MGIP PART 2:Xxxx

MALAYSIA GOLD INDUSTRY PRINCIPLES (MGIP) – PART 2: CODE OF PRACTICE

Malaysia Gold Industry Principles (MGIP)

Contents

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Foreword

The Malaysia Gold Industry Principles (MGIP) is a national framework established to promote responsible, ethical, transparent, and sustainable practices throughout the Malaysian gold industry. MGIP aims to strengthen industry governance, enhance consumer confidence, support product quality and integrity, and improve the competitiveness and international recognition of Malaysia's gold industry.

The MGIP Part 1, *Governing Charter*, establishes the vision, core values, principles, governance framework, and strategic direction of MGIP. It serves as the overarching reference document for organisations seeking to align their practices with and demonstrate their commitment to the objectives and principles of MGIP.

MGIP Part 2 specifies the requirements for certification under the MGIP framework. It translates the principles and commitments set out in the MGIP Part 1, *Governing Charter* into measurable and verifiable requirements that organisations can implement and demonstrate through their policies, processes, practices, and controls. The requirements are structured into eight (8) codes covering:

a) Code 1: Refining;

b) Code 2: Wholesale and trading;

c) Code 3: Manufacturing;

d) Code 4: Assaying and hallmarking;

e) Code 5: Retail;

f) Code 6: Financial and investment-linked gold products;

g) Code 7: Gold-backed micro-financing; and

h) Code 8: Shariah gold (under development).

The requirements specified in this document provide a structured approach for implementing the principles of responsible business conduct, integrity, accountability, transparency, quality assurance, and continual improvement within the gold value chain.

Conformity with this document demonstrates an organisation's commitment to the objectives of MGIP and contributes to strengthening trust, credibility, and sustainability across the Malaysian gold industry.

Information to assist users of the standard

For the purposes of this standard, the following ISO definitions have been adopted regarding verbal forms for the expression of provisions:

a) "**shall**" indicates an auditable **requirement**: it is used to indicate requirements strictly to be followed in order to conform to the document and from which no deviation is permitted;

b) "**should**" indicates a **recommendation**: it is used to indicate that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required, or that (in the negative form) a certain possibility or course of action is deprecated but not prohibited;

c) "**may**" indicates a **permission**: it is used to indicate a course of action permissible within the limits of the document; and

d) "**can**" indicates a **possibility** or a **capability**: it is used for statements of possibility and capability, whether material, physical or causal.

Compliance with this standard does not by itself grant immunity from legal obligations.

MALAYSIA GOLD INDUSTRY PRINCIPLE (MGIP) – PART 2: CODE OF PRACTICE

SECTION 1 GENERAL REQUIREMENTS

1.1 Scope

This document specifies the requirements for organisations seeking certification under the Malaysia Gold Industry Principles (MGIP) scheme.

It establishes the requirements for the implementation and continual improvement of systems, processes, and practices that support the objectives and principles of MGIP, including responsible business conduct, product integrity, traceability, quality assurance, transparency, and regulatory compliance.

1.2 Normative references

The following normative references are indispensable for the application of this standard. For dated references, only the edition cited applies. For undated references, the latest edition of the normative reference (including any amendments) applies.

MGIP Part 1: Governing Charter

MS 1247:2005, Description and Marking of Articles of, or Containing Precious Metal — Code of Practice (First Revision)

ISO 15093, Jewellery and Precious Metals — Determination of High Purity Gold, Platinum and Palladium — Difference Method Using ICP-OES

ISO 18214, Jewellery and Precious Metals — Determination of High Purity Gold, Silver, Platinum and Palladium — Difference Method Using SPARK-OES

ISO 23345, Gold — Determination of Homogeneity

ISO 24018, Precious Metals — Gold Bars — Specifications and Test Methods

ISO/IEC 17025, General Requirements for the Competence of Testing and Calibration Laboratories

ISO 31000, Risk Management — Guidelines

ISO/IEC 27001, Information Security Management Systems — Requirements

ISO/IEC 27005, Information Security Risk Management

SIRIM 67, Keperluan Penilaian Emas dan Perak sebagai Barang Gadaian

SIRIM 68, Requirements for Precious Metal Assaying Laboratories

Trade Descriptions Act 2011 (Act 730)

Trade Descriptions (Articles Made of Precious Metals) Regulations 1994

Companies Act 2016 (Act 777)

Income Tax Act 1967

Sales Tax Act 2018

Environmental Quality Act 1974

Customs Act 1967

Consumer Protection Act 1999 (Act 599)

Occupational Safety and Health Act 1994 / Occupational Safety and Health Act 2022

Industrial Coordination Act 1975

Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613)

Financial Services Act 2013 (Act 758)

Islamic Financial Services Act 2013 (Act 759)

Capital Markets and Services Act 2007

Cooperative Societies Act 1993

Pawnbrokers Act 1972 (Act 81)

LBMA Responsible Gold Guidance

LBMA Good Delivery Rules

LBMA Proactive Monitoring Programme (PAM)

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

UN Guiding Principles on Business and Human Rights

ILO Conventions

1.3 Terms and definitions

For the purposes of this standard, the following terms and definitions apply.

1.3.1 entities

refers to any legal or organisational unit operating within the gold value chain, including but not limited to companies, firms, partnerships, sole proprietorships, government bodies, or other institutions engaged in activities such as refining, trading, manufacturing, assaying, hallmarking, or retail of gold.

1.3.2 fineness

content of gold, expressed as parts per thousand (‰) by mass.

1.3.3 hallmark

official control mark (or combination of marks), applied by a State-appointed, independent Assay Office.

1.3.4 jewellery

ornamental article worn on clothing or the body, or inserted into pierced parts of the body, such asearrings and other bodypiercings.

1.3.5 semi-finished product

product that can easily be used to produce a finished item and/or a component part.

1.3.6 finished product

manufactured article ready for end-use.

1.3.7 doré bar

ingot made of gold, silver and other metals obtained after pre-refining usually at the site of a mine.

1.3.8 minted bar

homogeneous bar manufactured by stamping or pressing, with a specific design and markings, as well as a legal fineness.

1.3.9 cast bar

homogeneous bar produced in a mould directly from melted metal, without further metallurgical treatment after solidification, with a rectangular parallelepiped shape.

NOTE. Usually the cast bar is formed as a truncated pyramid to allow an easier extraction from the mould.

1.3.10 kilobar

investment bar weighing one kilogram, usually obtained by a casting process.

NOTE. The gold kilobar is the world's most traded gold bar, popular among investors and jewellery manufacturers; ISO 24018 specifies a number of requirements (including dimensions, mass, fineness, markings, appearance) for that product.

1.3.11 bullion

fine precious metal bar meeting given specifications (dimensions, mass, fineness, markings, appearance).

1.3.12 refining

processing, purification, and recovery of gold to achieve specified purity levels suitable for commercial use.

EXAMPLE Refining doré gold and recycled gold, precious metals recovery from scrap jewellery or industrial materials, production of refined gold bars or feedstock for manufacturing, recycling and secondary refining of gold.

1.3.13 wholesale and trading

sourcing, wholesale trading, and distribution of gold products within domestic and international markets.

EXAMPLE Wholesale gold products trading between dealers, distribution of investment-grade gold products, international gold products sourcing and trading, and institutional or B2B transactions.

1.3.14 manufacturing

fabrication and production of gold products for commercial and consumer markets.

EXAMPLE Jewellery manufacturing and fabrication, production of minted bars and commemorative gold products, fabrication of gold components and finished consumer products, design and production of jewellery and related items.

1.3.15 assaying and hallmarking

testing, verification, and certification of gold purity and authenticity.

NOTE. This includes laboratory testing gold purity, issuance of assay certificates, hallmarking and quality marking of gold products, independent verification of precious metals content.

1.3.16 retail

distribution and sale of gold products directly to consumers or investors.

EXAMPLE Retail sale of gold products, retail distribution of investment gold products, consumer gold investment services, online and physical retail platforms for gold products.

1.3.17 financial and investment products linked to gold

financial instruments or investment arrangements linked to gold.

EXAMPLE Gold investment accounts offered by financial institutions, exchange-traded gold products (ETFs), exchange-traded gold contracts, structured or digitally represented gold investment products.

1.3.18 gold-backed micro-financing

micro-financing services secured by gold collateral.

EXAMPLE Pawnbroking (conventional or Ar-Rahnu) services secured by gold products; short-term financing secured by gold collateral; valuation and management of gold collateral.

1.3.19 Ar-Rahnu

a valuable asset pledged as security for a debt (secured financing), which may be liquidated to settle the debt in the event of default by the debtor. It is a Sharia-compliant pawnbroking system that provides short-term collateralised loans to individuals.

1.3.20 gold collateral

gold products provided by a customer as security for microfinancing.

1.3.21 Shariah-compliant gold related activities

governance and structuring of Shariah-compliant refineries, gold products and services.

EXAMPLE Structuring of Shariah-compliant activities, including but not limited to refinery operations and gold trading procedures; Shariah advisory and governance oversight; compliance review of Shariah-compliant gold products; and ensuring adherence to Shariah principles in gold-related activities.

1.3.22 Marhun

Gold pledged by a customer as collateral for a financing facility in accordance with the principles of Rahn.

SECTION 2 MANAGEMENT SYSTEM

2.1 Context of organisation

The quality management system requirements specified in this document are common requirements applicable to all organisations.

Organisations operating within regulated sectors, such as banking institutions, shall additionally comply with the applicable policy documents, guidelines, directives, acts, regulations, and other regulatory requirements issued or enforced by the relevant authorities. For banking institutions in Malaysia, this includes requirements issued by Bank Negara Malaysia (BNM), as well as applicable legislation and regulatory obligations governing their operations.

2.1.1 Understanding the organisation and its context

2.1.1.1 The organisation shall determine and monitor internal and external issues relevant to its business activities that may affect its ability to fulfil MGIP certification requirements.

2.1.1.2 The organisation shall identify issues related to:

a) business operations;

b) market conditions;

c) legal and regulatory obligations;

d) economic and financial factors;

e) technology and cybersecurity;

f) occupational health and safety;

g) environmental impacts;

h) gold market integrity; and

i) stakeholder expectations.

2.1.1.3 The organisation shall review the issues identified in 4.1.2 at planned intervals and whenever significant changes occur.

2.1.2 Interested parties

2.1.2.1 The organisation shall determine the interested parties that are relevant to its MGIP-certified activities and that may affect, be affected by, or perceive themselves to be affected by the organisation's activities.

2.1.2.2 The organisation shall determine the applicable needs, expectations, and requirements of the identified interested parties.

2.1.2.3 The organisation shall monitor and review information relating to relevant interested parties and their requirements at planned intervals, or when significant changes occur.

NOTES:

1. Relevant interested parties may differ depending on the organisation's certified activity, size, business model, and regulatory obligations.

2. Examples of interested parties may include:

a) customers;

b) investors;

c) gold suppliers and service providers;

d) financial institutions;

e) government agencies;

f) regulatory authorities;

g) certification and accreditation bodies;

i) employees and workers;

j) shareholders and business owners;

k) local communities;

l) industry associations; and

m) law enforcement agencies, where applicable.

3. For organisations certified under:

a) Code 1 (Refining), regulators, suppliers, laboratory service providers, and environmental authorities may be particularly relevant.

b) Code 2 (Wholesale and Trading), suppliers, customers, financial institutions, and AML/CFT regulators may be particularly relevant.

c) Code 3 (Manufacturing), suppliers, customers, workers, DOSH, and environmental authorities may be particularly relevant.

d) Code 4 (Assaying and Hallmarking), customers, accreditation bodies, regulators, and laboratories may be particularly relevant.

e) Code 5 (Retail), consumers, enforcement authorities, and financial institutions may be particularly relevant.

f) Code 6 (Financial and Investment-Linked Gold Products), investors, custodians, financial regulators, and financial institutions may be particularly relevant.

g) Code 7 (Gold-Backed Micro-Financing), borrowers, investors, financial institutions, regulatory authorities, and Shariah governance bodies (where applicable) may be particularly relevant.

2.1.3 Scope of certification

2.1.3.1 The organisation shall define the scope of its certification. The scope shall be maintained as documented information. An organisation shall only claim certification for the Code(s) appearing within its certification scope.

2.1.3.2 The scope shall include:

a) legal entity;

b) physical locations;

c) certified Code(s);

d) products and services covered; and

e) outsourced activities, where applicable.

2.2 Leadership and governance

2.2.1 Leadership commitment

Top management shall demonstrate its commitment to:

a) compliance with MGIP requirements;

b) ensuring product integrity;

c) compliance with applicable legal requirements;

d) ethical business conduct;

e) occupational health and safety;

f) environmental responsibility; and

g) continual improvement.

2.2.2 Corporate governance

2.2.2.1 The organisation shall maintain a documented governance structure.

2.2.2.2 Responsibilities, authorities and reporting lines shall be defined.

2.2.2.3 Management shall ensure accountability for:

a) compliance;

b) risk management;

c) financial integrity;

d) product integrity; and

e) customer protection.

2.2.3 MGIP policy

2.2.3.1 The organisation shall establish and maintain a MGIP Policy.

2.2.3.2 The policy shall include commitments towards:

a) legal compliance;

b) ethical sourcing and trading;

c) responsible business conduct;

d) health and safety;

e) environmental protection;

f) customer confidence; and

g) continual improvement.

2.3 Planning

2.3.1 Risk and opportunity management

2.3.1.1 The organisation shall establish a documented risk management process.

2.3.1.2 Risks shall be assessed considering likelihood and impact.

2.3.1.3 Risk treatment actions shall be implemented and monitored. Minimum risk areas that need to be monitored are as follows.

a) fraud;

b) theft;

c) money laundering;

d) counterfeit products;

e) cybersecurity;

f) market volatility;

g) legal non-compliance;

h) safety incidents;

i) environmental incidents; and

j) reputational risks.

NOTE. For all codes, fraud prevention, traceability and anti-money laundering controls is to be treated as critical certification issues.

2.3.2 MGIP objectives

2.3.2.1 The organisation shall establish measurable objectives.

2.3.2.2 Objectives shall include, where applicable:

a) compliance performance;

b) customer satisfaction;

c) safety performance;

d) environmental performance; and

e) operational performance.

2.3.3 Management of change

The organisation shall assess and control changes that may affect certification requirements. Examples of changes include:

a) Relocation;

b) ownership changes;

c) new technology;

d) new products;

e) new suppliers; and

f) outsourcing arrangements.

2.4 Support

2.4.1 Resources

The organisation shall provide resources necessary to achieve conformity. Resources shall include:

a) competent personnel;

b) premises;

c) equipment;

d) information systems;

e) security controls; and

f) financial resources.

2.4.2 Competence

2.4.2.1 Personnel performing activities affecting conformity shall be competent. Personnel conducting assaying, purity verification, hallmarking or investment product verification shall possess demonstrable competency.

2.4.2.2 Competence shall be based on:

a) education;

b) training;

c) qualification;

d) experience.

2.4.3 Awareness

Personnel shall understand:

a) MGIP requirements;

b) company policy;

c) legal obligations; and

d) consequences of non-compliance.

2.4.4 Communication

The organisation shall establish internal and external communication arrangements.

2.4.5 Documented information

2.4.5.1 The organisation shall establish controls for documented information, including:

a) creation;

b) approval;

c) revision;

d) access;

e) retention; and

f) disposal.

2.4.5.2 Records shall remain legible, traceable and retrievable. Missing traceability records shall be treated as a major finding.

2.5 Operational compliance requirements

2.5.1 Legal and regulatory compliance

2.5.1.1 The organisation shall be legally registered in Malaysia.

2.5.1.2 The organisation shall maintain applicable licences, permits and approvals.

2.5.1.3 The organisation shall periodically evaluate legal compliance, such as but not limited to the following. Violation of legal requirements may result in certification suspension or withdrawal.

a) Companies Act 2016

b) Income Tax Act 1967

c) Sales Tax Act 2018

d) Occupational Safety and Health Act 1994 / OSHA 2022 amendments

e) Factories and machinery legislation, where applicable

f) Environmental Quality Act 1974

g) Anti-money laundering legislation

h) Local authority requirements

2.5.2 Occupational health and safety

2.5.2.1 General

The organisation shall establish arrangements to identify, assess and control occupational hazards. Absent Hazard Identification, Risk Assessment, and Risk Control (HIRARC) and serious unresolved safety violations shall constitute major nonconformities.

2.5.2.2 Legal compliance

The organisation shall comply with applicable Department of Occupational Safety and Health requirements.

2.5.2.3 Hazard management

The organisation shall:

a) conduct hazard identification;

b) assess risks;

c) implement controls; and

d) review effectiveness.

2.5.2.4 Emergency preparedness

The organisation shall establish emergency response procedures.

2.5.2.5 Incident management

The organisation shall investigate incidents and implement corrective actions.

2.5.3 Environmental management

2.5.3.1 The organisation shall identify environmental aspects associated with its activities.

2.5.3.2 The organisation shall comply with applicable environmental regulations. Illegal disposal of hazardous waste shall result in major nonconformity.

2.5.3.3 The organisation shall control:

a) waste generation;

b) hazardous materials;

c) emissions;

d) effluent discharge; and

e) resource consumption.

2.5.3.4 Environmental incidents shall be reported, investigated and addressed.

2.5.4 Supply chain and due diligence

2.5.4.1 The organisation shall evaluate and approve suppliers relevant to its certified activities.

2.5.4.2 Supplier monitoring shall be conducted periodically.

2.5.4.3 The organisation shall establish due diligence processes to mitigate the following issues, related to their bussiness.

a) fraud;

b) counterfeit gold;

c) illegal sourcing; and

d) financial crime.

2.5.5 Traceability and product integrity

2.5.5.1 The organisation shall maintain traceability of gold materials and products relevant to its Code activities. Loss of traceability shall be considered a major certification risk.

2.5.5.2 Records shall permit verification of:

a) source;

b) movement;

c) ownership; and

d) disposition.

2.6 Performance evaluation

2.6.1 Monitoring and evaluation

The organisation shall monitor the following criteria:

a) compliance performance;

b) customer complaints;

c) supplier performance;

d) safety performance;

e) environmental performance; and

f) objective achievement.

2.6.2 Internal audit

Internal audits shall be conducted at least once every 12 months.

2.6.3 Management review

Management review shall be conducted at least annually.

Mandatory inputs shall include:

a) audit findings;

b) customer complaints;

c) legal compliance status;

d) safety performance;

e) environmental performance;

f) risks and opportunities; and

g) supplier performance.

2.7 Improvement

2.7.1 Nonconformity and corrective action

Root-cause-based corrective action shall be implemented and verified for effectiveness.

2.7.2 Continual improvement

The organisation shall demonstrate continual improvement of its MGIP-certified activities.

SECTION 3 CODE OF PRACTICE FOR REFINING

3.1 Scope

This document specifies requirements for the qualification of precious metals refineries and the production of the Malaysia Gold Standard (MGS) 1 kg gold bar.

It specifies requirements relating to refinery qualification, responsible sourcing, refining, assaying, physical specifications, markings, traceability and certification of the MGS 1 kg gold bar.

An MGS-qualified refinery may produce other forms, weights and specifications of precious metal products. Such products are outside the product specifications of this document and shall not be represented as MGS 1 kg gold bar.

3.2 General requirements

3.2.1 Responsible gold sourcing and supply chain due diligence

3.2.1.1 The refinery shall establish, implement, and maintain a robust responsible sourcing and supply chain governance and due diligence system to ensure that all gold is sourced ethically, legally, and responsibly, in accordance with applicable laws and internationally recognised responsible sourcing principles.

3.2.1.2 The due diligence system shall be aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, taking into account recognised international precious metals industry practices.

3.2.2 Legal and compliance

3.2.2.1 The refinery shall be a legally incorporated entity under the Companies Act 2016 (Act 777); and registered with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia (SSM)).

3.2.2.2 The refinery shall:

a) maintain a valid company registration number;

b) ensure that its incorporation status remains active and in good standing; and

c) comply with all statutory filing requirements, including:

   i) annual returns;

   ii) financial statements; and

   iii) disclosure of directors and shareholders.

3.2.2.3 Where applicable, the refinery shall obtain and maintain all relevant licenses, permits, and approvals required under Malaysian law, including but not limited to:

a) manufacturing licence under the Industrial Coordination Act 1975, where applicable;

b) local authority approvals (e.g., business premises licence, zoning compliance, etc.);

c) environmental approvals as specified under the Environmental Quality Act 1974; and

d) any sector-specific approvals relating to precious metals refining, trading, or export.

3.2.2.4 The refinery shall be duly registered with the Inland Revenue Board of Malaysia (LHDN) and shall comply with the obligations under the Income Tax Act 1967 and Sales Tax Act 2018, where applicable.

3.2.2.5 The refinery shall maintain proper financial and tax records and submit tax returns in accordance with statutory requirements.

3.2.2.6 Where the refinery engages in activities involving precious metals trading, it shall comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA).

3.2.2.7 The refinery shall:

a) be registrated with Bank Negara Malaysia (BNM) as a reporting institution, where applicable;

b) ensure the implementation of AML/CFT compliance programmes; and

c) report any suspicious transactions.

3.2.3 Operating history and production capability

3.2.3.1 The refinery shall demonstrate a satisfactory and verifiable history of precious metals refining operations, sufficient to demonstrate its technical competence, operational capability and ability to consistently meet the requirements of this document.

3.2.3.2 The refinery shall have completed at least one (1) year of active refining operations prior to applying for MGS qualification. Operational history shall be supported by verifiable production and operational records.

3.2.3.3 The refinery shall demonstrate a minimum production of one (1) tonne of refined gold during the twelve (12) months immediately preceding the application for MGS qualification.

3.2.3.4 The refinery shall demonstrate adequate installed refining capacity and operational capability to support its production activities and consistently meet the requirements of this document.

3.2.3.5 The refinery shall demonstrate established technical competence in refining operations, including appropriate refining technologies and assaying capability necessary to meet the requirements of this document.

3.2.3.6 The refinery shall demonstrate a positive quality and compliance track record, with no material or recurring unresolved issues relating to assay discrepancies, product quality, regulatory non-compliance or market conduct that may adversely affect its suitability for MGS qualification.

NOTE. Compliance with this clause is based on the availability of internal quality control systems, participation in proficiency testing or verification schemes, and compliance with applicable national laws and internationally recognised practices.

3.2.4 Governance and legal accountability

3.2.4.1 The refinery shall maintain a clear governance structure, including Board of Directors and senior management responsibilities in ensuring compliance and accountability.

3.2.4.2 The selected member of the Board of Directors and senior management shall be fit for the position and is able to deliver his/her task properly, in accordance with Malaysian corporate governance principles.

3.2.4.3 The refinery shall also ensure that relevant personnel are aware of their responsibilities, receive adequate training, and adhere to all applicable legal and regulatory requirements.

3.2.5 Risk management

The organisation shall have Risk Mitigation Policy in place that covers the following areas of concern:

a) financial;

b) reputation;

c) logistic;

d) sanction;

e) money laundering;

f) bribery and corruption; and

g) force majeure.

3.2.6 Financial standing

3.2.6.1 The refinery shall demonstrate adequate financial strength, sound financial management and a good business reputation to support the continued production and supply of gold bars that meet market obligations.

3.2.6.2 Financial standing shall reflect the refinery's ability to operate responsibly, manage risks, and sustain long-term participation in the precious metals market.

3.2.6.3 Audited financial records

3.2.6.3.1 The refinery shall maintain audited financial statements prepared in accordance with recognised accounting standards.

3.2.6.3.2 Financial statements shall be independently audited by a qualified and registered auditor. Where the refinery has been in operation for less than three (3) financial years, audited financial statements shall be provided for the period available since commencement of operations.

3.2.6.5 Financial integrity and market conduct

The refinery shall demonstrate sound financial integrity in its dealings. This includes compliance with the Malaysian financial regulations and reporting requirements, applicable AML/CFT programme in place, and the absence of fraudulent financial practices and material unresolved financial or regulatory matters that may adversely affect its ability to maintain MGS qualification.

3.2.6.6 Financial risk management

The refinery shall implement financial risk management practices appropriate to the gold industry. Management of gold price volatility (e.g., hedging strategies, where applicable) and foreign exchange risks (for international trade) are critical to prevent financial mismanagement and ensure accountability and oversight.

3.2.7 Responsible sourcing policy

3.2.7.1 The refinery shall adopt a formal Responsible Sourcing Policy, that has been approved by senior management.

3.2.7.2 The policy shall require enhanced due diligence for sourcing from conflict-affected and high-risk areas (CAHRAs) and appropriate risk mitigation measures based on the identified risks.

3.2.7.3 The policy shall prohibit sourcing where due diligence identifies unacceptable risks relating to money laundering, terrorist financing, serious human rights abuses, or other prohibited activities, in accordance with applicable laws and the refinery's responsible sourcing requirements.

3.2.7.4 The Responsible Sourcing Policy shall be publicly available and communicated to relevant suppliers and stakeholders.

3.2.8 Supplier onboarding

3.2.8.1 The refinery shall establish a structured supplier onboarding process. Requirements shall include:

a) classification of supplier type and source of material (e.g., mine, recycler, trader);

b) supplier risk assessment and categorisation; and

c) documentation requirements prior to engagement.

3.2.8.2 Approval shall only be granted after completion of Know Your Customer (KYC) and Know Your Business (KYB) due diligence and risk assessment, including verification of identity, beneficial ownership and other relevant information, as applicable.

3.2.9 Source verification

3.2.9.1 The refinery shall establish appropriate controls to verify the source and provenance of gold and maintain sufficient documentation to support its legitimacy and traceability.

3.2.9.2 Additional documentation shall be provided as follows.

a) For mined gold:

   i) verification of mining licences; and

   ii) confirmation of legal extraction.

b) For recycled gold:

   i) identification of the supplier and nature of the material; and

   ii) documentation of material provenance.

c) Additional controls for higher-risk sources:

   i) on-site assessments (where applicable); and

   ii) third-party verification.

3.2.10 Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) Controls

3.2.10.1 The refinery shall establish, implement and maintain a risk-based AML/CFT programme in accordance with applicable Malaysian legal and regulatory requirements, taking into account internationally recognised framework.

3.2.10.2 Controls shall include:

a) transaction monitoring systems;

b) reporting of suspicious transactions;

c) internal controls and escalation procedures and

d) staff training on AML/CFT risks.

3.2.10.3 Cash transactions, where permitted, shall be subject to appropriate risk-based controls, monitoring and documentation in accordance with applicable legal and regulatory requirements.

3.2.11 Human rights considerations

3.2.11.1 The refinery shall incorporate human rights considerations into its responsible sourcing and supply chain due diligence processes, taking into account internationally recognised principles, including the UN Guiding Principles on Business and Human Rights and relevant ILO conventions.

3.2.11.2 The refinery shall identify and assess risks of serious human rights abuses in its gold supply chain, including forced labour and child labour, and shall take appropriate measures to prevent or mitigate identified risks.

3.2.11.3 The refinery shall ensure that implementation of supplier codes of conduct and grievance mechanisms are in place and properly monitored and adhered to.

3.2.12 Environmental considerations

3.2.12.1 The refinery shall ensure that sourced gold does not contribute to significant environmental harm.

3.2.12.2 The refinery shall identify and assess material environmental risks associated with its gold supply chain, including risks relating to illegal mining, hazardous substances and significant environmental degradation, where applicable.

3.2.12.3 The refinery shall take appropriate measures to prevent or mitigate identified environmental risks and shall comply with applicable environmental laws and regulatory requirements relating to its own operations.

3.2.13 Record retention

3.2.13.1 The refinery shall maintain sufficient records to demonstrate compliance with the MGS, including relevant legal, responsible sourcing, operational, production, assay and traceability records.

3.2.13.2 Records shall be accurate, up to date, and readily available for inspection by competent authorities.

3.2.13.3 Records shall be retained for a minimum period of seven (7) years, or longer where required by applicable laws or regulatory requirements.

3.3 Refinery operations

3.3.1 General

The refinery shall conduct its refining and production operations under controlled conditions to ensure consistent conformity with the requirements of this document. Appropriate controls shall include:

a) the availability and use of documented procedures defining relevant product characteristics, production processes and required outcomes;

b) the availability and use of suitable monitoring and measuring resources;

c) the implementation of monitoring and measurement activities at appropriate stages;

d) the use of suitable infrastructure and environment for the operation;

e) the appointment of competent person, including any required qualification;

f) the implementation of release, delivery and post-delivery activities.

3.3.2 Refining process control

3.3.2.1 The refinery shall ensure that all refining processes are carried out under controlled conditions to achieve consistent product quality and purity.

3.3.2.2 This shall include:

a) smelting and casting operations are carried out properly by ensuring that the gold is fully melted and thoroughly homogenised before casting;

b) use of established and validated refining methods suitable for gold processing;

c) prevention of contamination, cross-contamination, and introduction of impurities at all stages of the refining process;

d) use of appropriate materials, crucibles, moulds, and handling tools to preserve product integrity;

e) monitoring and control of critical process parameters to maintain process stability;

f) ensuring repeatability and consistency of refining outcomes through standard operating procedures;

g) regular inspection, cleaning, and maintenance of equipment used in refining operations;

h) segregation and identification of materials throughout the process to ensure traceability; and

i) recording and retention of process data to demonstrate control and support traceability requirements.

3.3.3 Casting requirements

The MGS 1 kg gold bar shall be produced under controlled casting conditions to ensure conformity with the product requirements specified in this document. Casting controls shall include:

a) use of approved casting methods such as open mould casting or induction melting systems;

b) ensuring proper mould preparation and handling to avoid surface imperfections and contamination;

c) achieving correct bar weight, dimensions, and marking in accordance with the MGS product specifications;

d) visual and physical inspection of cast bars to detect defects such as cracks, excessive porosity, or inclusions;

e) application of the required markings in accordance with the MGS marking requirements;

f) ensuring traceability of each MGS 1 kg gold bar to its relevant production batch; and

g) handling, storage, and packaging of gold bars in a manner that prevents damage, loss, or contamination.

3.3.4 Production records

3.3.4.1 The refinery shall establish and maintain production records sufficient to demonstrate conformity with MGS requirements and traceability throughout the relevant refining and production processes.

3.3.4.2 Records shall support full traceability, quality assurance, and regulatory compliance in line with MGS requirements.

3.3.4.3 Records shall be retained in accordance with Clause 3.2.13.

3.3.4.4 Each MGS 1 kg gold bar shall be traceable through its unique identification to the relevant production, assay and quality records.

3.3.4.5 The production record shall include the following items, where applicable:

a) a) input material and batch identification;

b) relevant refining and production information;

c) assay and quality control results;

d) finished bar identification and serial number; and

e) product release and dispatch information

3.3.5 Metal accounting

3.3.5.1 The refinery shall establish and maintain a documented metal accounting system to ensure accurate, transparent, and auditable reconciliation of all precious metal inputs, outputs, and process losses throughout the entire production cycle.

3.3.5.2 The metal accounting system shall provide for:

a) identification, weighing and recording of incoming precious metal;

b) recording and control of work-in-progress;

c) measurement and recording of finished products, residues, by-products and other recoverable precious metal;

d) determination and recording of fine metal content based on appropriate assay results;

e) periodic reconciliation of precious metal inputs, outputs, process losses and inventory adjustments; and

f) appropriate controls to ensure the accuracy, integrity and traceability of metal accounting records.

3.3.5.3 Metal reconciliation shall be performed at defined intervals. Acceptable tolerances for process losses and variances shall be established based on the refinery's processes and operating capability.

3.3.5.4 Material discrepancies or variances outside established tolerances shall be investigated, documented and subject to appropriate corrective action and management review.

3.3.6 Security controls

3.3.6.1 The refinery shall establish and maintain appropriate physical, procedural, and personnel controls to safeguard precious metals throughout receiving, storage, processing and dispatch.

3.3.6.2 A documented security management system shall be in place, approved by senior management.

3.3.6.3 Security controls shall be risk-based, proportionate to the value and vulnerability of materials handled.

3.3.6.4 Responsibilities for security should be clearly defined, with designated security personnel or functions.

3.3.6.5 Standard operating procedures shall govern receiving, weighing, processing, and dispatch of materials.

3.3.6.6 All material movements shall be recorded and reconciled with metal accounting records.

3.4 MGS 1 kg gold bar requirements

3.4.1 Product specification

3.4.1.1 MGS 1 kg gold bar shall comply with the requirements specified in Table 3.

Table 3. MGS 1 kg gold bar specification

Parameter	Requirement
Minimum fineness	999.9 parts per thousand fine gold
Weight	1 000 g At the time of verification, the actual measured weight shall be 1 000.0 g or greater. No negative tolerance shall be permitted.
Dimension	Length: 115 ±2 mm Width: 52 ±2 mm
Surface quality	Clean and of good appearance, with no significant cracks, cavities, inclusions, excessive porosity, burrs or other defects that may affect the integrity, weight or legibility of the bar.

3.4.1.2 Each MGS 1 kg gold bar shall be weighed using either a beam balance or an electronic balance. The weighing procedure shall be carried out in accordance with Annex A. The balance used shall be suitable for the required measurement accuracy and shall be maintained and calibrated in accordance with the applicable requirements.

3.4.1.3 Preventive maintenance of weighing equipment

3.4.1.3.1 A documented preventive maintenance programme shall be established and implemented for all weighing equipment.

3.4.1.3.2 Preventive maintenance activities shall be performed at scheduled intervals and shall include inspection, cleaning, adjustment, performance verification, and any other activities necessary to maintain the equipment in a serviceable condition. Records of maintenance activities shall be retained.

3.4.1.4 Calibration of weighing equipment

3.4.1.4.1 The balance used for weighing gold bars shall be calibrated by an accredited laboratory using certified reference weights traceable to national or international measurement standards.

3.4.1.4.2 A valid calibration certificate shall be maintained as evidence of compliance with the specified measurement accuracy requirements.

3.4.1.4.3 Recalibration shall be performed at prescribed intervals and following any repair, adjustment, relocation, or event that may affect the accuracy of the balance.

3.4.2 Markings

3.4.2.1 General

3.4.2.1.1 Each bar shall be permanently and clearly marked to ensure full traceability, authenticity, and compliance verification.

3.4.2.1.2 The markings shall be legible, durable, and resistant to wear under normal handling and storage conditions.

3.4.2.1.3 All markings shall be:

a) clearly visible and legible without magnification;

b) uniformly applied across all bars; and

c) positioned to avoid overlapping or distortion.

3.4.2.1.4 Markings shall not:

a) compromise the structural integrity of the bar; and

b) create sharp edges or defects.

3.4.2.1.5 Quality control procedures shall be in place to verify:

a) accuracy of all markings;

b) consistency across production batches; and

c) traceability to documentation.

3.4.2.2 Minimum marking requirements

3.4.2.2.1 Each MGS 1 kg gold bar shall include, at a minimum, the following information:

a) Refinery Mark: The official registered mark, logo, or name of the refining entity responsible for the production of the bar. This stamp shall be unique to the refinery and traceable to its accreditation status.

b) Weight: marked as “1000 g”.

c) Precious Metal: marked as “GOLD” or “FINE GOLD”.

d) Fineness: the declared fineness of the bar, which shall not be less than 999.9 parts per thousand. The fineness marking shall accurately reflect the precious metal content.

e) Assay Mark: the approved mark identifying the assayer responsible for verification of the bar's fineness.

f) MGS Mark: the prescribed conformity mark indicating that the bar has been produced in accordance with the applicable requirements of the Malaysia Gold Standard.

g) Unique Serial Number: A distinct alphanumeric identifier assigned to each individual bar, which shall be non-repetitive, traceable production and assay records and permanently affixed to the bar.

3.4.2.3 Marking method

Markings shall be permanent, legible, and resistant to tampering throughout the expected life of the gold bar. The method of marking is at the discretion of the refiner.

3.4.3 Packaging and certificate

3.4.3.1 MGS 1 kg gold bars shall be appropriately packaged, handled, stored and transported to protect them against damage, loss, contamination or alteration and to preserve the legibility of required markings.

3.4.3.2 Certificate

3.4.3.2.1 Each newly produced MGS 1 kg gold bar shall be accompanied by a physical certificate of quality or authenticity issued by the refinery. An electronic certificate may additionally be provided.

3.4.3.2.2 The certificate shall include:

a) refinery name and logo;

b) bar weight and purity (fineness);

c) unique serial number (matching the bar);

d) assay confirmation statement;

e) date or year of manufacture; and

f) authorised authentication or other appropriate security feature.

3.5 Assaying, testing and verification

3.5.1 General

3.5.1.1 This clause specifies the requirements for determining and verifying the fineness of gold and for maintaining the accuracy and reliability of assay results.

3.5.1.2 The methods and controls shall ensure consistency with internationally recognised practices and SIRIM 68.

3.5.1.3 The refinery shall establish and maintain appropriate quality assurance and quality control procedures to monitor assay performance and address identified deviations.

3.5.2 Dip sampling verification

3.5.2.1 Samples used for determination of fineness shall be representative of the relevant production batch and obtained using a documented and validated sampling procedure.

3.5.2.2 Where dip sampling is used, the molten metal shall be adequately homogenised prior to sampling and appropriate controls shall be maintained to ensure that the sample is representative of the batch.

3.5.3 Assay and analytical methods

3.5.3.1 Fire assay

3.5.3.1.1 The fire assay method shall be the reference method for determination of gold fineness for MGS 1 kg gold bars.

3.5.3.1.2 Fire assay shall be performed using a validated method in accordance with recognised standards and appropriate laboratory quality control procedures.

3.5.3.1.3 The refinery shall maintain appropriate controls over sampling, sample preparation, analytical procedures, reference materials, equipment and assay records to ensure the accuracy and traceability of results.

3.5.3.1.4 Fire assay shall be used for final determination of declared fineness and, where necessary, for verification or resolution of discrepancies.

3.5.3.2 Instrumental analysis

3.5.3.2.1 Appropriate instrumental analytical methods, including ICP-OES and ICP-MS may be used for:

a) multi-element analysis;

b) detection of trace impurities; and

c) refinery process monitoring.

3.5.3.2.2 Instruments shall be regularly calibrated using certified standards; analytical procedures shall be validated and documented; and results shall be cross-checked against fire assay data.

3.5.3.3 X-Ray Fluorescence (XRF) Screening

3.5.3.3.1 XRF shall be used for:

a) non-destructive, rapid screening;

b) incoming material inspection; and

c) finished bar verification (surface-level assessment).

3.5.3.3.2 XRF provides surface analysis only and shall not be used as a standalone method for certification. Results shall be treated as indicative, not definitive.

3.5.3.3.3 XRF systems shall be routinely calibrated and verified.

3.5.4 Assay quality assurance and external verification

The refinery shall maintain appropriate internal and external quality assurance measures to demonstrate the continuing accuracy and reliability of its assay results.

3.5.4.1 Inter-laboratory testing

3.5.4.1.1 The refinery shall:

a) participate in proficiency testing schemes involving multiple laboratories;

b) analyse samples provided by an independent organiser; and

c) compare results against consensus values.

NOTE. The objectives of inter-laboratory testing are to:

a) verify analytical accuracy;

b) identify systematic deviations; and

c) maintain international credibility.

3.5.4.1.2 Inter-laboratory testing shall be conducted periodically.

3.5.4.2 Referee laboratory checks

3.5.4.2.1 Where independent verification or resolution of an assay discrepancy is required, testing shall be performed by a competent independent laboratory using an appropriate reference method.

3.5.4.2.2 Samples shall be selected randomly or as required and results shall be documented and reviewed. In case of significant deviation, corrective actions shall be implemented and additional verification or suspension may be required.

3.5.5 Records and traceability

3.5.5.1 The refinery shall maintain:

a) complete records of all assay and testing results;

b) calibration records of instruments;

c) quality control results;

d) participation records in external verification programmes; and

e) investigation and corrective action arising from material assay discrepancies.

3.5.5.2 Records shall be traceable to the relevant production batch and individual MGS 1 kg gold bar, as applicable.

3.5.5.3 Records shall be retained in accordance with Clause 3.2.13.

3.6 Regulatory requirement

The refinery shall identify, comply with, and monitor applicable legal and regulatory requirements relating to gold refining, assaying, marking, storage, sale, import, and export activities.

Applicable requirements shall include, where relevant:

a) Trade Descriptions Act 2011;

b) Trade Descriptions (Articles Made of Precious Metals) Regulations 1994;

c) Environmental Quality Act 1974;

d) Occupational safety and health legislation;

e) Customs Act 1967; and

f) any other applicable legal and regulatory requirements relating to gold refining and bullion production.

NOTE. Greater emphasis is required on responsible sourcing, chain of custody, traceability, assaying, security, and bullion marking requirements, as these are the key integrity controls expected of a gold refinery.

Annex A
(normative)

Requirements for weighing equipment

A.1 Capacity and weighing range

The digital balance shall be capable of weighing gold bar having a mass of 1 000.00 g.

A.2 Tare capacity

The tare capacity shall be equal to 100 % of the weighing range. The available weighing range shall not be reduced by the weight of any impact protection boss or other permanently installed weighing accessory.

A.3 Verification scale interval

The verification scale interval, *e*, shall not exceed 0.010 g.

A.4 Readability

The scale division or readability, *d*, shall not exceed 0.01 g.

A.5 Data recording

The balance may be equipped with a data recording function capable of capturing, at a minimum, the following information:

a) measured mass (kg);

b) date;

c) time; and

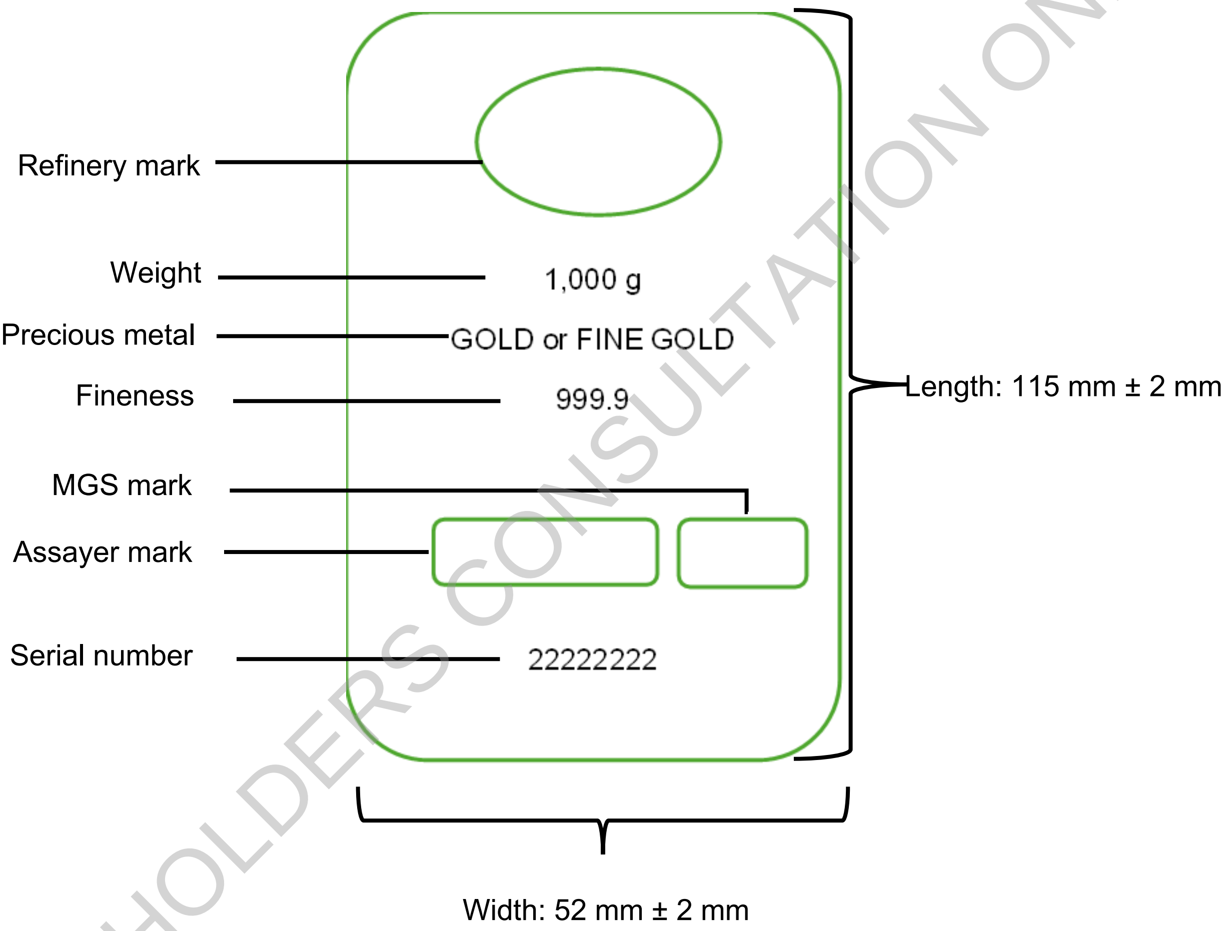
d) serial number or batch number.

A.6 Durability

The weighing mechanism shall be sufficiently robust to withstand frequent industrial weighing operations involving large quantities of gold bars.

Annex B
(normative)

Example of technical drawing for Malaysia gold bar



SECTION 4 CODE OF PRACTICE FOR WHOLESALE AND TRADING

4.1 Scope

This section specifies the requirements for entities undertaking wholesale, distribution, brokerage, import, export and trading activities involving gold products.

The requirements of this Code apply to activities involving gold bars, bullion, investment gold products, semi-finished gold materials, jewelleries and other gold products, including procurement, supplier management, storage, transportation, trading transactions, risk management, responsible sourcing and related wholesale operations, where applicable.

4.2 Wholesale and trading technical requirements

4.2.1 Product verification and acceptance

4.2.1.1 Incoming gold products

The wholesale/trading entity shall:

a) verify the purity, fineness, weight, serial number and certification of incoming gold products;

b) establish documented inspection procedures;

c) perform independent verification using recognised analytical methods where appropriate;

d) investigate discrepancies relating to:

   i) purity;

   ii) weight;

   iii) certification;

   iv) serial number; and

   v) product specifications.

e) maintain records of verification activities.

4.2.2 Responsible sourcing and supply chain due diligence

The wholesale/trading entity shall:

a) establish a responsible sourcing policy;

b) identify and assess risks associated with suppliers and supply chains;

c) ensure gold products are not knowingly sourced from activities involving:

   i) child labour;

   ii) forced labour;

   iii) human trafficking;

   iv) terrorism financing;

   v) organised crime;

   vi) illegal mining; and

   vii) serious human rights violations.

d) establish procedures for risk mitigation and supplier engagement;

e) maintain supply chain traceability records and

f) periodically review supply chain risks.

4.2.3 Customer due diligence and Know Your Customer (KYC)

The wholesale/trading entity shall:

a) establish documented KYC procedures;

b) verify customer identity before entering trading relationships;

c) identify beneficial owners where applicable;

d) classify customers according to risk;

e) perform enhanced due diligence for high-risk customers; and

f) maintain customer due diligence records.

4.2.4 Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)

The wholesale/trading entity shall:

a) establish AML/CFT procedures consistent with applicable legal requirements;

b) monitor transactions for unusual or suspicious activity;

c) conduct sanctions screening where required;

d) establish escalation and reporting procedures for suspicious transactions; and

e) maintain records of AML/CFT reviews and investigations.

4.2.5 Trading transaction controls

The wholesale/trading entity shall:

a) establish documented procedures for wholesale trading transactions;

b) verify counterparty identity prior to transaction execution;

c) maintain records of:

  i) transaction date;

  ii) product description;

  iii) purity;

  iv) weight;

  v) quantity;

  vi) price;

  vii) payment method; and

  viii) customer information.

d) ensure all transactions are properly authorised; and

e) utilise recognised and secure payment channels.

4.2.6 Transportation, storage and security

The wholesale/trading entity shall:

a) implement controls for transportation and storage of gold products;

b) establish inventory controls including:

  i) restricted access;

  ii) segregation of duties;

  iii) authorised custodians;

  iv) inventory movement records; and

  v) periodic stock reconciliation.

c) maintain appropriate insurance coverage; and

d) establish procedures for incidents involving:

i) theft;

ii) robbery;

iii) loss;

iv) substitution; and

v) damage.

4.2.7 Export and import controls

The wholesale/trading entity shall:

a) comply with import and export requirements;

b) maintain shipping and customs documentation;

c) verify legal source declarations where required; and

d) implement procedures to prevent cross-border regulatory violations.

4.2.8 Wholesale and trading operational risk controls

The wholesale/trading entity shall:

a) establish operational controls to minimise trading risks;

b) identify and manage risks relating to:

i) counterfeit products;

ii) supplier failure;

iii) logistics disruption;

iv) fraud;

v) cybersecurity;

vi) documentation errors; and

vii) transaction settlement failures.

c) establish contingency plans for operational disruptions; and

d) periodically assess effectiveness of controls.

4.3 Product standards

4.3.1 Product integrity

The wholesale/trading entity shall:

a) trade only genuine gold products compliant with applicable MGS specifications;

b) verify declared purity, fineness and weight;and

c) maintain controls against:

   i) product substitution;

   ii) counterfeit products;

   iii) tampering; and

   iv) fraudulent certificates.

4.3.2 Hallmarking, certification and traceability

The wholesale/trading entity shall:

a) ensure gold products are accompanied by appropriate hallmarking for jewellery or certificates for gold bar/bullion where applicable.

b) verify correspondence between:

   i) certificate number;

   ii) serial number;

   iii) weight;

   iv) purity;

   v) manufacturer identification;

c) establish procedures for suspected fraudulent documentation; and

d) quarantine products under investigation.

4.3.3 Product information disclosure

The wholesale/trading entity shall provide relevant counterparties with:

   i) purity/fineness;

   ii) weight;

iii) product description;

iv) pricing breakdown;

v) certification details, where applicable;

vi) serial numbers, where applicable; and

vii) trading terms and conditions.

4.3.4 Fair trading practices

The wholesale/trading entity shall:

a) conduct transactions fairly and transparently;

b) avoid misleading information;

c) avoid market manipulation;

d) disclose trading terms, fees and charges and

e) establish dispute resolution procedures.

4.4 Assaying testing and verification

4.4.1 Independent product verification

The wholesale/trading entity shall:

a) establish procedures for independent verification using recognised methods including:

   i) X-Ray Fluorescence (XRF);

   ii) Density Testing; or

   iii) other recognised methods.

b) maintain calibration and maintenance records; and

c) retain verification records.

4.4.2 Hallmark and certification verification

The wholesale/trading entity shall:

a) verify authenticity of hallmarks and related documents;

b) verify authenticity of certificates and related documents

c) conduct periodic sample verification based on risk assessment and

d) investigate suspected fraudulent certificates.

4.4.3 Non-conforming product management

The wholesale/trading entity shall:

a) quarantine non-conforming products;

b) conduct investigations;

c) identify root causes;

d) implement corrective actions; and

e) maintain records of all non-conformities.

4.5 Risk management

The wholesale/trading entity shall:

a) maintain a risk register;

b) assess and monitor, where applicable, the following:

   i) gold price risk;

   ii) market risk;

   iii) counterparty risk;

   iv) liquidity risk;

   v) operational risk;

   vi) cybersecurity risk;

   vii) compliance risk;

   viii) sanctions risk; and

   ix) responsible sourcing risk.

c) establish risk mitigation measures;

d) establish business continuity and recovery arrangements; and

e) periodically review risk controls and effectiveness.

4.6 Regulatory requirements

The wholesaler or trader shall identify, comply with, and monitor applicable legal and regulatory requirements relating to the purchase, sale, storage, distribution, import, and export of gold products. Applicable requirements shall include, where relevant:

a) Trade Descriptions Act 2011;

b) Trade Descriptions (Articles Made of Precious Metals) Regulations 1994;

c) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA);

d) Customs Act 1967 and related import and export requirements;

e) Consumer Protection Act 1999; and

f) other legal and regulatory requirements applicable to the wholesale and trading of gold products in Malaysia.

SECTION 5 CODE OF PRACTICE FOR GOLD PRODUCT MANUFACTURING

5.1 Scope

This section specifies the requirements for manufacturers and goldsmiths seeking certification under the Malaysian Gold Industry Principle (MGIP) for the manufacture of the following gold products:

a) gold jewellery, accessories, and their components or parts;

b) minted gold bullions; and

c) commemorative gold products, medallions, collector's items, and decorative articles.

This section does not apply to:

a) gold mining, extraction, or refining activities;

b) gold trading, brokerage, or retail activities;

c) gold recycling and recovery activities; and

d) the manufacture of products made primarily from precious metals other than gold, such as platinum, palladium, rhodium, or silver.

NOTE. Platinum, palladium, rhodium, and silver may be present in gold products covered by this document as alloying elements, decorative constituents, or plating materials.

5.2 Requirements for raw materials

5.2.1 Precious metal

5.2.1.1 Gold products shall be made of fine gold with 99.99 % fineness, which have been verified through cupellation method in accordance with ISO 11426 or using XRF machine.

5.2.1.2 Recycled gold or scrap gold used in the manufacture of gold products shall be refined to produce fine gold with a minimum purity of 99.99 % prior to alloying or further processing.

5.2.1.3 The fine gold composition shall be homogeneous throughout the product and shall not exhibit segregation, inclusions, cracks, or other defects that may adversely affect the gold product.

5.2.2 Alloying materials

5.2.2.1 Gold products shall be manufactured from a gold alloy containing one or more of the following elements:

a) silver (Ag);

b) copper (Cu);

c) palladium (Pd);

d) platinum (Pt);

e) zinc (Zn);

f) nickel (Ni);

g) iridium (Ir);

h) ruthenium (Ru); or

i) other elements as agreed between the manufacturer and the purchaser.

5.2.2.2 The following hazardous elements shall not be intentionally added as alloying elements in the manufacture of gold products:

a) cadmium (Cd);

b) mercury (Hg);

c) lead (Pb);

d) arsenic (As); and

e) other toxic substances regulated under the applicable legislation in Malaysia.

5.3 Manufacturing processes

5.3.1 Production planning and control

5.3.1.1 The manufacturer shall establish, implement, and maintain production planning and control processes to ensure that gold products are consistently manufactured in accordance with the requirements of this document.

5.3.1.2 The production planning and control processes shall include, as applicable:

a) planning of production activities, resources, and schedules;

b) verification of the availability and suitability of raw materials, components, and equipment prior to production;

c) control of manufacturing operations to ensure conformity with specified product requirements;

d) identification and traceability of materials, work-in-progress, and finished products throughout the production process;

e) monitoring and control of critical production parameters that may affect product quality and conformity;

f) inspection and verification of products at appropriate stages of production; and

g) segregation and control of nonconforming materials and products to prevent unintended use or delivery.

NOTE. Production planning and control may include work instructions, production records, process monitoring, batch control, and product traceability systems.

5.3.2 Production process

5.3.2.1 The manufacturer shall establish, document, implement, and maintain a production process flow that defines the sequence and control of activities involved in the manufacture of gold products.

5.3.2.2 Manufacturers producing custom-made or handmade gold products using goldsmithing methods shall establish and maintain a documented process flow covering the applicable production stages. The process flow should include, as applicable:

a) customer requirement or design specification review;

b) material preparation;

c) alloying or material selection;

d) forming, fabrication, and assembly;

e) soldering and joining;

f) stone setting, where applicable;

g) finishing and polishing;

h) inspection and quality verification;

i) hallmarking;

j) packaging; and

k) storage and delivery.

5.3.2.3 Manufacturers producing gold products through mass production processes shall establish and maintain a documented process flow covering the applicable production stages. The process flow should include, as applicable:

a) production planning;

b) material preparation;

c) alloying;

d) casting, stamping, machining, or other forming processes;

e) assembly;

f) soldering and joining, where applicable;

g) surface treatment, finishing, and polishing;

h) in-process inspection and quality control;

i) final inspection and testing;

j) hallmarking;

k) packaging; and

l) storage and distribution.

NOTE. Annex A illustrates a typical process flow and control points for production of gold products.

5.3.2.4 Gold products certified under this document shall not be manufactured using electroforming techniques.

5.3.3 Process monitoring and control

5.3.3.1 The manufacturer shall establish, implement, and maintain processes for monitoring and controlling production activities to ensure that gold products consistently conform to the requirements of this document.

5.3.3.2 The process monitoring and control activities shall include, as applicable:

a) monitoring of critical production processes and parameters that may affect product quality, fineness, composition, appearance, functionality, or conformity;

b) verification of the conformity of raw materials, intermediate products, and finished products at appropriate stages of production;

c) inspection of workmanship, assembly, surface finish, and other product characteristics against specified requirements;

d) monitoring of the use of alloying elements, soldering materials, and other production materials to ensure compliance with specified requirements;

e) verification that measuring, testing, and inspection equipment used for product control is suitable for its intended purpose;

f) identification and control of products that do not conform to specified requirements; and

g) maintenance of records of monitoring, inspection, testing, and corrective actions, where applicable.

NOTE. Critical production processes may include alloying, casting, forming, soldering, stone setting, finishing, hallmarking, and other manufacturing activities that may affect the conformity of the gold product. Refer Annex A.

5.3.3.3 Nonconforming product control

The manufacturer shall identify, segregate, and control nonconforming products to prevent their unintended use, sale, or delivery.

5.3.4 Product accompanying documentation

5.3.4.1 Each shipment of gold products shall be accompanied by a delivery order, invoice, or equivalent documentation containing sufficient information to ensure product identification and traceability.

5.3.4.2 The documentation shall include, as applicable:

a) manufacturer name or identification;

b) document number;

c) date of issue;

d) customer name or identification;

e) product description;

f) product code, model number, or design reference;

g) karat or fineness;

h) quantity;

i) product weight; and

j) batch number, lot number, serial number, or other unique product identifier traceable to the manufacturer's records.

NOTES:

1. The unique product identifier may be a batch number, lot number, work order number, job number, serial number, or any other identification code that enables traceability to production and inspection records.

2. The accompanying documentation may be provided in the form of a delivery order, invoice, or equivalent commercial document.

3. For custom-made goldsmith products, it is specifically recommended to include a job or wWork Order number because this can link directly to the design drawing, material records, production records, and inspection records.

5.4 Requirements for gold product

5.4.1 Compliance with gold fineness and hallmarking requirements

5.4.1.1 Gold products shall comply with the requirements for minimum gold content and hallmarking as specified in Table 1.

Table 1. Requirements for minimum gold content and hallmarking of gold product

Minimum gold content (Fineness) (%)	Hallmark
99.90	999
95.00	950
91.66	916
87.50	875
83.50	835
75.00	750
58.50	585
37.50	375

NOTES: This table is based on the requirements specified in the following documents:

1. Trade Descriptions Act 2011 (Act 730);

2. Trade Descriptions (Articles Made from Precious Metals) Regulations 1994; and

3. MS 1247:2005, *Description and Marking of Articles of, or Containing Precious Metal - Code of Practice (First Revision)*

5.4.1.2 The minimum gold content, and hallmarking requirements specified in Table 1 shall be met by the entire gold product and shall not apply only to selected parts or components of the product.

5.4.1.3 Where a soldering material with a lower fineness than that of the main part of the gold product is used, the manufacturer shall declare the fineness of the soldering material in the product specification or accompanying documentation.

NOTE. In the manufacture of gold products, goldsmiths may use soldering materials with a lower karat or fineness than that of the main part of the product to facilitate joining and assembly operations.

5.4.1.4 Gold products manufactured in Malaysia and having a mass greater than 1.5 g shall be permanently, clearly, and indelibly hallmarked in accordance with MS 1247 and the requirements of the Trade Descriptions Act 2011.

5.4.1.5 The hallmark, marking, or product identification shall indicate both the type of precious metal and its fineness. The precious metal type shall be identified using an appropriate symbol, followed by the fineness or karat designation as shown by the examples below:

a) Au999;

b) Au995;

c) Au916;

d) G999;

e) G22K; and

f) G22KT.

5.4.1.6 Gold products may be marked using either the fineness system (e.g., Au999, Au916) or the karat system (e.g., G24K, G22K). "Au" is the chemical symbol for gold, "G" denotes gold, and "K" or "KT" denotes karat.

5.4.1.7 All gold jewellery manufactured in Malaysia shall be hallmarked in accordance with the requirements specified in 4.1.4 and shall bear a manufacturer identification mark to provide product identification and traceability, safeguard consumer rights, and enhance the reputation and international credibility of Malaysia's gold manufacturing industry.

5.4.2 Product quality and workmanship

5.4.2.1 Gold products shall be of sound workmanship and free from defects that may affect their appearance, quality, durability, safety, or intended function.

5.4.2.2 Gold products shall:

a) be free from specific physical defects such as cracks, fractures, sharp edges, and other visible defects;

b) have securely assembled and fitted components or parts;

c) have components or parts that function as intended;

d) have a uniform and satisfactory surface finish appropriate to the product design; and

e) be complete, properly assembled, and free from missing or damaged components that may impair the overall quality, appearance, or intended use of the product.

NOTE. Examples of functional components include clasps, hooks, hinges, ear posts, locking mechanisms, and other movable or attached parts.

5.4.3 Hazardous materials content

The content of hazardous materials in gold products shall not exceed the maximum limits specified in Table 2.

Table 2. Maximum limits of hazardous materials in gold products

Parameter	Maximum limits (mg/kg)
Lead	≤ 1 000
Cadmium	≤ 100
Mercury	≤ 1 000
Hexavalent chromium	≤ 1 000

5.4.4 Independent testing

5.4.4.1 The manufacturer shall establish and implement a programme for independent testing of gold products at planned intervals to verify continued compliance with the requirements of this document.

5.4.4.2 The manufacturer shall ensure that independent testing is performed by a laboratory accredited to ISO/IEC 17025, or by a laboratory recognised by the certification body, for the relevant test methods.

5.4.5 Storage and handling

5.4.5.1 Gold products shall be stored, handled, and transported in a manner that prevents contamination, damage, deterioration, loss, or mix-up of products.

5.4.5.2 Gold products shall:

a) be protected from physical damage, scratches, dents, and deformation;

b) be protected from contamination by chemicals, dust, moisture, or other foreign substances that may adversely affect product quality;

c) be stored in secure and controlled locations appropriate to the nature of the products;

d) be handled using methods that maintain the integrity, appearance, and traceability of the products; and

e) be identified and segregated, where necessary, to prevent mix-up between different product types, fineness, or production batches.

NOTE. Suitable storage and handling practices may include the use of protective packaging, dedicated storage containers, controlled access areas, and documented product identification systems.

5.5 Regulatory requirements

The manufacturer shall identify, comply with, and monitor applicable legal and regulatory requirements relating to the manufacture, marking, sale, import, and export of gold products.

Applicable requirements shall include, where relevant:

a) Trade Descriptions Act 2011;

b) Trade Descriptions (Articles Made of Precious Metals) Regulations 1994;

c) Consumer Protection Act 1999;

d) Occupational Safety and Health Act 1994;

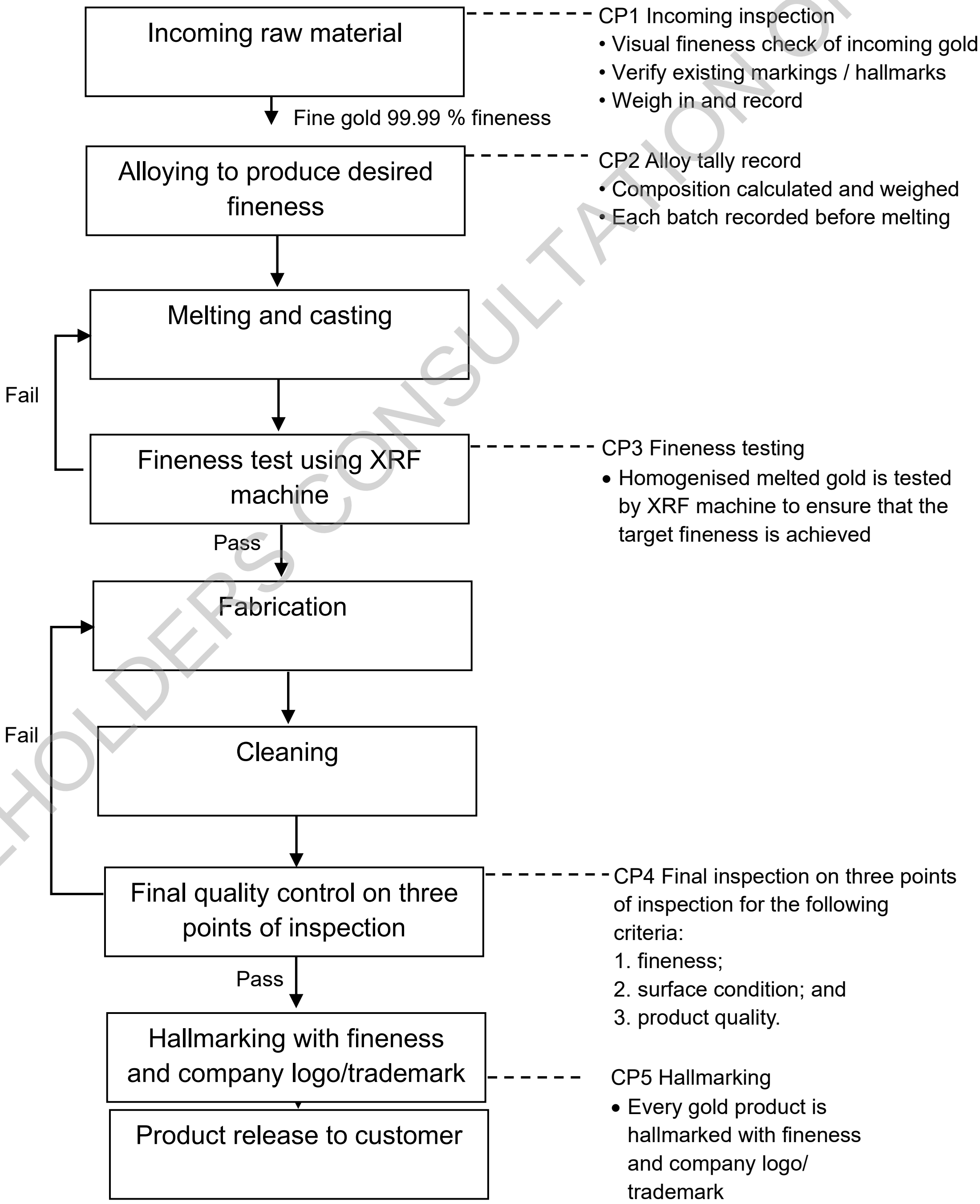
e) Environmental Quality Act 1974;

f) Customs Act 1967; and

g) other legal and regulatory requirements applicable to gold manufacturing activities in Malaysia.

Annex A
(informative)

Typical process flow and control points for production of gold products



SECTION 6 CODE OF PRACTICE FOR ASSAYING AND HALLMARKING

6.1 Scope

This section specifies the requirements for organisations performing gold assaying and hallmarking activities and seeking certification under the Malaysia Gold Industry Principles (MGIP) scheme.

It includes requirements for the verification of gold fineness through assaying, the competence of assaying laboratories, and the hallmarking of gold bar.

This section applies only to gold bar, ranging from 1 g to 1 kg in weight, and does not apply to products made from other precious metals, such as silver, platinum, or palladium.

6.2 General requirements

6.2.1 The laboratory shall be a legal entity, or a defined part of a legal entity, that is legally responsible for its activities.

6.2.2 The laboratory shall be accredited to ISO/IEC 17025 for the relevant assaying test methods.

6.2.3 The laboratory shall carry out assaying activities in such a way as to meet the requirements of this standard, the regulatory authorities and/or organisation providing recognition.

6.2.4 If the assaying facility is part of an organisation performing activities other than assaying, the responsibilities of key personnel in the organisation that have an involvement in or influence on the assaying activity shall be defined in order to identify potential conflicts of interest. Any potential conflict of interest that is identified shall be addressed to reduce or eliminate any threat to the impartiality of the assaying services.

6.2.5 The laboratory shall identify, comply with, and maintain procedures to monitor applicable legal and regulatory requirements relating to the assaying, marking, and hallmarking of gold products. Applicable requirements shall include:

a) Trade Descriptions Act 2011;

b) Trade Descriptions (Articles Made of Precious Metals) Regulations 1994;

c) applicable Malaysian Standards and recognised assay methods; and

d) any other requirements issued by the relevant competent authorities relating to precious metal testing, fineness declaration, marking, and consumer protection.

6.3 Resource requirements

6.3.1 Personnel

6.3.1.1 The laboratory shall define and document the competence requirements for all personnel involved in assaying activities on the basis of appropriate education, training, technical knowledge, skills and experience related to the test methods to be performed according to this standard.

6.3.1.2 The laboratory shall have documented procedures for selecting, training and supervising technical personnel involved in laboratory operations.

6.3.1.3 The laboratory shall have at least one full-time chemist, registered with Institute Kimia Malaysia (IKM).

6.3.1.4 The laboratory shall evaluate personnel involved in assaying activities against specified competence requirements and maintain records of the evaluation of competence and authorisation to perform specific activities.

6.3.1.5 The laboratory shall ensure that the personnel have the competence to perform laboratory activities for which they are responsible.

6.3.1.6 The laboratory shall make clear to each personnel their duties, responsibilities and authorities.

6.3.1.7 The management of the laboratory shall ensure the competency of personnel is maintained at appropriate levels through related technical training programmes. Specific technical training on the test method(s) shall be conducted by the recognised institution such as National Metrology Institute, Institute Kimia Malaysia, universities and instrument vendor.

6.3.1.8 The laboratory shall maintain records of training and competency of its personnel.

6.3.1.9 The technical personnel involved in the assaying activities shall not be remunerated in a way that influences the results of the assaying.

6.3.2 Laboratory facilities and environmental conditions

6.3.2.1 The work environment shall be suitable for the laboratory activities and shall not adversely affect the validity of results. Factors of the work environment that can adversely affect the validity of results include, but are not limited to the following: dust, electromagnetic disturbances, radiation, humidity, electrical supply, temperature, and vibration.

6.3.2.2 Environmental conditions that may influence the validity of test results, including temperature and humidity applicable to the relevant test method(s), shall be determined, monitored, measured, and recorded.

6.3.2.3 Tests shall be stopped when the temperature and humidity are outside the specified limits or when the other factors of the work environment are such that they can affect the validity of results.

6.3.2.4 There shall be effective separation between the laboratory and areas where related activities such as receiving/delivery, weighing and sampling are carried out, and neighbouring areas in which there are incompatible activities.

6.3.2.5 Access to and use of areas affecting the quality of the tests shall be controlled.

6.3.3 Equipment

6.3.3.1 The laboratory shall have available adequate facilities, equipment and reference materials relevant to the standard test methods specified in Clause 6.4.3 to ensure all assaying activities and other activities associated with the assaying service are carried out in a proper, safe and environmentally friendly manner.

6.3.3.2 All equipment and reference materials required for the correct performance of the tests shall be maintained, calibrated and/or verified and shall be traceable to the National Metrology Institute of Malaysia (NMIM).

6.3.3.3 Intermediate checks on equipment shall be conducted at least once a year to ensure the continued suitability of the equipment for its intended purpose. The results of intermediate checks shall be recorded.

6.3.3.4 The assay laboratory shall have documented procedures for dealing with defective equipment. Defective equipment shall be removed from the service area or otherwise prevented from unintended use by segregation and prominent labelling or marking.

6.3.3.5 Records of relevant information on the equipment, including software (if applicable), shall be maintained.

6.4 Testing process requirements

6.4.1 General

6.4.1.1 The operation of the laboratory shall abide by the methods and procedures as defined by this standard.

6.4.1.2 All measurements and determination of acceptance or rejection shall be performed in an objective manner.

6.4.1.3 All instructions, standards or written procedures, worksheets, checklists, manuals and reference data relevant to the work of the laboratory shall be maintained up to date and be readily available to the technical personnel.

The laboratory shall have a procedure for the review of assaying requests which ensures that:

a) the requirements are adequately defined, documented and understood;

b) the laboratory has the capabilities and resources to meet the requirements; and

c) the appropriate methods or procedures that are capable of meeting the customers' requirements are selected.

6.4.2 Sample management

6.4.2.1 Each sample shall be uniquely identified and the movement of samples from receipt to final analysis shall be traceable.

6.4.2.2 The laboratory shall conduct preliminary examination on each sample submitted to check on the following criteria.

a) sample dimension shall comply with 114 mm (L) X 53 mm (W) X 8 mm (H) with +- 1 mm tolerance;

b) sample surface shall be flat and smooth, free from cavities, holes and significant layering. Edges shall not be sharp and pose handling hazard; and

NOTE. There is no specification for the internal quality, but the presence of gas bubbles can lead to bar rejection based on abnormal results of ultrasonic and electrical conductivity testing.

c) sample weight shall be 1 000.0 g or greater. No negative tolerance shall be permitted.

Any sample found to be non-comply with the above criteria shall be rejected and not to be progressed to assay step.

6.4.3 Assaying test method

6.4.3.1 One of the following test methods shall be used for the analysis of gold fineness:

a) ISO 15093, *Jewellery and precious metals - Determination of high purity gold, platinum and palladium - Difference method using ICP-OES; or*

b) ISO 18214, *Jewellery and precious metals - Determination of high purity gold, silver, platinum and palladium - Difference method using SPARK-OES.*

6.4.3.2 All assay data, including sample information, test method used, results, and calculations shall be recorded and maintained.

6.4.4 Reporting the results

6.4.4.1 The results shall be reviewed and authorised by a chemist, registered with Institute Kimia Malaysia (IKM) prior to release.

6.4.4.2 The results shall be provided accurately, clearly, unambiguously and objectively, and shall include all the information agreed with the customer and necessary for the interpretation of the results and all information required by the method used.

6.4.4.3 The assay test report shall include at least the following information:

a) the name and address of the laboratory;

b) the location of performance of the laboratory activities, including when performed at a customer facility or at sites away from the laboratory's permanent facilities, or in associated temporary or mobile facilities;

c) sample of unique identification traceable to finished product declared by customer;

d) the name and contact information of the customer;

e) test method used;

f) a description, unambiguous identification, and the condition of the sample;

g) the date of receipt of the sample, and the date of sampling;

h) the date(s) of performance of the assaying activity;

i) the date of issue of the report;

j) reference to the sampling plan and sampling method as per this standard;

k) the results of the assay as per test method used;

l) additions to, deviations, or exclusions from the method (if any); and

m) identification of the person(s) authorising the report.

6.4.4.4 Reports can be issued as hard copies or by electronic means, provided that the requirements of this standard are met.

6.4.4.5 Copies of all issued reports shall be retained as technical records.

6.4.5 Validity of the results

The laboratory shall monitor the validity of their results through:

a) participation in proficiency testing; and

b) participation in intra-laboratory comparison (if technical personnel is more than one).

6.4.6 Certificate of analysis

A certificate of analysis shall accompany each gold bar or gold bullion with at least the following information:

a) name or logo of the manufacturer and/or trader;

b) “gold” or “Au” to indicate the nature of the metal;

c) mass;

NOTE. Mass in kilogram or gram, including the weighing unit.

d) fineness;

e) unique serial number; and

f) name or logo of assay office.

6.5 Hallmarking requirements

6.5.1 Each gold bullion shall be legibly and durably hallmarked with the following information:

a) name or trademark/logo or other identifying mark of the manufacturer or trader;

b) the word “FINE GOLD” for standards with a fineness of 999.9;

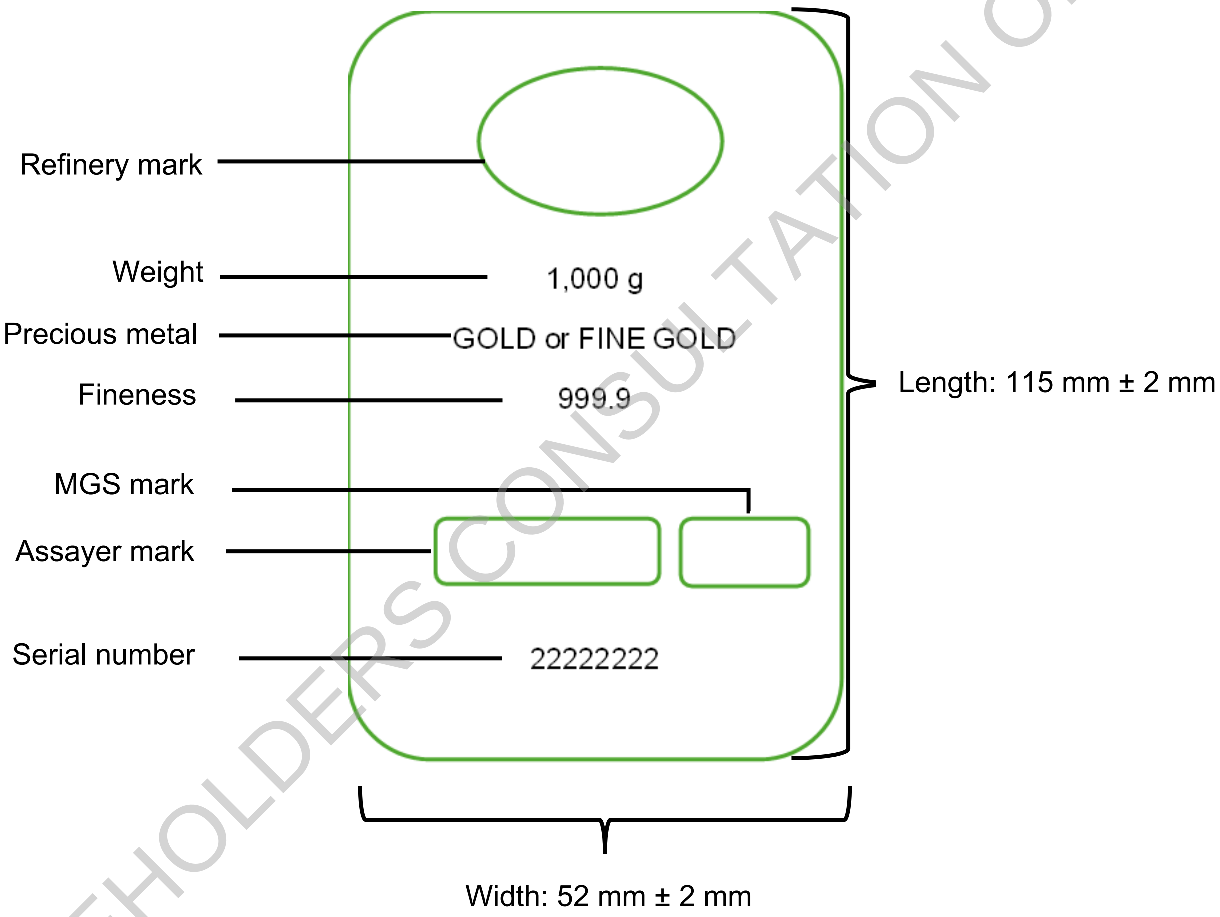
c) name or trademark or other identifying mark of the assay office at which the gold bar or bullion was tested; and

d) a unique serial number.

6.5.2 The hallmarking format for gold bar or bullion shall be in accordance with the examples given in Annex A.

Annex A
(informative)

Examples of hallmarking on a 1 kg gold bar



SECTION 7 CODE OF PRACTICE FOR RETAIL

7.1 Scope

This Code specifies the requirements for retail entities seeking certification under the Malaysian Gold Industry Principle (MGIP) and engaged in the sale of gold products and related retail activities.

The requirements of this Code apply to retail activities involving gold jewellery, gold bars, bullion and other gold products, including product verification, storage, sales transactions, customer protection, product integrity and related retail operations, where applicable.

7.2 Governance requirements

7.2.1 Legal, regulatory and ethical compliance

The retail entity shall:

a) comply with all applicable laws, regulations, licensing and tax requirements;

b) establish a Code of Ethics and Business Conduct;

c) maintain anti-fraud, anti-corruption and consumer protection policies; and

d) maintain adequate documentation and disclose information required by regulators.

7.2.2 Governance and accountability

The retail entity shall:

a) Establish governance structures, roles and responsibilities.

b) Designate personnel responsible for compliance, customer protection and responsible sourcing.

c) Establish whistleblowing and grievance mechanisms.

d) Conduct regular management reviews.

7.2.3 Supplier due diligence and Know Your Provider (KYP)

The retail entity shall:

a) Conduct supplier due diligence prior to onboarding.

b) Maintain supplier registration records, licences and certifications.

c) Conduct periodic review of supplier status.

d) Maintain a preferred supplier list based on approved criteria.

7.3 Quality Management

7.3.1 Quality Management System

The retail entity shall:

a) Establish documented procedures covering procurement, storage, sales, returns and customer service.

b) Conduct periodic internal audits.

c) Maintain corrective action processes.

7.3.2 Competency and Training

The retail entity shall:

a) Provide training to employees on relevant subject matter such as follows:

  i) Gold product knowledge;

  ii) Hallmark interpretation;

  iii) Product authentication;

  iv) Customer service;

  v) Responsible sourcing; or

  vi) AML/CFT requirements.

b) Maintain competency records.

7.3.3 Customer education

The retail entity shall:

a) Provide educational materials regarding:

  i) Gold purity and hallmarking

  ii) Product pricing

  iii) Responsible purchasing

  iv) Customer rights

b) Refer customers to credible industry and regulatory sources.

7.3.4 Customer complaints management

The retail entity shall:

a) Establish mechanisms to receive, record, investigate and resolve complaints.

b) Define complaint resolution timelines.

c) Maintain complaint records and corrective actions.

7.4 Retail technical requirements

7.4.1 Product verification and acceptance

7.4.1.1 For jewellery products, the retail entity shall:

a) verify the weight, fineness, purity, hallmark and physical characteristics of each jewellery product upon receipt from the supplier;

b) establish documented incoming inspection procedures, including independent verification through recognised testing methods where appropriate. Independent verification shall be performed:

   i) for newly approved suppliers prior to routine procurement;

   ii) periodically for existing suppliers based on risk assessment; and

   iii) whenever product inconsistencies or quality concerns are identified.

c) accept only jewellery products that:

   i) comply with the applicable Malaysia Gold Standard (MGS) specifications;

   ii) bear a valid and legible hallmark where hallmarking requirements are applicable; and

   iii) are accompanied by supporting documentation required by the organisation.

d) investigate and document all discrepancies relating to purity, weight, hallmark, product specifications or accompanying documentation and implement appropriate corrective actions with the supplier.

7.4.1.2 For gold bar/bullion, the retail entity shall:

a) verify the weight, fineness, purity, serial number (where applicable) and accompanying certificate of each gold bar or bullion product upon receipt;

b) establish documented sampling and independent verification procedures using recognised testing methods for:

i) newly approved suppliers;

ii) periodic verification of existing suppliers; and

iii) products identified through risk assessment or quality concerns.

c) accept only gold bars or bullion that:

i) comply with the applicable MGS specifications; and

ii) are accompanied by an authentic certificate issued by the manufacturer or recognised certification body.

d) investigate, document and resolve any discrepancies identified during product verification.

7.4.2 Transportation, storage and security

The retail entity shall:

a) implement appropriate controls for the secure transportation, storage and handling of gold products;

b) implement inventory management controls, including:

i) restricted access to storage areas;

ii) segregation of duties;

iii) authorised inventory custodians;

iv) periodic stock reconciliation; and

v) inventory movement records.

c) ensure adequate insurance coverage is maintained for:

i) products held in storage;

ii) products in transit;

iii) products delivered through online or courier channels, where applicable; and

d) implement appropriate controls to safeguard customer-owned items under custody against loss, theft, damage or substitution.

7.4.3 Sales and transaction controls

7.4.3.1 Direct sales

The retail entity shall:

a) establish documented procedures for all sales transactions, including customer identification requirements where required under applicable laws and AML/CFT regulations;

b) perform customer identification and Know Your Customer (KYC) procedures for transactions exceeding regulatory thresholds or where required by applicable legislation;

c) issue invoices or sales receipts only after customer identification requirements have been fulfilled where applicable;

d) maintain complete sales records, including product description, purity, weight, serial number (where applicable), transaction value, payment method and customer information; and

e) accept payments only through recognised and secure payment channels permitted under applicable laws and regulations.

7.4.3.2 Trade-in/buy back

The retail entity shall:

a) establish documented procedures governing trade-in and buy-back transactions;

b) verify the identity of the seller through valid identification documents;

c) conduct Know Your Customer (KYC) procedures in accordance with applicable AML/CFT requirements;

d) obtain proof of ownership or previous purchase documentation where available;

e) verify the authenticity, purity and weight of products before acceptance;

f) maintain complete records of each transaction; and

g) make payments only through recognised payment channels in accordance with applicable legal requirements.

7.4.4 Advance payments and customer deposits

The retail entity shall:

a) clearly communicate all terms and conditions applicable to advance purchase schemes, instalment purchases or customer deposits, including payment schedules, delivery conditions and cancellation provisions;

b) disclose all applicable charges, fees, settlement arrangements, refund conditions and associated risks before accepting customer payments;

c) maintain adequate gold inventory, financial resources or other appropriate arrangements to fulfil customer obligations; and

d) establish procedures to protect customer interests in the event of delayed delivery, business closure or insolvency.

7.4.5 Risk management

The retail entity shall:

a) maintain a risk register.

   assess and monitor, where applicable, the following:

   i) gold price risk

   ii) counterparty risk

   iii) operational risk

   iv) cybersecurity risk

   v) compliance risk

b) implement mitigation measures and business continuity arrangements.

7.5 Product standards

7.5.1 Product integrity

The retail entity shall:

a) sell only genuine gold products that conform to applicable Malaysia Gold Standard specifications;

b) verify the declared purity, fineness, weight and:

   i) hallmark for jewellery products; or

   ii) certificate for gold bars or bullion.

c) establish security controls to prevent product substitution, tampering or fraud, including where appropriate:

   i) tamper-evident packaging;

   ii) product tagging;

   iii) barcode or serial number verification;

   iv) CCTV monitoring; and

v) product verification in the presence of customers during purchase or buy-back transactions.

7.5.2 Hallmarking and certification

7.5.2.1 Jewellery hallmarking

The retail entity shall:

a) sell only jewellery products bearing a valid hallmark where hallmarking requirements are applicable under the Malaysia Gold Standard (MGS) or relevant regulatory requirements;

b) ensure the hallmark corresponds with the declared purity or fineness;

c) ensure the hallmark remains legible and free from visible alteration prior to sale and

d) ensure hallmarked products are obtained only from approved suppliers.

7.5.2.2 Gold bar/bullion certification

The retail entity shall:

a) sell only gold bars or bullion accompanied by an authentic certificate issued by the manufacturer, refinery or recognised certification body.

b) ensure that the certificate corresponds to the product being sold, including, where applicable:

   i) product weight;

   ii) purity or fineness;

   iii) serial number;

   iv) manufacturer or refinery identification; and

   v) certificate number.

c) ensure that certificates are complete, genuine and free from unauthorised alterations.

7.5.2.3 Suspected non-genuine hallmarks or certificates

The retail entity shall:

a) establish procedures for handling products suspected of containing counterfeit hallmarks or fraudulent certificates;

b) quarantine the affected products pending investigation;

c) notify the supplier and initiate corrective actions where non-conformities are identified; and

d) ensure that products with unverifiable hallmarks or certificates are not offered for sale until authenticity has been confirmed.

7.5.3 Product information disclosure

The retail entity shall display:

a) purity/fineness;

b) weight;

c) product description;

d) pricing breakdown;

e) certification details; and

f) barcode or product identification (where applicable).

7.5.4 Fair pricing and consumer protection

The retail entity shall:

a) clearly disclose:

   i) gold price;

   ii) making charges;

   iii) taxes; and

   iv) additional fees.

b) apply pricing consistently and fairly; and

c) communicate return, exchange and buy-back policies.

7.5.5 Marketing and communication

The retail entity shall:

a) ensure marketing materials are accurate and not misleading;

b) clearly communicate product characteristics and risks;

c) avoid misleading comparisons; and

d) avoid representing educational information as professional investment advice.

7.6 Assaying and hallmarking requirements

7.6.1 Independent product verification

The retail entity shall:

a) establish documented procedures for independent verification of product characteristics using recognised analytical methods appropriate to the product, including where applicable:

   i) X-Ray Fluorescence (XRF);

   ii) density testing;

   iii) fire assay; or

   iv) other recognised analytical methods.

b) ensure testing equipment is calibrated and maintained;

c) maintain complete testing records; and

d) investigate and document all non-conforming test results.

7.6.2 Hallmark and certification verification

The retail entity shall, where independent verification is performed:

a) verify the authenticity of hallmarks prior to product sale;

b) verify that certificates accompanying gold bars or bullion include, where applicable:

   i) product weight;

   ii) purity or fineness;

   iii) unique certificate or serial number;

   iv) name of manufacturer or refinery;

   v) authorised assayer or issuing body; and

   vi) means of independent verification, including manufacturer website or digital verification platform where available.

c) conduct periodic sample verification of hallmarks and certificates based on documented risk assessment.

7.6.3 Non-conforming product management

The retail entity shall:

a) quarantine non-compliant products;

b) conduct root cause investigation; and

c) implement corrective actions.

7.7 Regulatory requirements

The retailer shall identify, comply with, and monitor applicable legal and regulatory requirements relating to the sale and marketing of gold products. Applicable requirements shall include, where relevant:

a) Trade Descriptions Act 2011;

b) Trade Descriptions (Articles Made of Precious Metals) Regulations 1994;

c) Consumer Protection Act 1999;

d) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), where applicable;

e) business registration and licensing requirements; and

f) other applicable legal and regulatory requirements relating to the retail sale of gold products in Malaysia.

SECTION 8 CODE OF PRACTICE FOR FINANCIAL AND INVESTMENT-LINKED GOLD PRODUCTS

8.1 Scope

This section specifies principles and requirements for financial and investment-linked gold products under the Malaysian Gold Industry Principle (MGIP).

This section applies to institutions and entities involved in the design, issuance, management, marketing, custody, distribution, redemption, and settlement of financial and investment-linked gold products.

8.2 General requirements

8.2.1 Financial and investment-linked gold products ("product") shall be designed, structured, issued, and managed in accordance with the principles set out in MGIP part 1, Governance charter:

a) fairness and integrity;

b) transparency;

c) protection of client assets;

d) responsible gold sourcing;

e) regulatory compliance;

f) commercial prudence; and

g) operational professionalism.

8.2.2 These principles shall serve as the foundational requirements to ensure:

a) responsible product development;

b) responsible and ethical marketing;

c) ethical market conduct;

d) protection of stakeholders' interests; and

e) integrity of the gold investment ecosystem.

8.2.3 The institutions/entities shall demonstrate that all product features, marketing, operational processes, and governance arrangements are consistent with and derived from these principles.

8.2.4 The principles shall be applied across the entire product lifecycle, including but not limited to:

a) Product design

b) Sourcing of gold

c) Custody and safekeeping

d) Distribution and marketing

e) Redemption and settlement

f) Disaster recovery

8.2.5 Regulatory requirements

The institution shall identify, comply with, and monitor all applicable legal, regulatory, supervisory, and Shariah requirements relating to financial and investment-linked gold products. Applicable requirements shall include, where relevant:

a) Financial Services Act 2013;

b) Islamic Financial Services Act 2013;

c) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001;

d) Capital Markets and Services Act 2007;

e) Consumer Protection Act 1999;

f) Cooperative Societies Act 1993;

g) Pawnbrokers Act 1972; and

h) applicable requirements, directives, guidelines, and policy documents issued by Bank Negara Malaysia, Securities Commission Malaysia, Suruhanjaya Koperasi Malaysia, and other competent authorities, as applicable.

8.3 Product category and classification

8.3.1 This Code applies to products where the financial and investment are linked directly or indirectly to gold such as:

a) physical investment gold (minted/dinar or any other physical gold);

b) gold investment accounts offered by financial institutions;

c) exchange-traded gold products, including gold-backed exchange traded funds (ETFs);

d) exchange-traded gold contracts and gold-linked trading instruments;

e) structured gold investment products;

f) digitally represented gold investment products, including digital gold platforms and tokenised gold representations; and

g) other gold-linked investment products where physical gold, gold reserves or gold price movements form the underlying asset or reference value.

8.3.2 The product can be classified as allocated, unallocated, digital gold, structured-gold linked.

Product category	Classification
Physical gold	Minted, dinar or any other physical gold
Gold investment accounts	Allocated or unallocated (depending on structure)
Gold-backed ETFs	Allocated gold (if fully backed)
Exchange-traded gold contracts	Structured gold-linked
Structured gold products	Structured gold-linked
Digital/tokenised gold	Digital gold
Other gold-linked products	Structured gold-linked

8.4 Product technical requirements

8.4.1 Gold purity and fineness

8.4.1.1 The product provider shall declare the following information for each gold investment product:

a) gold purity;

b) fineness; and

c) measurement unit.

8.4.1.2 The declared fineness shall be expressed in parts per thousand (‰) or an equivalent recognised unit.

8.4.1.3 Gold investment products shall have a minimum fineness of 999 (99.9 % gold content).

8.4.1.4 Where the product is marketed or sold as bullion, the preferred fineness shall be 999 or 999.9.

8.4.2 Product specifications

The institution shall establish, maintain, and make available a documented product specification for each financial or investment-linked gold product offered.

The product specification shall define, at a minimum:

a) the product name and unique product identification;

b) the product type (e.g. gold account, exchange-traded fund, investment contract, digital gold product, structured product, or physical gold product);

c) the nature of the underlying gold exposure, including whether the product is backed by physical gold or linked to the price of gold;

d) the quantity representation and unit of measurement of gold holdings;

e) the pricing methodology, including the reference price and pricing frequency;

f) the ownership structure, including whether the gold holdings are allocated or unallocated;

g) customer rights and obligations associated with the product;

h) redemption options and conditions, including physical delivery, digital transfer, or cash settlement, where applicable;

i) applicable fees, charges, and costs; and

j) key risks associated with the product.

8.4.3 Markings and labelling of physical gold

8.4.3.1 Markings and labelling for physical gold (allocated gold) shall include:

a) refiner hallmark (name or trademark or other identifying mark of the manufacturer);

b) purity/fineness;

c) weight;

d) serial number; and

e) assay mark/certificate.

8.4.3.2 Integrity and transparency

Markings shall be accurate, legible, and tamper-resistant.

8.4.3.3 Operational professionalism

Marking processes shall follow recognised gold hallmarking requirements/standards.

8.4.3.4 Protection of client assets

The institution shall establish, implement and maintain controls to ensure the identification, protection, continuity and recoverability of client assets. Such controls shall include, but are not limited to, the following:

a) markings shall enable clear identification and verification of ownership.

b) protection of client assests as per BNM guidelines, Business Continuity Plan (BCP) and Disaster Recovery (DR).

8.4.4 Serialisation and identification, traceability

8.4.4.1 Each gold asset shall have traceability information:

a) unique serial number;

b) refinery record;

c) custody record;

d) ownership/consignee record; and

e) supplier/consignor record.

8.4.4.2 Digital products shall include equivalent electronic identification.

8.4.4.3 Protection of client assets

Serialisation shall ensure clear ownership attribution.

8.4.4.4 Responsible gold sourcing

Traceability shall cover origin and supply chain.

8.4.4.5 Operational professionalism

Traceability systems shall maintain accurate, up to date and secure records.

8.4.4.6 Transparency

Clients shall have access to relevant identification information upon request.

8.4.5 Packaging and disclosure

8.4.5.1 Physical gold products shall be supplied with:

a) tamper-evident packaging;

b) certificate of authenticity;

c) product identification;

d) serial number;

e) purity declaration/ authentication elements;

f) weight; and

g) assay mark/certificate.

8.4.5.2 Digital/financial products shall provide (disclosure):

a) product disclosure document;

b) terms and conditions;

c) redemption mechanism;

d) risk disclosure statement;

e) fee disclosure

f) conversion mechanism; and

g) transfer of ownership mechanism (hibah/gift).

8.4.5.3 Packaging processes shall ensure consistency and quality control.

8.4.5.4 Disclosure format shall comply with regulation (such as BNM and SC requirements) and shall not omit product material information.

8.4.6 Pricing and valuation

Pricing shall comply with laws and regulations and recognised benchmarks (e.g., LBMA Gold Price).

8.4.6.1 Fairness and integrity

Pricing shall reflect prevailing market conditions.

8.4.6.2 Transparency

The institution shall disclose to customers the applicable spreads, fees, charges and the methodology used in determining gold pricing, valuation and returns, as applicable.

8.4.6.3 Commercial prudence

Pricing strategies shall ensure sustainability without exploiting clients.

8.4.7 Technology and digital gold requirements

The institution/entity shall ensure that all digital gold platforms and supporting systems maintain security, integrity, availability, traceability, and resilience of digital gold operations, including transactions, ownership records, and tokenised representations, by implementing:

a) system availability of not less than 99.9 % (excluding planned maintenance);

b) secure transaction processing with end-to-end encryption;

c) strong authentication, access control, and transaction integrity validation;

d) maintaining a robust Information Security Management System (ISMS) aligned with ISO/IEC 27001 Information Security Management Systems (or CRMS);

e) ensuring system resilience through high-availability architecture, tested Disaster Recovery (DR) and Business Continuity Plan (BCP);

f) complying with PDPA and applicable financial data protection requirements;

g) tokenisation and Digital Gold Integrity;

h) security risk management in accordance with ISO 31000 Risk management and ISO/IEC 27005 Information security risk management (or Cyber risk security) through regular risk assessments, vulnerability assessments, penetration testing, and mitigation actions;

i) implementing incident management processes covering detection, reporting, containment, response, and recovery for incidents affecting customer data, digital gold tokens, and ownership records with escalation and regulatory reporting where required; and

j) continuous improvement through periodic ISMS reviews, audit and in line with BNM requirements.

8.5 Supply chain and custody requirements

8.5.1 Gold sourcing

The institution/entities (product provider) shall establish controls for source verification, refinery assessment and responsible sourcing due diligence. Gold shall be conflict-free and ethically sourced.

8.5.2 Custody requirements

8.5.2.1 The product provider shall establish appropriate custody arrangements to ensure the integrity, security and availability of the underlying product.

8.5.2.2 The custody model shall be clearly disclosed and shall identify whether the product represents:

a) allocated ownership, where specific products are segregated and assigned to individual investors or account holders;

b) unallocated ownership, where investors or account holders hold a claim to a quantity of the product but not to specific identified products; or

c) other custody arrangements, provided that the nature of ownership rights, custody controls and associated risks are clearly disclosed to investors or account holders.

NOTE. Custody arrangements may be undertaken by the product provider, a custodian, a vault operator or another authorised third party, as applicable. The product provider remains responsible for ensuring that custody arrangements are effectively implemented and communicated to investors or account holders.

8.5.3 Verification

8.5.3.1 The product provider shall establish and maintain a verification process to ensure the accuracy, integrity and reliability of information relating to the underlying gold assets, ownership records and custody arrangements.

8.5.3.2 Verification activities shall be performed by competent personnel or independent parties, where applicable, and shall include the following:

a) quantity verification;

b) purity verification;

c) ownership verification;

d) custody reconciliation.

8.6 Governance and operational controls

8.6.1 Legal, regulatory and ethical compliance

The institutions shall:

a) comply with all applicable laws, regulations, licensing and tax requirements;

b) establish a Code of Ethics and Business Conduct;

c) maintain anti-fraud, anti-corruption and consumer protection policies; and

d) maintain adequate documentation and disclose information required by regulators.

8.6.2 Governance and accountability

8.6.2.1 The institutions shall:

a) establish governance structures, roles and responsibilities;

b) designate personnel responsible for compliance, customer protection and responsible sourcing;

c) establish whistleblowing and grievance mechanisms; and

d) conduct regular management reviews.

8.6.2.2 The institutions shall implement:

a) internal controls;

b) risk management systems; and

c) audit mechanisms.

8.6.2.3 Operational professionalism

Processes shall ensure accuracy, reliability, and efficiency.

8.6.2.4 Regulatory compliance

Governance shall align with relevant laws and regulations (BNM/SC/FIMM).

8.6.2.5 Fairness and integrity

Oversight shall prevent misconduct and misrepresentation.

8.6.3 Refiner/supplier due diligence and Know Your Provider (KYP)

The institutions shall:

a) Conduct refiner/supplier due diligence prior to onboarding.

b) Maintain refiner/supplier registration records, licences and certifications.

c) Conduct periodic review of refiner/supplier status.

d) Maintain a preferred refiner/supplier list based on approved criteria.

8.6.4 Client Due Diligence and Know Your Provider (KYP)

The institutions shall:

a) Conduct client due diligence prior to onboarding.

b) Maintain client registration records.

c) Conduct periodic review of client status.

8.7 Demonstration of compliance and conformity

8.7.1 The conformity assessment process shall ensure that financial and investment-linked gold products comply with the requirements through:

a) Documented policies and procedures (documentation review)

b) Audit trails and records

c) Independent verification (where applicable i.e. Gold specification verification, Supply chain verification)

d) Custody audit

e) Proper Shariah confirmation/endorsement (for Islamic financial institution).

8.7.2 All technical and product requirements shall be traceable and subject to periodic review and continuous improvement.

SECTION 9 CODE OF PRACTICE FOR GOLD-BACKED MICRO FINANCING

9.1 Scope

This section specifies requirements and best practices for gold-backed micro-financing used as collateral for micro-financing and short-term financing facilities. The code also covers the requirements relating to test methods for the determination of gold fineness.

9.2 General requirements

9.2.1 Gold-backed micro financing ("product") shall be designed, structured, issued, and managed in accordance with the principles set out in MGIP part 1, Governance charter. The institutions/entities shall demonstrate that all product features, marketing, operational processes, and governance arrangements are consistent with and derived from these principles.

9.2.2 Responsible management of gold collateral

The institution shall establish, implement, and maintain controls for the responsible management of gold collateral throughout its acceptance, custody, financing, redemption, disposal, and record-retention processes. The controls shall include, at a minimum, the following:

a) **Ownership and legitimacy verification**

The institution shall establish controls to verify the ownership and legitimacy of gold collateral prior to its acceptance.

b) **Screening of stolen or illicit property**

The institution shall establish procedures to identify and manage suspected stolen, counterfeit, fraudulent, or otherwise illicit gold collateral.

c) **AML/CFT compliance**

The institution shall establish and implement measures to comply with applicable anti-money laundering and counter-financing of terrorism (AML/CFT) requirements.

d) **Customer due diligence**

The institution shall conduct customer due diligence prior to establishing a financing relationship and thereafter on an ongoing basis, as required by applicable laws and regulations.

e) Record keeping

The institution shall maintain complete and accurate records relating to customers, pledged gold, valuation activities, financing transactions, custody arrangements, and disposal activities for a period specified by applicable legal and regulatory requirements.

f) Responsible sourcing

The institution shall adopt and implement responsible sourcing practices for gold collateral that are aligned with recognised best practices, including applicable principles and guidance issued by the Organisation for Economic Co-operation and Development (OECD) and the London Bullion Market Association (LBMA).

9.2.3 Ar-Rahnu requirements

9.2.3.1 Ar-Rahnu providers shall comply with the requirements relating to:

a) Rahn principles in accordance with applicable Shariah requirements;

b) Shariah governance requirements and oversight arrangements;

c) acceptance, valuation, custody, safeguarding, and redemption of marhun (pledged gold);

d) management of *marhun bih* (debt obligation); and

e) Shariah-compliant fees, charges, and related disclosures

9.2.3.2 The institution shall identify, comply with, and monitor all applicable legal, regulatory, supervisory, and Shariah requirements relating to gold-backed financing and gold collateral activities, including requirements issued by Bank Negara Malaysia (BNM), Suruhanjaya Koperasi Malaysia (SKM), the Ministry of Housing and Local Government (KPKT), and other relevant competent authorities, as applicable.

9.2.4 Inventory management controls

The institution shall establish, implement, and maintain inventory management controls for gold collateral to ensure its identification, traceability, accuracy, accountability, and security throughout the custody period.

9.3 Product requirements

9.3.1 Product category

The product shall be financing instruments where gold product is pledged as collateral to secure financing obligations.

The product includes the following but not limited to:

a) Conventional pawnbroking

A financing arrangement whereby gold is pledged as collateral for a loan under applicable pawnbroking acts and regulations.

b) Ar-Rahnu (Islamic pawnbroking)

A Shariah-compliant financing facility using gold as pledged collateral (marhun) under Rahn principles.

c) Short-term financing secured by gold collateral

A short-term financing facility provided to individuals, microenterprises or small businesses based on pledged gold collateral.

9.3.2 Gold collateral

9.3.2.1 Gold collateral can be classified as either:

a) jewellery (necklaces, bracelets, bangles, rings);

b) gold in the form of bar, ingot, plate, wafer or coin; or

c) any certified gold products (products from recognised refiners, products bearing recognised purity markings, certified bullion products).

9.3.2.2 Gemstones, diamonds and non-gold components shall not form part of the collateral valuation unless separately assessed.

NOTE. Gold is used as collateral (security) for a loan. This can include pawn gold, but it can also refer to gold-backed financing from banks or other financial institutions.

9.3.3 Gold purity and fineness

9.3.3.1 Gold accepted as collateral shall meet the following fineness requirements as specified in Table 1.

Table 1. Fineness requirements of gold collateral

Minimum gold content (Fineness) (%)	Hallmark
99.90	999
95.00	950
91.66	916
87.50	875
75.00	750

9.4 Gold collateral verification requirements

9.4.1 General

All gold collateral shall undergo verification prior to acceptance. Verification shall determine:

a) authenticity;

b) purity;

c) weight;

d) ownership indicators;

e) visual inspection;

f) physical inspection; and

g) marketability.

9.4.2 Authentication process

The institution shall authenticate gold collateral in accordance with SIRIM 67, *Keperluan penilaian emas dan perak sebagai barang gadaian*, prior to its acceptance as collateral. The authentication process shall be carried out in accordance with the requirements specified in the following subclauses.

9.4.2.1 Visual assessment

Gold collateral shall be visually examined prior to acceptance, and records of the results shall be retained. The following criteria shall be assessed.

a) hallmarks;

b) fineness markings;

c) manufacturer marks;

d) assayer marks;

e) serial numbers;

f) refiner identification (if applicable); and

g) signs of alteration or damage.

9.4.2.2 Physical assessment

Gold collateral shall be physically examined prior to acceptance, and records of the results shall be retained. The following criteria shall be assessed.

a) weight;

b) dimensions;

c) colour consistency;

d) magnetism response;

e) workmanship characteristics (tampering, dent, sharp edges, damage, etc.).

9.4.3 Analytical method

9.4.3.1 The purity verification of the gold collateral shall be carried out using the non-destructive tests (NDT) as listed in Table 2.

Table 2. Test method for determination of gold authenticity and purity

Non-destructive test	Type of gold collateral		Test method
	Hollow	Solid	
[a] Magnetic test	/	/	[b] Internal test method
[a] visual inspection on the hallmarking ([d] hallmarking)	/	/	[b] Internal test method
Density test	x	/	[b] Internal test method
Acid test	/	/	[b] Internal test method
X-Ray test x	/	/	ISO 23345
[c] Resistivity test	x	/	[b] Internal test method
Conductivity test	/	/	[b] Internal test method
[c] Ultrasonic test	x	/	[b] Internal test method

[a] Basic tests for all pledged items.
[b] Internal test methods should be verified through proficiency testing and documented.
[c] Only limited to coin and bar type of gold collateral.
[d] Hallmarking requirements as per Trade Descriptions (Articles Made of Precious Metals) Regulations 1994.

9.4.3.2 Verification of gold collateral, other than the density test and visual assessment of marking (hallmarking), is recommended to be done at least on two different spots. Suspicious items shall be rejected or subjected to enhanced testing, as listed below.

a) fire assay;

b) cupellation; and

c) other laboratory analysis deemed necessary and sufficient.

9.4.4 Testing equipment

9.4.4.1 The institution shall have appropriate equipment to carry out an accurate verification of the pledged items.

9.4.4.2 The institution shall have and maintain appropriate, calibrated, and functioning equipment for the verification of the authenticity, weight, and fineness of pledged items in accordance with SIRIM 67.

9.4.5 Counterfeit Detection

The institution/entity shall establish and maintain controls to detect, verify, and manage suspected counterfeit, adulterated, or misrepresented gold products, including gold-plated articles, tungsten-filled bullion, forged hallmarks, altered jewellery, and falsified serial numbers.

9.4.6 Record keeping

9.4.6.1 The institution shall record every test result of the gold collateral and shall be traceable to the assayer who performs the testing and verification.

9.4.6.2 The results of the testing of the gold collateral shall be kept as long as the items are in custody of the institution.

9.4.6.3 The mortgage declaration letter shall:

a) be traceable to the assayer who performs the testing and verification;

b) record client's consent; and

c) have the following information:

- customer information;
- financing information;
- profit rate;
- terms and conditions; and
- description of the pledged golds, which includes information related to the type of golds, weight, quality, current value.

9.5 Gold collateral valuation requirements

9.5.1 Valuation methodology

The institution/entity shall establish and implement a methodology for the valuation of pledged gold. The valuation shall consider, at a minimum:

a) net gold weight;

b) fineness level;

c) prevailing market price;

d) liquidity characteristics; and

e) expected recovery value.

9.5.2 Revaluation

Gold collateral shall be revalued:

a) at the time of financing origination;

b) upon financing renewal;

c) prior to auction, liquidation, or disposal; and

d) when significant fluctuations in the market value of gold occur.

9.6 Financing requirements

9.6.1 Financing margin

The provider shall establish and implement a documented financing-to-value (FTV) methodology for gold-backed financing. The methodology shall take into account the fineness of the gold, the form of collateral, liquidity characteristics, and market risks in determining the applicable financing-to-value ratio.

9.6.2 Financing tenure

The provider shall establish, document, and communicate the financing tenure, extension conditions, redemption conditions, and default conditions applicable to the product. These terms and conditions shall be made available to customers prior to entering into the financing arrangement.

9.6.3 Customer disclosure and transparency requirements

The institution shall disclose to customers, in a clear and understandable manner, information relating to:

a) the pledged collateral, including its valuation and key characteristics;

b) the financing arrangement, including the financing amount, charges, fees, and applicable terms and conditions;

c) risks associated with the financing and pledged collateral; and

d) any other information required by applicable laws, regulations, or the institution's policies.

9.7 Gold collateral custody and safe keeping requirements

9.7.1 Storage infrastructure and security measures

9.7.1.1 The institution shall establish and maintain appropriate arrangements for gold collateral safekeeping in their premises that is sufficient to ensure its security, integrity, and protection against loss, theft, damage, or unauthorised access, in accordance with applicable legal and regulatory requirements.

9.7.1.2 The institution shall establish and maintain appropriate security infrastructure for the safekeeping of gold collateral. The security infrastructure shall be commensurate with the nature, volume, value, and risk profile of the gold collateral under its custody. The security infrastructure shall have, but not limited to the following:

a) secure room designed for the temporary storage and handling of gold collateral and other valuables;

b) vault or other secure facility that ensures its security, integrity, and protection against unauthorised access;

c) alarm and intrusion detection systems to detect and respond to unauthorised access to areas where gold collateral is stored or handled;

d) CCTV surveillance systems in areas where gold collateral is received, assessed, stored, handled, and released;

e) strict security protocols and controlled access to protect customers and employees;

f) customer service counters used for the acceptance, assessment, redemption, and release of gold collateral that meet the following requirements:

  - do not exceed 1.2 m (4 ft) in height;
  - are equipped with bullet-resistant protection, where applicable;
  - incorporate secure and durable counter and door construction;
  - prevent unauthorised access to pledged items; and

– are supported by secure storage facilities, including safes and automatic locking systems.

9.7.2 Segregation of customer

Customer gold collateral shall be individually identifiable, traceable, and segregated from the institution's assets throughout its custody, storage, and handling.

9.7.3 Insurance

The institution shall maintain documented insurance arrangements to protect customer valuables under its custody against loss, theft, burglary, fire, damage, and other applicable risks. The scope and level of insurance coverage shall be periodically reviewed to ensure adequacy in relation to the value and volume of assets held.

9.8 Gold collateral auction and disposal requirements

9.8.1 The institution shall establish and maintain documented procedures for the auction and disposal of unredeemed gold collateral. The procedures shall address customer notification, revaluation prior to disposal, auction governance, disposal processes, settlement calculations, distribution of surplus proceeds, and record keeping.

9.8.2 Any surplus proceeds arising from the auction or disposal of unredeemed gold collateral, after deduction of outstanding financing obligations, fees, charges, and other allowable expenses, shall be returned to the customer in accordance with applicable legal and regulatory requirements.

9.9 Regulatory requirements

The institution shall identify, comply with, and maintain evidence of compliance with all applicable legal, regulatory, and supervisory requirements relevant to its gold-backed financing operations. At a minimum, the institution shall comply with the following, where applicable:

a) Financial Services Act 2013 (Act 758);

b) Islamic Financial Services Act 2013 (Act 759);

c) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613);

e) Pawnbrokers Act 1972 (Act 81);

f) Trade Descriptions Act 2011 (Act 730) and subsidiary legislation relating to precious metals;

g) Consumer Protection Act 1999 (Act 599); and

h) relevant policy documents, guidelines, directives, standards, and requirements issued by Bank Negara Malaysia and other competent authorities.

NOTE. Compliance with applicable legal and regulatory requirements includes any amendments, revisions, replacements, or successor instruments in force at the time of assessment.

Bibliography

Acknowledgements