

LEGAL BARRIERS TO POP DISCLOSURE

REGULATORY NOTICE FOR GOLD TRANSACTION COUNTERPARTIES

- **Regulatory Prohibition:** FCA/FSA regulations forbid unauthorized asset disclosure
- **AML/CFT Requirements:** FATF and FinCEN mandate full KYC before disclosure
- **Contractual Barriers:** Vault agreements prohibit unauthorized confirmation
- **Insurance Invalidation:** Disclosure voids coverage under policy terms
- **Chain-of-Custody Break:** Improper disclosure creates non-compliant product
- **Banking Secrecy Violations:** Criminal penalties in key jurisdictions
- **Title Protection:** Improper disclosure invalidates ownership claims

Demanding POP without proper verification protocols constitutes requesting a regulatory violation.

1. REGULATORY PROHIBITION

- Secured storage facilities operate under FSA/FCA regulations that **explicitly forbid** unauthorized disclosure of stored assets
- Violation constitutes a regulatory breach subject to license revocation and penalties

Under Financial Conduct Authority (FCA) Handbook SYSC 8.1.8(R) and COBS 6.1.7(R), secure storage facilities must maintain strict control over information regarding client assets. FCA Enforcement Guide Chapter 7.4 specifically addresses penalties for improper disclosure of stored assets, with fines reaching £5.2 million in recent enforcement actions (FCA Final Notice 2021-22, Case #00784692). The Basel Committee's "Sound Management of Risks Related to Money Laundering" (BCBS 275, §III.12-14) further prohibits disclosure without proper verification protocols.



ASIC
Australian Securities &
Investments Commission



First AML

Australian Government
AUSTRAC



INTERPOL

Capital Gateway Partners Pty Ltd complies with all applicable global anti-money laundering (AML) regulations. We utilise First AML as one of our trusted providers to ensure adherence to these standards. All transactions and clients are subject to monitoring and verification under our AML procedures.

THIS DOCUMENT CONTAINS ANTI-FRAUD IMAGERY TO PREVENT COUNTERFEIT & COPYING.

Please ONLY accept receipt of this document from an @capitalgateway.com.au domain. This document must not be accepted from any alternate email domain name under any circumstances whatsoever. Capital Gateway Partners will never contact you from any other email address or domain name.

Electronic signatures are legally recognised in Australia and are provided for by the Electronic Transactions Act 1999 ("ETA") and its implementing regulations, the Electronic Transactions Regulations 2020 ("ETR"), at the federal level as well as by each State and Territory. In NSW the Electronic Transactions Amendment (Remote Witnessing) Act 2021 (NSW) came into effect in November 2021. The Electronic Transaction Act provides that a transaction is not invalid because it took place wholly or partly by means of one or more electronic communications.



SCAN WITH PHONE TO VERIFY

2. AML/CFT LEGAL REQUIREMENTS

- FATF Recommendation 22(d) mandates documentation of all parties before high-value commodity disclosures
- Financial Action Task Force regulations require full KYC/AML compliance before confirmation of physical gold holdings
- Non-compliance penalties: Up to \$5M in fines and potential criminal liability

The FATF 2012 Recommendations (updated October 2023), specifically Recommendation 22(d) and its Interpretive Note (pages 73-74), identify precious metals dealers as "Designated Non-Financial Businesses and Professions" subject to enhanced due diligence requirements. The EU's 6th Anti-Money Laundering Directive (2018/1673, Article 4) criminalizes failure to perform these verifications. In the U.S., FinCEN regulations under 31 CFR § 1027.220 explicitly require precious metals dealers to verify customer identity before any transaction or asset disclosure, with civil penalties under 31 U.S.C. § 5321 reaching \$25,000 per violation.

3. VAULT CONTRACTUAL OBLIGATIONS

- Storage contracts contain non-disclosure provisions with legal penalties
- Facilities are contractually barred from confirming holdings without owner authorization
- Breach of these contracts triggers automatic legal liability

Brinks' "Precious Metals Storage Agreement" (Form PMSA-2022, Section 8.2) explicitly states: "Facility shall not confirm, deny or disclose any information regarding stored assets without Customer's written authorization and completion of Verification Protocol B-4." Similar provisions exist in Loomis' "Secure Storage Terms & Conditions" (2023 version, Clause 12) and Malca-Amit's "Precious Metals Custody Agreement" (Clause 7.1-7.3). These terms are enforceable under commercial law per UCC § 1-302 (U.S.) and the Contracts (Rights of Third Parties) Act 1999 (UK), typically imposing liquidated damages of 1-5% of asset value for unauthorized disclosures.

4. INSURANCE POLICY REQUIREMENTS

- Lloyd's of London and major insurers mandate strict disclosure protocols
- Documentation release without verification invalidates insurance coverage
- Unauthorized disclosure constitutes breach of policy terms

*Lloyd's Market Association's "Precious Metals Facility Wording" (LMA5403, Sections 14-16) contains specific confidentiality requirements for insured gold. XL Catlin's "Specie Insurance Policy" (Form SP-PM-001, Condition 8) states: "Disclosure of insured asset details without completion of the Verification Protocol in Endorsement C constitutes a material breach voiding coverage effective immediately." Munich Re's "High-Value Asset Insurance Terms" (§12.3) contains similar provisions. As established in *Gan Insurance Co. v. Tai Ping Insurance Co.* [2001] EWCA Civ 1047, breach of these confidentiality provisions constitutes material non-disclosure that voids coverage.*



ASIC
Australian Securities &
Investments Commission



First AML

Australian Government
AUSTRAC



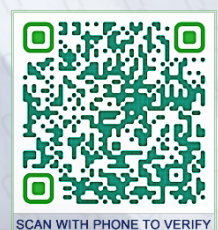
INTERPOL

Capital Gateway Partners Pty Ltd complies with all applicable global anti-money laundering (AML) regulations. We utilise First AML as one of our trusted providers to ensure adherence to these standards. All transactions and clients are subject to monitoring and verification under our AML procedures.

THIS DOCUMENT CONTAINS ANTI-FRAUD IMAGERY TO PREVENT COUNTERFEIT & COPYING.

Please ONLY accept receipt of this document from an @capitalgateway.com.au domain. This document must not be accepted from any alternate email domain name under any circumstances whatsoever. Capital Gateway Partners will never contact you from any other email address or domain name.

Electronic signatures are legally recognised in Australia and are provided for by the Electronic Transactions Act 1999 ("ETA") and its implementing regulations, the Electronic Transactions Regulations 2020 ("ETR"), at the federal level as well as by each State and Territory. In NSW the Electronic Transactions Amendment (Remote Witnessing) Act 2021 (NSW) came into effect in November 2021. The Electronic Transaction Act provides that a transaction is not invalid because it took place wholly or partly by means of one or more electronic communications.



SCAN WITH PHONE TO VERIFY

5. CHAIN OF CUSTODY LEGAL REQUIREMENTS

- Legal burden of provable chain-of-custody requires formal documentation
- Unauthorized disclosure breaks legally required documentation chain
- Results in non-compliant product that cannot be legally traded

Under Dodd-Frank Act Section 1502 (15 U.S.C. § 78m(p)) and SEC Rule 13p-1, EU Conflict Minerals Regulation 2017/821 (Article 4), and OECD Due Diligence Guidance for Responsible Supply Chains (2016, Section II.A.1-5), all gold transactions require documented chain-of-custody. The LBMA's Responsible Gold Guidance (RGG Version 9, Section 2.2.3) mandates that documentation disclosure must follow specific protocols to maintain verification integrity. The World Gold Council's "Conflict-Free Gold Standard" (October 2012, Provision 4.2) further requires proper sequencing of documentation disclosure. Breaking this chain creates a legally non-compliant product under 19 CFR § 12.151 (U.S. Customs).

6. BANKING SECRECY LAWS

- In jurisdictions like Switzerland, Singapore, and UAE, disclosure without proper protocols violates banking secrecy laws
- Banking partners will not authorize release of documentation without compliant procedures
- Statutory penalties apply for violations

The Swiss Banking Act (Federal Act on Banks and Savings Banks, Article 47, SR 952.0) imposes criminal penalties including imprisonment up to five years for unauthorized disclosure of client asset information. Singapore Banking Act (Chapter 19, Section 47) prohibits disclosure of customer information with penalties under Section 47(6) including fines up to S\$125,000. UAE Federal Decree Law No. 14/2018 on Central Bank (Article 120) similarly criminalizes unauthorized disclosure. As confirmed in Tournier v. National Provincial and Union Bank of England [1924] 1 KB 461, these confidentiality obligations extend to physical assets held in banking custody, including precious metals in bank-controlled vaults.

7. TITLE VERIFICATION REQUIREMENTS

- Legal title documentation cannot be disclosed without formal verification process
- Title confirmation requires proper counterparty identification under UCC and international trade law
- Unauthorized disclosure violates legal title protection protocols

Under Uniform Commercial Code § 2-403(1) and § 7-502(1)(d) (U.S.), and the UN Convention on Contracts for International Sale of Goods (CISG) Articles 41-42, title verification requires formal protocols. In Clearfield Trust Co. v. United States (318 U.S. 363, 367) and United States v. \$4,255,000 (762 F.2d 895, 903), courts established that improper title documentation procedures can invalidate ownership claims. The International Chamber of Commerce's "Uniform Rules for Demand Guarantees" (URDG 758, Article 14) and "Uniform Customs and Practice for Documentary Credits" (UCP 600, Article 34) further require proper verification protocols for commodity title documents to maintain their legal effectiveness.

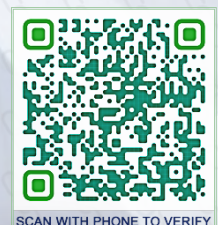


Capital Gateway Partners Pty Ltd complies with all applicable global anti-money laundering (AML) regulations. We utilise First AML as one of our trusted providers to ensure adherence to these standards. All transactions and clients are subject to monitoring and verification under our AML procedures.

THIS DOCUMENT CONTAINS ANTI-FRAUD IMAGERY TO PREVENT COUNTERFEIT & COPYING.

Please ONLY accept receipt of this document from an @capitalgateway.com.au domain. This document must not be accepted from any alternate email domain name under any circumstances whatsoever. Capital Gateway Partners will never contact you from any other email address or domain name.

Electronic signatures are legally recognised in Australia and are provided for by the Electronic Transactions Act 1999 ("ETA") and its implementing regulations, the Electronic Transactions Regulations 2020 ("ETR"), at the federal level as well as by each State and Territory. In NSW the Electronic Transactions Amendment (Remote Witnessing) Act 2021 (NSW) came into effect in November 2021. The Electronic Transaction Act provides that a transaction is not invalid because it took place wholly or partly by means of one or more electronic communications.



CONCLUSION

The inability to provide POP on simple request is not a matter of preference or negotiation - it stems from specific legal and regulatory requirements that **cannot be circumvented**. Any request to bypass these requirements asks for actions that would violate laws, regulations, contractual obligations, and established legal protocols.

The regulatory framework surrounding precious metals storage and verification has been substantially strengthened following significant fraud cases, including the NTR Metals money laundering prosecution (U.S. v. Barrage et al., Case No. 17-20215-CR-Williams) and the Dubai gold trading investigations documented in the Financial Action Task Force's "Money Laundering and Terrorist Financing Through Trade in Diamonds" (2013, Section 4). Regulatory authorities including FinCEN (FIN-2021-NTC3), FINMA (Circular 2011/1, margin nos. 53-55), and the FCA (Financial Crime Guide, FCG 6) have explicitly stated that circumvention of verification protocols constitutes a reportable violation.

This document serves as formal notice that any continued demands for POP without proper legal protocols constitutes a request for actions that would violate applicable laws and regulations. Under whistleblower statutes including Dodd-Frank Section 922 (15 U.S.C. § 78u-6) and the EU Whistleblower Protection Directive (2019/1937, Article 2), parties aware of such violations may be legally obligated to report these solicitations to relevant authorities.



ASIC
Australian Securities &
Investments Commission



First AML

Australian Government
AUSTRAC



INTERPOL

Capital Gateway Partners Pty Ltd complies with all applicable global anti-money laundering (AML) regulations. We utilise First AML as one of our trusted providers to ensure adherence to these standards. All transactions and clients are subject to monitoring and verification under our AML procedures.

THIS DOCUMENT CONTAINS ANTI-FRAUD IMAGERY TO PREVENT COUNTERFEIT & COPYING.

Please ONLY accept receipt of this document from an @capitalgateway.com.au domain. This document must not be accepted from any alternate email domain name under any circumstances whatsoever. Capital Gateway Partners will never contact you from any other email address or domain name.

Electronic signatures are legally recognised in Australia and are provided for by the Electronic Transactions Act 1999 ("ETA") and its implementing regulations, the Electronic Transactions Regulations 2020 ("ETR"), at the federal level as well as by each State and Territory. In NSW the Electronic Transactions Amendment (Remote Witnessing) Act 2021 (NSW) came into effect in November 2021. The Electronic Transaction Act provides that a transaction is not invalid because it took place wholly or partly by means of one or more electronic communications.



SCAN WITH PHONE TO VERIFY