purchase of gold

- Agree on the quality and quantum of products and services to be provided and document these in Service Level Agreements (SLAs). Adhere to agreed terms and timelines for payment
- Ensure adequate communication with suppliers to understand any changes in terms and conditions
- Devise mitigation strategy for cases where supplier is unable to meet their obligations despite advance payments

Risk management

- 18** I promise to have adequate provisions to ensure that customers' monies and gold holdings are not at risk
- Deploy adequate operational controls to facilitate rightful movement of gold holdings and monies between provider and customer. E.g., Appoint and confer a trustee with substantive control over the custody and movement of customers' gold holdings and monies through a legal structure (like hypothecation of trustee)
 - Do not assume undue market risk by pursuing proprietary trading. Providers should limit or hedge stock positions required to meet customer orders, so that price changes do not create significant losses for customers

- In case proprietary trading is pursued, segregate customer holdings from any proprietary trading stock or company assets. Minimise the risk to customers by establishing appropriate structures to delineate the digital gold business from proprietary trading
- Develop policies to protect customer rights and assets in special situations such as bankruptcy, wind-down. E.g., maintain adequate net-worth / financial resources to service any obligations arising from such situations

- 19** I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks
- Proactively identify major risks for the business and customers such as below to ensure financial soundness of the company
 - Financial risks (gold price risk, settlement risk, counterparty risk)
 - Operational risks (risks due to error or fraud)
 - Legal and compliance risk
 - Deploy risk management practices including processes, policies, roles and responsibilities to mitigate / manage identified risks, e.g.
 - Implement the 'separation of duties principles' (where two independent people are required to complete certain activities) to prevent or mitigate fraud and significant operational errors. E.g., a provider raises request for delivery of gold on behalf of customer and a trustee confirms that the request is valid and instructs the custodian to initiate with delivery
 - No / minimum advance payments to suppliers to reduce the counterparty risk
 - Conduct due diligence on suppliers/ customers/logistic providers and only select those which are reliable (financial stability, no involvement in unfair trade practices, etc.)
 - Define internal risk limits with regard to market risks such as positions in gold, currencies or derivatives, which could threaten the company's liquidity. Implement a risk limit system to ensure compliance with risk limits.
 - Deploy adequate safeguards to protect the KYC information collected from suppliers, customers, logistics agencies, etc.
 - Implement cyber-security best practices and be prepared for IT emergencies, including system failure
 - Ensure that gold stored / in transit is adequately covered against any event of loss including loss, damage or theft through insurance
 - Insurance should be arranged either by the provider or its supplier/ vaulting / logistics company

- 20** I promise to implement safe and effective IT practices to ensure data protection, cyber security and secure data storage
- Deploy adequate measures such as alarm systems, access controls etc. for physical protection of IT infrastructure
 - Encrypt sensitive data, protect customer data and adhere to applicable data privacy laws
 - Keep records and audit trails of all relevant data and activities. Maintain backups and implement business continuity and disaster recovery strategies
 - Conduct penetration testing and vulnerability scans. Maintain contingency plans and forensics to retrace issues
 - Deploy strong authentication techniques to reduce the risk of unauthorised transfers beyond customer reference accounts
 - Do not share any customer information to anyone unless mandated by the law or law enforcing authorities

21 I promise to devise a wind-down plan to ensure complete transfer of customers' gold and monies in case of any eventualities

- Identify potential scenarios where wind-down is possible (voluntary or otherwise) and define steps for a wind-down
 - Assign responsibilities around issues such as planning or approval of a wind-down plan
 - Agree upon the role and responsibilities of trustee / custodian in a wind down scenario and clearly identify triggers for them in the wind-down plan
- Identify and regularly monitor key metrics (e.g. potential thresholds) and early warning signals to facilitate timely wind-down decisions
- Identify potentially negative impacts of a winddown and plan mitigatory measures. Special consideration should be given to
 - Promptly returning customers' gold holdings. Customers should be able to withdraw or transfer their holdings, or receive the proceeds from the sale of their holdings
 - Promptly transferring any customer monies back to customers
- In case operating structure of the company gives substantive control of customers' gold and monies to a trustee then the trustee should have legal and operational ability to identify, segregate and distribute customers' gold and monies

Additional best practices

22 I promise to run adequate anti-money-laundering controls and report suspicious activities to the relevant authorities

- Establish anti-money-laundering compliance function
- Maintain accurate customer names, records and accounts, and appropriate recordkeeping controls
- Report suspicious activities to relevant authorities. Restrict prohibited customers (if identified and disclosed by government / regulator) from investing

Sample Scenario:

I have business operations in gold industry for more than a decade now and want to enter digital investment gold retailing. While I understand the risk management practices in the gold industry, are there specific practices which I should focus to develop robust risk management practices in the new vertical?

Potential Response:

While several risk management practices such as diligent outsourcing, reliable IT, insurance cover are applicable across gold industry activities, it is critical to focus on below specific practices as well

- Deploy adequate operational controls to facilitate rightful movement of gold holdings and monies between provider and customer through a trustee and custodian. E.g., Trustee's role tin controlling that customers money is promptly used only to to purchase gold, ensure custody of gold with the custodian and rightful withdrawal / delivery of gold to the customer when demanded.
- Ensure that the custodian and trustee are independent professional service providers and free of any conflict of interest from the company or the promoter.
- Store gold holding in professional, high-security vaults at an independent location
- Do not enter any borrowing / lending transaction involving customers' gold holdings unless the transaction is specifically authorised by respective customer in each instance and documented for audit and legal purposes. E.g., do not utilize customers' gold holding or monies to meet any shortfall in working capital management

- Develop policies to protect customer rights and assets in special situations such as bankruptcy, wind-down. E.g., maintain adequate net-worth / financial resources to service any obligations arising from such situations
- Deploy adequate measures such as alarm systems, access controls etc. for physical protection of IT infrastructure
- Adhere to applicable data privacy laws and deploy requisite IT infrastructure and practices such as below to store and protect sensitive customer information
 - Maintain backups
 - Protection against cyber threats
 - Implement business continuity and disaster recovery strategies
 - Encrypt sensitive data
 - Conduct penetration testing and vulnerability scans
 - Maintain contingency plans and forensics to retrace issues
 - Conduct IT security audit

Compliance and audit

23 I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose / report any information as required by regulatory authorities

- Comply with all applicable laws and regulations in the markets in which the provider operates (including those where customers and prospects are located)
- Provider should disclose key information to customer or prospects, as well as other stakeholders, such as regulators and tax authorities, in accordance with relevant local laws. Disclosed information can include
 - jurisdiction under which the company operates
 - company name, legal form, registration number
 - key management personnel including relevant gold market experience
 - promoter / ultimate beneficial owner
- Commission regular internal audits for reconciliation of customers' and provider's gold holdings and monies at least once a year. Audit should include verification of gold holdings and reconciliation with provider's records and information system
- Ensure that audit is conducted by professional independent auditors, such as accounting firms with relevant experience
- Document any compliance procedures for internal purposes, as well as for any legitimate requests by external parties such as regulators or business partners, such as banks
- Maintain all records as required based on regulations and internal disclosure standards

Additional best practices

24 I promise to commission independent audits by third parties at regular intervals covering key business and operations functions (including gold holdings, cyber security and information systems)

- Engage independent professional auditors with relevant experience to conduct audits covering key business and operations functions. E.g., IT security audit for assessment of company's information security systems
- Conduct audits at regular intervals based on the criticality of the functions and materiality of the impact

25 I promise to disclose information such as audit reports / financial statements to enhance my credibility

- Disclose gold or other internal audit reports in public domain such as company website or at least make the reports available to the customers to enhance company's credibility
- Disclose details such as financial statements, names of key service providers where appropriate, such as vault operators or banks

Dissemination and application of the Code of Conduct

The proposed sound practices, additional best practices and implementation guidance are voluntary so, at present, there will be no audit or public endorsement by the World Gold Council. However, we believe that conforming with these practices will strongly benefit providers and customers. Over time, too, we expect stakeholders to push for implementation of the sound practices outlined in this document.

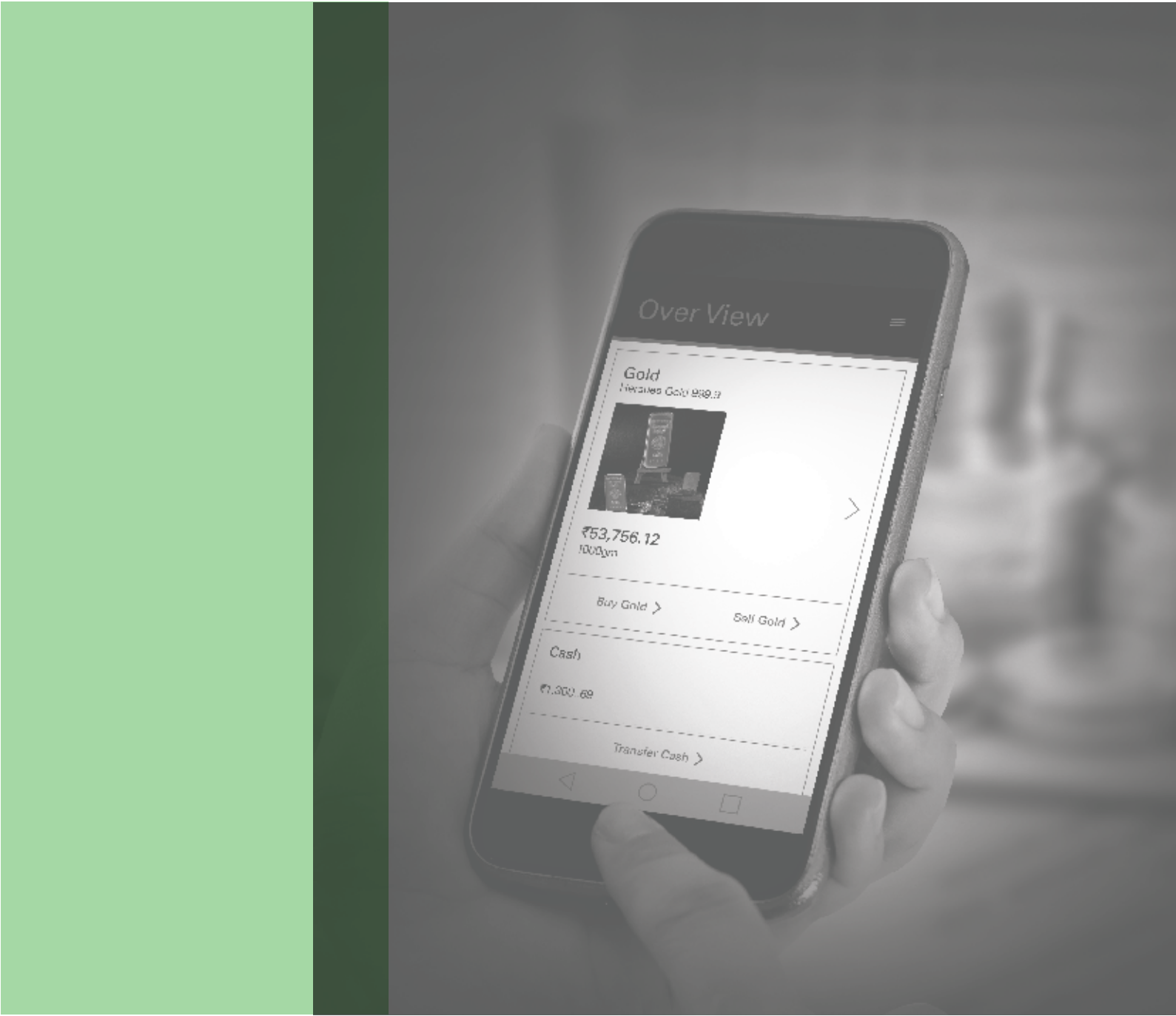
Providers are therefore encouraged to independently demonstrate compliance with the sound practices. This should strengthen trust in their offerings, facilitate customer acquisition, drive business growth and foster cooperation with external partners such as vault operators, security carriers, gold dealers and banks. Providers can demonstrate adherence to the practices through public disclosure to customers, investors and other interested parties. This can be achieved in several ways – via providers’ own websites, through marketing materials or more generally online.

Providers who choose to go beyond the additional best practices will be able to differentiate themselves from peers.

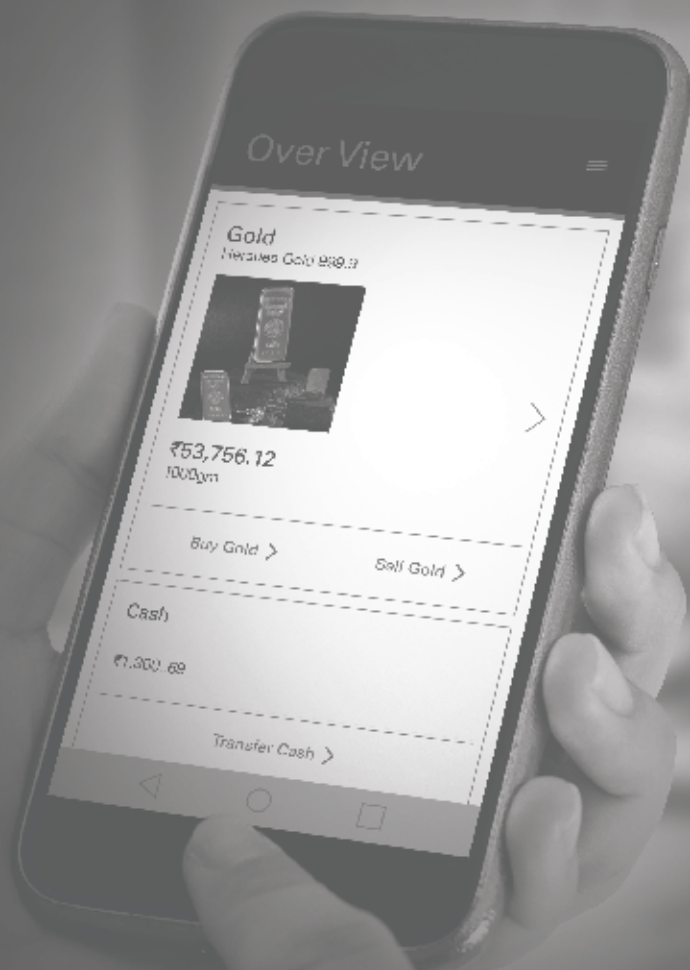
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Annexure A: Self-assessment guide



Introduction to Self-assessment guide

The self-assessment guide is applicable for organisations of any size as the test is based on the practices deployed and not the volume of trade conducted. It is voluntary at present and there will be no audit or public endorsement by the World Gold Council. Providers can demonstrate adherence to the practices through public disclosure to customers, investors and other interested parties. This can be achieved in several ways – via providers’ own websites, through marketing materials or more generally online

Self-assessment guide aims to help the provider with current state assessment of their practices against corresponding Code of Conduct and entails three steps for assessment

1. Read the corresponding Code of Conduct thoroughly before beginning this assessment
2. Refer to guiding questions to develop conclusion for the organisation's practices against each Code of Conduct statement – to determine the extent to which a Code of Conduct is observed by the organisation
3. Assess current state against each Code of Conduct. The assessment is built on the gravity and urgency to address the areas of improvement.

Assessment outcome would be as following –

A. Observed (O)

The provider observes the Code of Conduct in entirety

B. Broadly Observed (BO)

The provider broadly observes the Code of Conduct in all critical areas. The assessment has identified one or more areas of improvement that the provider should address and follow up in a defined timeline

C. Partly Observed (PO)

The provider partly observes the Code of Conduct. The assessment has identified one or more critical areas of improvement and should be addressed as high-priority items

D. Not Observed (NO)

The provider does not observe the Code of Conduct.

The self-assessment guide is evolving in nature and will mature over time with inputs from the market participants

Detailed assessment guidance

1 I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you conduct due diligence / “Know Your Provider” checks to evaluate suppliers before initiating business with them?
2. Do you conduct business with the suppliers if they can’t fulfil the minimum requirements?
3. Do you maintain record of the information and documents collected?
Do you update the information collected on an ongoing basis?
4. Do you ensure that the above processes are followed at your organisation?

Assessment notes:

Area(s) of improvement:

2 I promise to conduct independent and adequate tests to ascertain the characteristics of gold products received from my suppliers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you conduct independent and adequate tests on products received?
Do you test for all the relevant characteristics (such as weight, purity etc.)?
2. Do you use complaint and resolution mechanisms of supplier in case of any deviations observed during testing?

Assessment notes:

Area(s) of improvement:

3 I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you document all information (such as weight, purity, etc.) related to the trade in purchase orders / other documents? Do you maintain the records of past transactions for reasonable period as mandated by the law?
2. Do you ensure that the documentation is completed for all trades, irrespective of volume and nature of relationship with supplier?

Assessment notes:

Area(s) of improvement:

4 I promise to only accept gold products which adhere to industry accepted chains of integrity

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you have a criterion to only accept gold products supplied by manufacturers that adhere to industry accepted standards? If yes, do you have adequate processes to ensure its implementation at your organisation?
2. Do you procure gold from registered suppliers only?

Assessment notes:

Area(s) of improvement:

5

I promise to promote products and services clearly and fairly representing key product characteristics, including pricing, transfer of ownership and potential risks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you offer objective and fair information regarding the products and services in promotional material / website / app? Do you state potential risks clearly?
2. Do you also share information on aspects such as legal transfer of ownership and applicable regulatory guidelines?
3. Do you offer objective and fair information without impacting industry perception while differentiating your product against other competing providers in marketing communications?

Assessment notes:

Area(s) of improvement:

6

I promise to offer educational material to customers on gold products or point them to credible sources of such information

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Have you developed educational materials for customers? Do you have customer support staff to address customers' queries and grievances?
2. How do you ensure that customer support services are not misinterpreted as professional advice?
3. In absence of in-house materials, do you point customers to other external sources of information? Are these credible sources?

Assessment notes:

Area(s) of improvement:

7

I promise to charge fair prices and fees and disclose key terms and conditions to the customer

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. How do you ensure that you charge fair prices and fees to the customers?
Do you disclose all pricing components to the customer?
2. Do you clearly disclose key terms and conditions (such as information on customer’s rights, legal transfer of ownership, delivery / withdrawal policy, return policy etc.) to customers?
3. Do you have internal policies to communicate changes in pricing, terms and conditions etc. to customers prior to implementation?

Assessment notes:

Area(s) of improvement:

8

I promise to issue tax invoice for each sale which has been generated only after ensuring required KYC across any sale platform

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you include all the information related to price, product, customer rights and transaction details on the invoice?
2. Do you collect requisite documents from customers for KYC checks?
Do you conduct business with the customers if they can’t fulfil the KYC requirements?
3. Do you maintain required KYC details for sale through any platform?
4. Do you have systems in place to ensure that the above processes are followed at your organisation?

Assessment notes:

Area(s) of improvement:

9 I promise to confer outright legal ownership of the gold to the customer to ensure that provider's creditors have no claim on customers' gold holdings

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you confer legal ownership of the invested gold to the customer?
How do you ensure that the process is followed for each transaction?
2. Do you clearly disclose to the customer the stage at which the legal title passes?
3. Do you have a committed timeline to complete the ownership transfer?
How frequently do you meet the timeline?

Assessment notes:

Area(s) of improvement:

10 I promise to have adequate operational processes and controls to safely store and transport valuables

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you deploy adequate safety measures for storage and transportation of gold? Do you have insurance to cover against events of loss?
2. Do you conduct due diligence / have internal processes to evaluate logistics agencies before empanelling them? Do you collect all the requisite documents from the agencies as part of "Know Your Providers" checks?

Assessment notes:

Area(s) of improvement:

11 I promise to facilitate withdrawal / delivery of gold to customer within agreed upon timelines as and when requested

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you clearly disclose customer's rights regarding withdrawal / delivery of gold holdings at the time of purchase?
2. Do you have a committed timeline to the customer to complete withdrawal / delivery of gold? How do you ensure that the timelines are met?
3. Do you have checks and balances in the system to ensure only genuine delivery requests are catered to?

Assessment notes:

Area(s) of improvement:

12 I promise to hold allocated gold (including pool allocated) for all customer investment with complete operational segregation from own stock

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you hold gold in allocated form for all customer investment irrespective of individual allocated or pool allocated?
2. Do you ensure that customer's gold holdings are operationally segregated from any other gold holdings?
3. Do you have controls to restrict the provider from accessing and using customers' gold holdings?
4. Do you reconcile the customers' gold holdings against the gold inventory on a daily basis?

Assessment notes:

Area(s) of improvement:

13 I promise to maintain gold inventory against customers' holdings in clearly identifiable form

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you maintain gold inventory in clearly identifiable form?
What is the unique marker used for the identification?
2. How do you ensure that the list of unique markers is updated
after addition / removal of discrete gold units from the inventory?

Assessment notes:

Area(s) of improvement:

14 I hold all allocated gold (including pool allocated) such that each customer can be recognised to an identifiable discrete gold unit

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Are customers mapped to identifiable gold unit(s) which they hold
partially / completely? If yes, how do you ensure that the mapping is
followed irrespective of quantity of gold held by any customer?

Assessment notes:

Area(s) of improvement:

15 I promise to maintain legal segregation of customer monies and gold from institutional monies and gold

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. What policies and internal controls do you have in place to segregate customer monies and gold from company's business operations?
2. How do you ensure that these are followed at all instances in the company?

Assessment notes:

Area(s) of improvement:

16 I promise to implement adequate systems and mechanisms to receive, record and redress customer feedback, queries and complaints

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have systems in place to receive customer feedback and complaints? Do you commit a timeline to customers to resolve complaints?
2. Do you have a customer support team dedicated to address customers' complaints?

Assessment notes:

Area(s) of improvement:

17 I promise to clearly communicate and adhere to terms, conditions and timelines of payments with every customer and supplier, consistently and impartially

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you communicate and clearly align on key terms of payment before finalising trade with suppliers?
2. Do you ensure that you as well as the suppliers adhere to the terms? Do you have mechanisms in place for events where any one party violates the terms?
3. Do you have controls to restrict payment frauds? Are these upgraded at regular intervals?

Assessment notes:

Area(s) of improvement:

18 I promise to have adequate provisions to ensure that customers' monies and gold holdings are not at risk

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. How do you facilitate movement of gold holdings and monies between customers and providers? What operational controls are deployed to ensure that gold holdings are separate from provider's business?
2. Do you put aside adequate financial resources to service all future obligations which may arise due to regular operations or unforeseen situations?
3. Do you involve in proprietary trading? If yes, what controls do you have in place to segregate customer holdings from any proprietary trading asset?

Assessment notes:

Area(s) of improvement:

19 I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you identify, measure and monitor major financial and non-financial risks to business?
2. Do you have appropriate risk management practices including policies, governance in place to mitigate / manage these risks?

Assessment notes:

Area(s) of improvement:

20 I promise to implement safe and effective IT practices to ensure data protection, cyber security and secure data storage

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have adequate measures to ensure physical protection of IT infrastructure?
2. What IT practices do you deploy for data protection, cyber security and data storage? Are these at par with the industry accepted standards?

Assessment notes:

Area(s) of improvement:

21 I promise to devise a wind-down plan to ensure complete transfer of customers’ gold and monies in case of any eventualities

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have a wind-down plan in place with defined metrics, roles, triggers and responsibilities?
2. What controls and processes have been put in place to ensure that customers receive their gold and monies in case of any eventualities?

Assessment notes:

Area(s) of improvement:

22 I promise to run adequate anti-money -laundering controls and report suspicious activities to the relevant authorities

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have adequate anti-money-laundering controls in place?
2. Do you identify and report suspicious activities to relevant authorities?

Assessment notes:

Area(s) of improvement:

23

I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose / report any information as required by regulatory authorities

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you ensure compliance with all laws / regulations are applicable to your organisation?
2. Do you maintain records and documentation for all compliance and audit procedures?
3. Do you conduct internal audits such as reconciliation of customers' and provider's gold holdings? Are these audits conducted by professional and independent auditors?

Assessment notes:

Area(s) of improvement:

24

I promise to commission independent audits by third parties at regular intervals covering key business and operations functions (including gold holdings, cyber security and information systems)

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you conduct independent audits covering key business and operations functions?
2. Do you check the quality of audit and reputation of auditors before engaging with them?

Assessment notes:

Area(s) of improvement:

25

I promise to disclose information such as audit reports / financial statements to enhance my credibility

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you disclose audit reports, financial statements etc. to customers / public to enhance credibility?

Assessment notes:

Area(s) of improvement:

Activity	Sound Practices	Rating
Sourcing	1. I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks	O / BO / PO / NO
	2. I promise to conduct independent and adequate tests to ascertain the characteristics of gold products received from my suppliers	O / BO / PO / NO
	3. I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers	O / BO / PO / NO
	4. I promise to only accept gold products which adhere to industry accepted chains of integrity (Additional best practices)	O / BO / PO / NO
Marketing	5. I promise to promote products and services clearly and fairly representing key product characteristics, including pricing, transfer of ownership and potential risks	O / BO / PO / NO
	6. I promise to offer educational material to customers on gold products or point them to credible sources of such information	O / BO / PO / NO
Selling	7. I promise to charge fair prices and fees and disclose key terms and conditions to the customer	O / BO / PO / NO
	8. I promise to issue tax invoice for each sale which has been generated only after ensuring required KYC across any sale platform	O / BO / PO / NO
	9. I promise to confer outright legal ownership of the gold to the customer to ensure that provider’s creditors have no claim on customers’ gold holdings	O / BO / PO / NO
Storage and delivery	10. I promise to have adequate operational processes and controls to safely store and transport valuables	O / BO / PO / NO
	11. I promise to facilitate withdrawal / delivery of gold to customer within agreed upon timelines as and when requested	O / BO / PO / NO
	12. I promise to hold allocated gold (including pool allocated) for all customer investment with complete operational segregation from own stock	O / BO / PO / NO
	13. I promise to maintain gold inventory against customers’ holdings in clearly identifiable form	O / BO / PO / NO
	14. I promise to hold all the allocated gold (including pool allocated) such that each customer can be recognized to an identifiable discrete gold unit	O / BO / PO / NO
	15. I promise to maintain legal segregation of customer monies and gold from institutional monies and gold	O / BO / PO / NO
Customer support & complaints redressal	16. I promise to implement adequate systems and mechanisms to receive, record and redress customer feedback, queries and complaints	O / BO / PO / NO

Activity	Sound Practices	Rating
Payments	17. I promise to clearly communicate and adhere to terms, conditions and timelines of payments with every customer and supplier, consistently and impartially	O / BO / PO / NO
Risk management	18. I promise to have adequate provisions to ensure that customers' monies and gold holdings are not at risk	O / BO / PO / NO
	19. I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks	O / BO / PO / NO
	20. I promise to implement safe and effective IT practices to ensure data protection, cyber security and secure data storage	O / BO / PO / NO
	21. I promise to devise a wind-down plan to ensure complete transfer of customers' gold and monies in case of any eventualities	O / BO / PO / NO
	22. I promise to run adequate anti-money-laundering controls and report suspicious activities to the relevant authorities (Additional best practices)	O / BO / PO / NO
Audit and Compliance	23. I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose / report any information as required by regulatory authorities	O / BO / PO / NO
	24. I promise to commission independent audits by third parties at regular intervals covering key business and operations functions (including gold holdings, cyber security and information systems (Additional best practices)	O / BO / PO / NO
	25. I promise to disclose information such as audit reports / financial statements to enhance my credibility	O / BO / PO / NO

Annexure B: Version control

The Code of Conduct is a continuously evolving document intended to incorporate latest and best practices in the industry. The below table reflects the history of updates and latest version of the document

S.No.	Version Number	Timeline
1.	Code of Conduct_Digital Investment Gold Retailing_vMar2021	Mar, 2021

Notes

Notes