

MEMBERSHIP APPLICATION PROCESS

1. DEFINITIONS

Please note these Definitions have been extracted from the LPMCL Rules. To the extent there are any discrepancies between the Definitions in the LPMCL Rules and this document, the Definitions in the LPMCL Rules shall be used.

Annual Fee	means the fee payable by a User Member on an annual basis as determined by the Board
Application Fee	means the non-refundable fee payable by an applicant to the LPMCL in order for the Board to process and review the application, as determined by the Board from time to time.
Articles of Association	means the articles of association of LPMCL as amended from time to time.
Board	means the board of directors of LPMCL. Please refer to Annex A for the Board's Terms of Reference.
Clearer	means a bank involved in the clearing (or settlement) of transfer instructions and account management for Precious Metals and the resultant squaring or covering of positions with other banks, as set out in the LPMCL Rules.
Company or LPMCL	means London Precious Metals Clearing Limited, a company limited by shares registered in England and Wales with company number 10961672 with registered office at 1-2 Royal Exchange Buildings, Royal Exchange, London, United Kingdom, EC3V 3LF.
Equity Member	means a Clearer which LPMCL determines satisfies the criteria for user membership as set in the LPMCL Rules and which is also a shareholder of the Company.
LBMA	means the London Bullion Market Association.
LPMCL Rules	means the rules of LPMCL as issued and amended from time to time by the Board.
LPPM	means the London Platinum and Palladium Market.
Member	means a User Member or an Equity Member and "membership" shall be construed accordingly.
Operating Costs Contribution	means the quarterly amount payable by each Equity Member determined by the Board and calculated pro rata to each Equity Member's shareholding, to reflect the operating costs and expenses of the Company not otherwise recovered through the payment of Annual Fees.
Precious Metals	means gold, silver, platinum and/or palladium.
User Member	means a Clearer which LPMCL determines satisfies the criteria for user membership as set out in the LPMCL Rules and which is not a shareholder of the Company.

2. BACKGROUND

This document gives an overview of the application process for a company applying to become an Equity Member or a User Member of the Company.

The current requirements for a Clearer to qualify as a User Member of LPMCL are set out in the LPMCL Rules.

3. OVERVIEW OF PROCESS

Any enquiries for membership can be made by email to mail@lpmcl.com or to LPMCL@lbma.org.uk.

At the discretion of the Board, a copy of the LPMCL Rules, which set out the criteria for membership, will be shared with the applicant. The applicant will be required to pay a non-refundable Application Fee.

LPMCL will then undertake preliminary due diligence on the applicant, which includes confirmation of its compliance with the membership criteria set out in the LPMCL Rules, including its status as a Market Maker with LBMA and LPPM. If LPMCL is satisfied with its findings, the applicant will be required to present to the Board on its eligibility.

The Board may then upon its discretion confirm to the applicant that it is prepared in principle to admit the applicant as a User Member, inviting the applicant to enter into the User Terms of Membership Agreement and agree to be bound by the LPMCL Rules (and its criteria for operation).

Further detail on each of these agreements is provided below within this document.

4. APPLICATION COSTS

Prior to LPMCL undertaking due diligence upon receipt of a membership enquiry, the applicant is required to pay a non-refundable Application Fee of £10,000 (or such other amount as determined by the Board) to reflect the work undertaken throughout the application process.

This will primarily involve the testing of internal procedures and technical capabilities. Should this testing stage be successful, the application fee will also cover costs involved with incorporating the applicant into existing technical frameworks and legal agreements.

5. TERMS OF MEMBERSHIP AGREEMENT

Upon confirmation of the applicant's admission as a User Member, LPMCL and the applicant will enter into a user terms of membership agreement which will set out the terms and conditions for the applicant's admission as a User Member (the User Terms of Membership Agreement).

The User Terms of Membership Agreement also governs the financial obligations of the User Member. All contributions by way of an Annual Fee shall then be applied toward ordinary costs and expenses of LPMCL.

An Equity Member (see paragraph 9 below) will enter into an equity terms of membership agreement (the Equity Terms of Membership Agreement), the terms of which will include requiring the new Equity Member to be bound by the Articles of Association. All contributions by way of an Operating Costs Contribution shall then be applied toward ordinary costs and expenses of LPMCL. Additionally, the liability for investment and capital costs sits with the Equity Members.

6. LPMCL RULES

The LPMCL Rules constitute a contract which is binding upon every Member, and between Members, and between LPMCL and Members at all times.

The LPMCL Rules set out the criteria required to become a Member of LPMCL. To qualify for approval, the applicant must be a Market Making Member of LBMA or a Full Market Making Member of LPPM, must operate a vault or have access to vaulting services.

The LPMCL Rules prescribe the ongoing compliance obligations of all Members and also contain provisions governing exchange accounts and the process of allocation.

7. ACCOUNTS AGREEMENTS

The accounts agreements govern the accounts relationship between Members and their clients and will be dated from when the account is opened. The applicant must incorporate these agreements into their business.

8. PHYSICAL ENGAGEMENT

Alongside the contractual documentation listed above, all Members should demonstrate their ability to comply with LPMCL's internal policies on the following physical considerations:

- *Vaulting*: Rule 2.2.9 of the LPMCL Rules requires that a Member to operate a vault of its own or have access to vaulting services provided by other parties under contract to it to facilitate, in either case, the

physical delivery of Precious Metal in loco London in accordance with LBMA or LPPM rules in force from time to time (as appropriate to the relevant Precious Metal) and otherwise of a standard which is sufficiently robust given the activities of LPMCL. Members agree which vaults are acceptable for allocations for each precious metal on a bilateral basis.

- *Good Delivery gatekeeper capability:* Members must ensure relevant staff have undertaken the LBMA Vault Operators' Training.
- *LBMA approved weigher:* Members must engage only with approved weighers listed in the relevant Annex of the LBMA Good Delivery Rules.

9. ADDITIONAL PROCESS ITEMS FOR BECOMING AN EQUITY MEMBER

Each Equity Member currently holds ordinary fully paid shares, each with a nominal value of £1.00.

The process for applying to become an Equity Member is set out in Schedule 3 to the Articles of Association.

Following the Board approving a new Equity Member, the Equity Member will sign the Equity Terms of Membership Agreement, the Company will issue a share certificate to the new Equity Member and the LPMCL register of members will be updated.

10. RESIGNATION FROM MEMBERSHIP

As set out in the LPMCL Rules, a User Member may resign from its obligations by providing not less than three months' notice to LPMCL, which shall promptly notify all other Members.

A resigning Equity Member must ensure it complies with the exit process as set out in the Articles of Association.

During this notice period, full compliance with the LPMCL Rules and the Terms of Membership Agreement is required by the resigning User Member or Equity Member.

11. FEES

Each applicant is required to pay the Application Fee to LPMCL.

From the date of admission: (i) each User Member shall pay an Annual Fee to LPMCL; and (ii) each Equity Member shall pay the Operating Costs Contribution. For the avoidance of doubt, an Equity Member is not required to pay the User Member Annual Fee.

