



## MEDIA RELEASE

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# Singapore Kilobar Gold First In The World To Trade On Exchange Platform

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Singapore, Wednesday, 25 June 2014

1. At the annual London Bullion Market Association (LBMA) Bullion Market Forum held for the first time in Singapore today, Mr Lim Hng Kiang, Minister for Trade and Industry, announced a new exchange-traded Singapore Kilobar Gold Contract<sup>1</sup> ("Contract"). This is the first wholesale 25 kilobar gold contract to be offered globally.
2. Expected to go 'live' as early as September 2014, the Contract will introduce centralised trading and clearing of a physically-delivered gold contract in Singapore. With this Contract, global suppliers of gold are able to connect more effectively with their Asian clientele. The Contract comprises a series of six daily contracts, which will give physical users access to competitively-priced kilobars. The Contract is the result of a successful collaboration between International Enterprise (IE) Singapore, Singapore Bullion Market Association (SBMA), Singapore Exchange (SGX) and the World Gold Council. Representing the SBMA in this collaboration are four bullion banks, namely J.P. Morgan, Standard Chartered Bank, Standard Merchant Bank (Asia) Limited and The Bank of Nova Scotia. (Please see Annex for factsheet with details of the Contract).
3. Commenting on the significance of the announcement, Minister Lim said, "With our close proximity to both demand and supply in Asia, I believe that Singapore is well-placed to support the bullion industry, with substantive mutual benefits. Our vision is that Asia can be a driving force to continue the growth of the bullion industry, and be a global leader in areas fundamental to the demand and trade in this region."
4. Asia's strong demand for physical gold is the key driver for the implementation of the Contract. The World Gold Council reports that, while global consumer demand for

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<sup>1</sup> Opening address by Minister Lim Hng Kiang at LBMA Market Forum in Singapore:  
<http://www.mti.gov.sg/NewsRoom/Pages/default.aspx>

gold has increased nearly 50% over the last decade or so, demand for gold in South East Asia has increased by over 250% during the same period. The Contract is another significant development for Singapore following its exemption of Goods and Services Tax (GST) on investment precious metals (IPM) in October 2012. Metalor Technologies Singapore Pte Ltd (Metalor Technologies) is also officially opening its world class bullion manufacturing and refining facility in Singapore tomorrow, 26 June 2014. These initiatives are key building blocks in the country's drive to become a regional precious metals trading hub.

5. Albert Cheng, Far East Managing Director at the World Gold Council said, "The global gold market continues to shift from west to east and Singapore's ambitions to become a gold hub reflect this trend. Since its inception, the World Gold Council has worked with key market participants to drive the development of this market. We believe this innovation will contribute substantially to the creation of a more efficient market capable of satisfying growing local demand for gold in a transparent and trusted manner - it will provide the foundation for further development of the gold market throughout South East Asia."
6. Gina Lim, Trade Services and Policy Group Director, IE Singapore, said, "It has been a most rewarding journey with the gold industry, from when IE Singapore first engaged with them in 2011. Starting with the exemption of GST on investment precious metals and attracting Metalor to set up its refinery in Singapore, this unique wholesale kilobar gold contract is another milestone achieved in collaboration with the industry. IE Singapore had the privilege of working with key players like the World Gold Council, SBMA, the major bullion banks and SGX to enable this outcome. This Contract will provide the industry with a more efficient and transparent market, and enhance Singapore's infrastructure for precious metals trading."
7. Ng Cheng Thye, President, SBMA, added, "This Contract will help to develop the gold market in South East Asia by creating greater liquidity and opportunities for growth. With a stock and flow of bars guaranteed by the major bullion banks, as well as an exchange open to the key buy-side participants, we believe this will encourage further products to be developed in South East Asia, which are based on this kilobar contract model."
8. Muthukrishnan Ramaswami, President, SGX shared, "SGX is pleased to support the consortium's efforts to develop Singapore as a global trading hub for gold. SGX's market place will enable the trading and clearing of the Singapore Kilobar Gold Contract and establish a fully transparent price discovery mechanism for gold in this

region. The new contract illustrates SGX's ongoing commitment in fostering greater market transparency in a well-governed and regulated framework within the Asian time-zone. ”

9. Since the exemption of GST on IPM in October 2012, trade in gold has risen by 94% year-on-year between 2012 and 2013 from S\$18 billion to S\$35 billion.

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## **ANNEX**

### **CONTRACT FACTSHEET**

## **Singapore Kilobar Gold Contract**

### **The first exchange-traded physically-delivered 25 kilobar gold contract**

#### **Introduction**

In 2012, the Singapore government announced its ambition for the city to become a precious metals trading hub in the region. The government removed GST from IPM in October 2012. Metalor Technologies subsequently announced its entry to Singapore in November 2012, and started operations in June 2013. It will officially open on 26 June 2014.

#### **Singapore Kilobar Gold Contract**

The establishment of a physical kilobar trading marketplace and an efficient trading platform are essential for Singapore to develop a more mature and efficient eco-system for the regional gold market.

The Singapore Kilobar Gold Contract will be traded on a centralised and transparent market where transactions are executed on a regulated platform by SGX. Supported by leading upstream and downstream industry players, the Contract will bring the kilobar to exactly where the market is – Asia.

The first of its kind globally, the Singapore Kilobar Gold Contract is unique because:

- Of its size, it is the first 25 kilobar contract to be offered to the market.
- It is physical settlement only, largely for the gold industry.
- It provides a series of six daily contracts, which will give physical gold users access to competitively-priced kilobars.

- It is traded three hours in the morning at Asia time, prior to the opening of the London market.
- It will be traded and cleared on SGX, who acts as a central counterparty.

### Key Contract Specifications

Product Name	Singapore Kilobar Gold Contract
Ticker Symbol	GD
Contract Size	1 lot = 25 kilogrammes
Price Quotation	US dollars per gramme
Minimum Price Fluctuation	0.005 US dollars per gramme (Tick value = US\$125 per lot)
Contract Days	6 consecutive business days
Trading Day	Any trading day that is not a Singapore holiday
Trading Hours (Singapore Time)	<ul style="list-style-type: none"> <li>- Pre-Open: 8.25 am - 8.30 am</li> <li>- Open: 8.30 am - 11.25 am</li> <li>- Pre-Close: 11.25 am - 11.30 am</li> </ul> Note: The last 1 minute of the Pre-Open and Pre-Close sessions are non-cancel periods.
Daily Price Limits	No price limits
Last Trading Day	Every Singapore business day
Final Settlement	The contracts are settled by physical delivery.
Approved Vaults	Approved Vaults residing in the free port of Singapore
Approved Vault Operator	BRINKS
Quality Specifications	Gold assayed to a minimum of 99.99% fineness, cast in one kilogramme Bars of an Approved Brand from an Approved Refinery with each bar's weight, fineness, bar number, and brand mark clearly incised thereon. The Approved Refineries and Approved Brand must be on the Singapore Bullion Market Association Good Delivery List.
Delivery Period	T + 2
Failed Delivery	Outstanding positions that are not settled by physical delivery will be cash settled. A penalty of 10% shall be levied on the defaulting member for failing to fulfil delivery obligations.

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**About International Enterprise Singapore**

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. It spearheads the overseas growth of Singapore-based companies and promotes international trade.

Trade has always been the backbone of Singapore's economy. In addition to promoting export of goods and services, IE Singapore also attracts global commodities traders to establish their global or Asian home base in Singapore. Today, Singapore is a thriving trading hub with a complete ecosystem for the energy, agri-commodities and metals & minerals trading clusters.

Renowned worldwide for their dedication to quality and innovation, Singapore-based companies make ideal business partners. With its global network in over 35 locations spanning many developed and emerging markets, the agency connects businesses with relevant Singapore-based companies for their business expansion by:

- helping to identify and cultivate relationships with Singapore-based partners that have a pan-Asian or global presence
- keeping companies abreast of the latest business trends and opportunities in Asia

Visit [www.iesingapore.com](http://www.iesingapore.com) for more information.

### **About Singapore Bullion Market Association**

The SBMA was first formed in 1993 and currently has a membership base of 27 corporate members from the gold industry. The Executive Management Committee was formed on 2 April 2012 comprising of the following members, World Gold Council, J.P. Morgan, Standard Chartered Bank, Standard Merchant Bank (Asia) Limited, ANZ Banking Group Ltd, The Singapore Mint, Metalor Technologies Singapore Pte Ltd, UOB Ltd and Brink's Singapore Pte Ltd.

### **About Singapore Exchange**

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a leading Asian counterparty for the clearing of financial and commodity products.

For more information, please visit [www.sgx.com](http://www.sgx.com)

### **About World Gold Council**

The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

The World Gold Council develops gold-backed solutions, services and markets, based on true market insight. As a result, it creates structural shifts in demand for gold across key market sectors.

The World Gold Council provide insights into the international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East, Europe and the US, the World Gold Council is an association whose members include the world's leading and most forward thinking gold mining companies.