



**CIRCULAR**

**SEBI/HO/CDMRD/DMP/P/CIR/2022/36**

**March 28, 2022**

**The Managing Directors / Chief Executive Officers  
All Recognized Stock Exchanges**

Dear Sir / Madam,

**Sub: Product specifications pertaining to the Electronic Gold Receipts (EGR) segment in India**

1. SEBI vide Circular no. SEBI/HO/CDMRD/DMP/P/2022/07 dated January 10, 2022, has issued framework for operationalizing the Gold Exchange in India and vide SEBI Circular no. SEBI/HO/CDMRD/DMP/P/CIR/2022/19 dated February 14, 2022, has issued Standard Operating Guidelines for the Vault Managers and Depositories in Electronic Gold Receipts (EGR) segment.
2. The framework, inter-alia, states that the entire transaction in EGR segment has been divided into three tranches. In tranche 1, physical gold will be converted into EGR; in tranche 2, EGR shall be traded on stock exchanges; and in tranche 3 – EGR can be converted into physical gold. The framework also states that stock exchanges may launch contracts with different denomination for trading and / or conversion of EGR into gold.
3. In this regard, the stock exchanges may launch products / contracts subject to complying with the following guidelines:
  - 3.1. Any person desirous of dealing in EGR on the stock exchange shall deposit the gold with the registered Vault Managers, in the 'deposit unit', which shall be specified by the stock exchanges.
  - 3.2. The trading of EGR shall take place on stock exchanges, in the 'trading unit', which shall be specified by the stock exchanges. The stock exchanges shall ensure that trading unit is not smaller than 10th part of the corresponding deposit unit. For example: On deposit of 100gm gold bar, 1 EGR may be created of 100 gm trading unit or 10 EGRs may be created of 10gm each trading unit.



- 3.3. The 'settlement unit' of EGR shall be same as 'trading unit', which shall be specified by the stock exchanges.
- 3.4. Beneficial owner of EGR intending to obtain physical gold against the EGR/s, shall follow the procedure as stated in SEBI Circular dated January 10, 2022. The 'withdrawal unit' of EGR shall be same as 'deposit unit', which shall be specified by the stock exchanges.
- 3.5. In addition to ISIN norms specified in Annexure 2 of SEBI Circular no. SEBI/HO/CDMRD/DMP/P/CIR/2022/19 dated February 14, 2022, the ISINs of EGRs shall also contain details of deposit unit and trading unit, for the purpose of easy identification by the investors.
- 3.6. The stock exchanges shall disseminate adequate information to investors, especially for EGRs with different deposit and trading unit.
- 3.7. The details of deposit unit / withdrawal unit and trading unit / delivery unit shall be clearly spelt out in the contract specifications of the exchange.
4. At the time of creation of EGR, the beneficial owner of gold shall specify the trading unit of EGR, to the Vault Manager.
5. This Circular shall come into force with immediate effect.
6. The Exchanges shall:
  - 6.1. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same,
  - 6.2. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
  - 6.3. communicate to SEBI, the status of the implementation of the provisions of this Circular.
7. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. This Circular is issued with the approval of Competent Authority.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

9. This Circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Circulars” and “Info for Electronic Gold Receipts”.

Yours faithfully,

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