



Standard Operating Procedure for Vault Manager

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(A) Procedure for empanelment of vault

- I. Any body-corporate, incorporated in India or a foreign jurisdiction, desirous of opening a vaulting facility in IFSC shall set up its operation in IFSC either through a branch or subsidiary or any other mode specified by the Authority and shall be empanelled with the Bullion Depository prior to making an application for registration with the Authority.
- II. The application for registration with the Authority shall be in accordance with **Form A** specified in the **First Schedule**, along with the letter of empanelment with the bullion depository and a non-refundable application fee in the manner specified in the **Second Schedule**.
- III. The vault shall be under the complete physical and operational control of the Vault Manager.
- IV. A registered Vault Manager may make an application in such form and manner as may be specified by the Authority for registration of additional vault(s) under its existing registration.

2. General Criteria

- 1) The promoters of the Vault Manager should be persons with a good business reputation and credibility, having domain knowledge of handling storage/delivery operations of precious metals and must be in the Vaulting business for at least 3 years as on the date of their application, subject to any exemption as may be considered by the Authority.
- 2) The Vault Manager shall comply with “fit and proper criteria” as specified in Regulation 61 of the Bullion Market Regulations, 2025.

3. Net worth

- 1) The Applicant/Vault Manager shall fulfil the minimum net worth of USD 7 million which shall be maintained at all times.
- 2) The Vault Manager shall submit a net worth certificate and/or certificate from its statutory auditors to the Bullion Depository once in every six months i.e. net worth as at the end of every March and September, within 45 calendar days, from the end of March and September. The net worth certificate shall not be older than 3 months.
- 3) The Annual Financial Statements of the Vault Manager should be audited and submitted to the Bullion Depository within six months from the end of Financial Year. Further, each Vault Manager shall also be required to submit its unaudited quarterly financial statements for all the quarters of a financial years to the Bullion Depository, within 45 calendar days from the end of the respective quarter.

4. Security deposit

- a. The Vault Manager shall be required to furnish a refundable security deposit of USD 75000 with the bullion depository prior to making application to the Authority. Provided that no additional security deposit shall be required in case of registration of additional vault(s) under the existing registration of the registered Vault Manager.”
- b. Security deposit shall not be released until six months after cancellation or revocation or surrender of the registration of the Vault Manager or until after satisfaction of every claim against the deposit, whichever is later.

5. Insurance:

- a. The Vault Manager shall at all times ensure to fully cover under insurance, the value of physical bullion stored in its vaults against all potential perils relevant to the bullion for which insurance cover is available and necessary.
- b. The Vault Manager shall undertake to keep insurance cover for risks such as Fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, Burglary and Theft and special perils covering riots, strikes, terrorism and also to keep adequate insurance to cover and mitigate additional risks as may be specified by the Bullion Depository.
- c. The Vault Manager shall take Fidelity guarantee & crime insurance and Professional indemnity cover to cover all deliverable stocks of physical bullion held by the Vault Manager.
- d. The value of physical bullion to be insured should be marked to market on replacement value on an ongoing basis.
- e. Vault Manager shall provide information regarding the insurance coverage of the physical bullion to the Bullion Depository quarterly.

6. Infrastructure requirements

- a. The Vault Manager shall have reasonable facility, preferably subterranean and infrastructure for proper handling and storage of physical bullion as mentioned in **Fourth Schedule** of IFSCA Bullion Consolidated Operating Guidelines, as amended from time to time.
- b. In case the vault is a leased property, the Vault Manager should hold a direct lease for at least 3 years. The lease shall be renewed at least three months prior to the date of expiry of the lease period.
- c. The Vault Manager shall provide a fully secured indoor facility for the storage of precious metals as per specifications prescribed by the Bullion Depository. The Vault for physical bullion must be accessible by an armoured vehicle.

- d. Vault Manager shall have adequate security personnel with required facilities for immediate communication in case of any unlawful entry, burglary, theft or damage or potential loss to the deposited physical bullion.
- e. There shall be provision to accommodate two separate power supplies, one for main lighting/fans and other for sensors, cameras, etc. All electrical wiring inside vault shall be as per the state-of-the-art safety standards.

List of Empanelled Vaults:

- Details of empanelled vaults are available on IIDI website. - <https://iidi.co.in/>

List of Bullion ISINs with Descriptions:

- Details of bullion ISINs are available on IIDI website. - <https://iidi.co.in/>

(1) **Procedure for deposit and delivery of physical bullion**

Supply Chain Integrity:

Under the Bullion guidelines, the compliance of integrity of the supply chain shall be required to maintain by the vault manager in following manner:

The Vault Manager shall ensure the integrity of the supply chain in respect of Bullion sourced from the jurisdiction of origin. At no stage the Bullion shall exit the custody of the Vault Manager or its authorized partner logistics service provider; and the Vault Manager shall incorporate such requirement in their formal contractual arrangements.

Such contractual arrangements shall ensure that the Bullion once procured by the supplier from the overseas refinery, remains continuously within the custody of either the authorized partner logistics entity or any other authorized entity engaged in the collection, storage, transportation, and delivery of the said Bullion. This custodial chain shall remain intact throughout the entire delivery lifecycle until the Bullion is duly received and vaulted by the Vault Manager.

Deposit:

Prerequisite: Every eligible depositor / client shall have a Demat account with the bullion depository for the process of Depositing / Withdrawal from the IFSCA approved Vaults (empanelled by IIDI).

The depositor shall deposit only Good Delivery Bullion from the list of refiners which are approved/permitted by India International Bullion Exchange (IIBX) from time to time. The depositor shall also submit Know Your Bullion Depositor (KYBD) details in the format prescribed by IIBX from time to time.

The process of Deposit of Bullion:

- The depositor will check with the Vault Manager in advance for adequate space for depositing Bullion with them.
- The depositor shall place a request for the deposit of the bullion to a Depository. The request should come to the depository in a specified format (deposit request form) duly signed by the BO (Beneficial Owner) / authorized signatory from the registered email ID. Along with the deposit request form, BO has to submit certain documents:

For Gold deposit

- Airway Bill with Export Bill of Entry
- Customs Invoice
- Packing list (including Refiner's certificate issued by Refinery)
- Bill of Entry (Out of Charge copy)
- Country of Origin Certificate, where applicable (mandatory for Tariff Rate Quota (TRQ) / Comprehensive Economic Partnership Agreement (CEPA))

- Documents any other as sought by depository

For Silver deposit

- Airway Bill with Export Bill of Entry
 - Customs Invoice
 - Packing list (including Refiner's certificate and MIR – Minimum Information Required issued by Refinery)
 - Bill of Entry (Out of Charge copy)
 - Country of Origin Certificate, where applicable (mandatory for TRQ/CEPA)
 - Documents any other as sought by depository
- The Maker at depository will capture the necessary details like Bullion Deposit Request No., TRQ/CEPA flag, SDVSP ID / SDV ID, BO ID, ISIN/Bullion Code, Description of Bullion ISIN, Number of Units, LSP details, Total Qty, (as per Deposit Request Form).
 - The checker at the depository will verify the said details in the depository system and either approves or rejects the request.
 - A unique record shall be created (if approved) based on the above information and the same shall be shared electronically with the Vault Manager.
 - SMS/Email for the initiation of Bullion Deposit Request is generated by Bullion Depository and sent to registered mobile number/Email ID.
 - SMS/Email which contains the Internal Reference number, will then be shown to the Vault Manager by the Client.
 - The Vault Manager shall enhance the above created record by entering:
 - BAR number (BAG number for Silver Grains) as provided/mentioned by Qualified Supplier post verification
 - Weight of the BAR / BAG
 - Fineness of the BAR / Silver Grains
 - Refinery name
 - Airway Bill
 - Bill of Entry (Out of Charge)
 - Country of Origin details ('NA' in case of not applicable, mandatory in case of TRQ / CEPA)
 - Unit of Measurement
 - Depositor Details
 - Date of Shipment Landing
 - The Vault Manager, or any person authorized in this behalf, shall ensure the completion of all necessary documentation, including signatures, before accepting the metal in the vault.
 - The Vault Manager shall ensure that they accept BARs / Silver Grain BAGs only from the approved refiners list specified by the Bullion Exchange / Clearing Corporation in IFSC from time to time.
 - The checker at the vault will verify the same and confirm the receipt of physical

bullion and electronically transmit the details of said bullion to the Bullion Depository.

- Based on the information received from the Vault Manager and all criteria fulfilled, the Bullion Depository will do the Maker - Checker in the Depository system to generate and issue a Bullion Depository Receipt (BDR) in dematerialized / electronic form with an underlying bullion, bearing a unique identifier.
- Every BAR / BAG (for silver grains) accepted in the Vault shall have a unique BDR number.
- Simultaneously, the units in electronic form will be credited to the BO account of the Depositor in the Bullion Depository.
- The Vault Manager shall send the BDR information duly signed and stamped to the depositor for record and audit purpose.
- The Vault Manager shall clearly demarcate the storage area meant for vaulting services for underlying bullions against BDR.
- The Vault Manager shall take necessary actions to maintain the quality and quantity of physical bullion stored in the vault.
- At the end of the day, the vault manager ensures that the physical inventory tallies with the Depository's record.

Withdrawal

Following are the scenarios where withdrawal may be possible / needed:

- a. Import of Metal into DTA (Bill of Entry, to be filed for Home Consumption)
 - b. Movement of Metal to another SEZ (Zone to Zone Bill of Entry, to be filed)
 - c. Intent to export the metal (Shipping Bill to be filed)
- a. The procedure for Import of Metal into DTA (Domestic Tariff Area):
- Beneficial Owner, as defined under Regulation 2(1)(d) of IFSCA (Bullion Market) Regulations 2025 shall place a request for withdrawal of bullion to the Depository. The request should come to the depository in a specified format (withdrawal request form) duly signed by BO / the authorized signatory along with following document(s) from the registered email ID.
 - Withdrawal request form duly filled, signed and stamped
 - Authority letter issued by Client to appoint LSP (In case the client has already selected/mentioned the LSP in the withdrawal request form the same is not required)
 - Any other documents as required and ask for by depository
 - On receipt of the withdrawal request from the BO, maker at Depository will capture the necessary details in the depository system:
 - Withdrawal Request Number

- Withdrawal Request Date
 - TRQ/CEPA Flag
 - Safe Deposit Vault Service Provider ID & Name / Safe Deposit Vault ID & Name
 - SDV Location
 - Client ID & Client Name
 - ISIN / Bullion Code
 - ISIN / Bullion Code Description
 - Details of LSP
 - Client's address where Bullion will be delivered
 - Unit of Measurement
 - No. of Unit
 - Reason for Withdrawal
- The depository system shall ensure that FIFO or any other framework is followed and accordingly allot the BDRs to be withdrawn from the vault. The withdrawal can happen from multiple vaults, depending on where the metal is stored, based on the vault-wise separate withdrawal request form.
 - The Checker at Depository will verify and confirm.
 - The withdrawal request then goes to the vault managers electronically.
 - SMS/Email for the initiation of Bullion withdrawal request is generated by Bullion Depository and sent to the client's registered mobile number/Email ID.
 - SMS/Email, which contains Internal Reference number will then be shown to Vault Manager by the Client.
 - The Vault Manager shall perform due diligence of the documents submitted by the client which contains withdrawal reference details to withdraw the bullion.
 - Upon verifying documents, the Vault Manager will perform maker – checker at their end to complete withdrawal process.
 - The Depository system will generate a Withdrawal/Extinguishment Request Summary duly digitally signed and stamped, and the same will be sent to the client's registered email address by the Depository.
 - The client will file the Bill of Entry with Customs Department based on the Extinguishment request summary provided by the Bullion Depository and make the necessary payment of Custom Duty.
 - The client to coordinate with their Customs House Agent (CHA) for custom duty payment and bullion clearance process. Client will be solely responsible to coordinate with CHA and Customs department for the release of bullion from the vault.
 - Customs Department shall provide out-of-charge Bill of Entry to the client.

At the time of taking physical delivery of bullion based on a withdrawal request submitted to the depository, the following documents shall be submitted to the Vault Manager (as defined under Regulations 2(1)(hh) of IFSCA (Bullion Market) Regulations, 2025:-

- Out of charge Bill of Entry by Importer / DTA Bill of Entry.
- Proof of payment of customs duty (CD paid Challan)
- Packing List

- OCC gate pass copy from customs
 - Any other documents as required and ask for by depository/vault manager.
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- The vault manager shall not deliver the bullion to the BO until Out-of-Charge Bill of Entry & OCC gate pass copy from customs are produced by the Beneficiary Owner/Authorized person.
 - The vault manager will also have to take an acknowledgement duly signed by the BO for the records. One copy of such acknowledgement will be retained with the vault manager and one copy will be given to the BO.
 - On the extinguishment of BDR, the dematerialized / electronic balance will be reduced from BO account to that extent that it is marked as withdrawn by the BO from the vault manager.
 - Subsequently, the vault manager will provide an acknowledgement copy of Delivery of physical Bullion to Depository.

Note : The Vault Manager shall not remove or transfer any physical bullion from the IFSC Vault at any time, except upon receiving explicit written instructions from IIDI or upon completion of the extinguishment process in accordance with the applicable procedures and regulatory requirements. In the event of any non-compliance by the Vault Manager with the foregoing obligation, the Vault Manager shall be solely liable for any loss, damage or claim arising therefrom, including any claims made by the Client. All such liabilities shall be borne exclusively by the Vault Manager without recourse to IIDI or any other party.

In the event of unmatched BDRs arising from incorrect/improper handling or reconciliation of physical bullion with electronic BDRs by the vault manager, the respective vault manager will be held accountable and required to resolve the issue immediately. To prevent such instances, vault manager must exercise diligent care in handling of bullion bars and ensure they match with the respective BDRs. To ensure this, vault managers should implement a 'maker and checker' process to ensure that the correct bullion BARs are matched with their corresponding BDRs. This maker checker feature is already available in our system.

Movement of Metal to another SEZ (Zone to Zone Bill of Entry, to be filed)

- Process as defined by the customs authority to be followed.
- BO shall place a request for withdrawal of bullion to the Depository. The request should come to the depository in a specified format (withdrawal request form) duly signed by the BO / authorized signatory along with following documents from the registered email ID.
 - Filing of Transshipment permit / Shipping Bill
 - Any other documents as required and ask for by depository
- On the receipt of the request from the BO, the depository will follow the withdrawal process (by selecting the reason for withdrawal) as mentioned in detail in sub point a. - The procedure for Import of Metal into DTA (Domestic Tariff Area).
- At the time of Delivery, Vault Manager shall ensure that following documents are received from client:
 - Packing List
 - Transit Bond by Logistics Company / Contractor.
 - Any other documents as required and ask for by vault manager.
- The Vault manager shall not deliver the bullion to the BO until extinguishment of BDR is duly executed in the Depository system.
- Subject to the above conditions being fulfilled, the checker at the Vault Manager will verify the same to initiate extinguishment of BDR in the depository system. The information of the extinguished BDR shall be reflecting in the depository system to the vault manager post which, the delivery of Physical Bullion shall be made to the BO of the extinguished BDR.
- The vault manager also will have to take an acknowledgement duly signed by the BO for the records. One copy of such acknowledgement will retain with the Vault Manager and one copy will be given to the BO.
- On fulfilment of above process, the vault manager shall hand over the bullion only to the authorized Logistics Service Provider / Vault Manager for Zone-to-Zone Transfer.
- On the extinguishment of BDR, dematerialized / electronic balance will be reduced from BO account to the extent that is marked as withdrawn by the BO from the vault manager.

b. Intent to export the metal (Shipping Bill to be filed)

- BO shall place a request for withdrawal of bullion to the Depository. The request should come to the depository in a specified format (withdrawal request form) duly signed by the authorised signatory from the registered email ID.
 - Any other documents as required and ask for by depository/vault manager.
- On the receipt of the request from the BO, the depository will follow the withdrawal process (by selecting the reason for withdrawal) as mentioned in detail in sub point a. - The procedure for Import of Metal into DTA (Domestic Tariff Area).
- At the time of Delivery, the Vault Manager shall ensure that following documents are received from client:
 - Certified copy of shipping bill
 - Packing List
 - copy of airway bill or bill of landing
 - Any other documents as required and ask for by depository/vault manager
- The Vault manager shall not deliver the bullion to the BO until extinguishment of BDR is duly executed in the Depository system.
- Subject to the above conditions being fulfilled, the checker at Vault manager will verify the same to initiate extinguishment of BDR in the depository system.
- The information of the extinguished BDR shall be reflecting in the depository system to the vault manager post which, the delivery of Physical Bullion shall be made to the BO of the extinguished BDR.
- The vault manager also will have to take an acknowledgement duly signed by the BO for the records. One copy of such acknowledgement will retain with the Vault Manager and one copy will be given to the BO.
- On fulfilment of above process, the vault manager shall hand over the bullion only to the authorized Logistics Service Provider (LSP) for export.
- On the extinguishment of BDR, dematerialized / electronic balance will be reduced from BO account to the extent that is marked as withdrawn by the BO from the vault manager.

(2) Procedure for assaying of physical bullion to be deposited as per standards specified by the Authority;

1. Vault Manager shall ensure that they shall accept BARs / BAGs only from the approved refiners list specified by the Bullion Exchange / Clearing Corporation, from time to time.
2. Vault Manager shall ensure that the serial numbers provided by the refiner are engraved on the physical BARs. For silver grains BAG identified with serial number.
3. At the time of taking delivery, the buyer can check his delivery in front of designated vault personnel. If he is satisfied with the quantity and quality of material, then Vault will release the goods. If buyer is not satisfied with the quality, he can request for assaying by any of the IIDI approved Independent Assayers.
4. If the buyer chooses for assaying, designated vault person will carry the bullion or arrange the bullion through courier to the Assayer's facilities only after consent received from Customs dept. / formalities fulfilled as per Custom's norms.
5. The bullion after getting assayed will be brought back to designated vault along with assayer's certificate. The report shall be considered final.
6. In case of Variation in quality as per the Independent Assayer's report Vault Manager will refer the matter to Depository and Depository will refer the matter to Clearing Corporation for settlement.
7. The cost of this assaying as well as cost of transportation from designated vault to assayer's facilities to and fro will be borne by the buyer. The vault charges during such period will be borne by the buyers. Once the buyer takes the delivery then he will not have any further recourse to challenge the quantity or quality subsequently and it will be assumed that he has received the quantity and quality as per the delivery obligation by the seller.

(3) Procedure for verification of quality of physical bullion and communication to depositor

1. Depositor will check with the Vault Manager in advance for adequate space for depositing Bullion with them.
2. The Vault Manager, or any person authorized in this behalf, shall ensure the completion of all necessary documentation including signatures before acceptance of the metal in the vault.
3. Vault Manager shall ensure that they shall accept BARs/BAGs only from the approved refiners list specified by the Bullion Exchange / Clearing Corporation from time to time.
4. The serial numbers provided by the refiner are engraved on the physical BARs/BAGs.
5. The purity of the BAR/BAG in parts per 1000 viz. 995/1000, 999/1000, 999.9/1000 etc. (0.9950, 0.9990, 999.9)
6. Weight of the physical BAR/BAGs denominated in grams, kilograms or ounces, as the case may be.
7. As a part of the communication to the Depositor, Vault Manager will provide copy of BDR as the receipt of the physical bullion deposited and one copy is maintained with them for Audit purpose. Depository will issue the Holding Statement to the Depositor on a periodic/transactions basis as an intimation of their electronic holding against underlying bullion.

(4) Procedure for maintaining details of persons who may act as authorised representatives of the Vault Manager for processing Bullion Depository receipt;

1. The administrator / Vault Manager should create users with appropriate rights.
2. The authorized officials who have got user IDs created in the system will be allowed to access the system based on the rights allocated to him/her.
3. The administrator should ensure that the user rights are modified as per the role allocated to each user.
4. The administrator should ensure that the user logins are made inactive as and when the user is on long leave.
5. The Vault Manager should ensure the maintenance of Audit trail of all the above-mentioned records.

(5) Procedure for ensuring the safety of the physical bullion from fire, theft, burglary, etc.

Infrastructure

- As far as possible the Branch premises should be Stand Alone Premises with Perimeter fence.
- Adequate space for parking of vehicles should be available.
- Pedestrian door & Vehicle gate to facilitate controlled access.
- Adequate exterior lighting, particularly around entry/exit doors.
- All entrances and exits (including skylights and fire stairs etc.) to the premises to be controlled and secured. (Remote-control, video-entry, interlocking, anti-ram protection, steel shutters, grills, etc.)
- UPS & Generator power back-up in case of disruption of normal power supply.
- Adequate security equipment & surveillance system to cover approaches/access to premises as well as to the vault.
- Alarm Systems used to protect the vault to be tamper-protected and state of the art.
- Intercom system between key areas as well as appointments.
- All exterior air vents and windows to be protected with steel security bars.
- All exterior doors including those to the vault room to feature top, center & bottom security pins between the door & frame mortice mounted to preclude removal of door from the outside.
- All doors to feature high security locking mechanism & equipped with a spring or hydraulic automatic door closure.
- Doors of Vehicle Bay to have mechanical or electrical deadbolts to prevent forced rising of the door from the outside.
- Locking mechanisms to have restricted keyways & dual access control.
- Mantrap Area to be of concrete block construction & feature a concrete slab or steel roof deck.
- The employees & vehicle deployed for secure vault operations should be on Company roll / owned.

The vaults shall be physically and operationally suitable for the proper storage of such Bullion and the security and surveillance equipment to include:

- a) The construction of vaults to be as per standards specified by the Authority or the Bullion Depository from time to time.
- b) CCTV (Close Circuit Television) monitors 24/7
- c) Indoor & Outdoor IR (Infra-Red) Cameras.
- d) Sensors: Vibration, Smoke, Movement etc.
- e) Intruder Alarm System (Autodialer).
- f) Recoding systems such as DVR (Digital Video Recording) or NVR (Net Video Recording) System and have DVR (Digital Video Recording) in a secure place/ area (pre- vault Area/Packing Area) under lock and key.
- g) Interlocking Panel for steel doors / Or app lock.
- h) Electromagnetic locks for steel doors.
- i) Video Door Phone/Biometric Reader.
- j) Metal Detector / Handheld metal detector.
- k) The vault shall be attack and fireproof with SFSR (Steel Fabricated Strong Room) or Additional RCC wall.
- l) HSD (High Security Door) with Grill Gate with dual authentication, Kaba Lock (OTP) controlled from corporate office only by authorised person with timer locks (Steel Door with 2 mechanical locks may be used in low-risk areas) to be used to Control Access to Vault.
- m) All doors to feature high security locking mechanism & equipped with a spring or hydraulic automatic door closure.
- n) The recording / storage capability of surveillance data in the DVR should be adequate and meets international standards say for a period of 365 days.
- o) Security & Surveillance system to be checked daily & a record maintained thereof.
- p) Non-functioning items to be reported to Security & repaired /replaced immediately or as earliest as possible with minimum downtime and to covered by mitigation plan.

Restricted Access to Vault Area

- **Mantrap Area (MTA)** is one of the important posts where every individual entering & exiting beyond should be frisked and entry registered to be entered by Security Guard.
- While entering:
 - Guard must ensure that the person has got company issued ID (Employee/Visitors).
 - Outsiders (Employee from other Branch, Corporate, Auditor, visitors) should be accompanied by Branch Operation in-charge.
 - The Guard should ensure that the individual keeps all his belonging (belt, mobile phone, wallet, ornaments) inside the dedicated locker and takes the locker key with him. Guard must ensure that he does not have any sharp objects that can be used as a weapon to harm anyone/or any weapon.
 - The individual should keep his shoes and socks outside and wear the slipper (to be provided by vault manager).
 - Beside branch operation staff, entry to vault pre-approval is required from **Country Security Head/Directors** this includes company staff from other Hubs and Auditors. An exemption approval needs to be obtained in writing from **Country Security Head/Director** if the Auditors wants to take mobile phone or laptop.
 - Frisking should be carried out thoroughly with HHMD front and back body of the individual. If the sleeves are rolled up, politely ask to unroll the sleeves.

(6) Procedure for storage of physical bullion, including any embedded tracking mechanism for physical bullion, as may be specified by the Authority

1. The Vault needs to have camera overseeing the vault where the bullion is stored.
2. The vault needs to have dual control in terms of entry restricted by chip embedded in ID card along with a biometric entry.
3. The vault should be manned by security personal 24 X 7.
4. There should be a separate enclosure for conducting a security check, after which the visitor / authorized person should be allowed into the vault.
5. The security personnel should maintain a register indicating the date and time, name, other identifying documentary evidence, etc.
6. The register details maintained by the security personal to allow entry, is to be shared with the bullion depository as and when sought.
7. The security personal should be rotated between various positions with the intention of ensuring that the same security personal does not remain in the same position at the same shift.
8. The names, addresses and other details of each of the security personal may be submitted to the bullion depository as and when sought.

(7) Procedure for clear identification of stored physical bullion up to the lowest common factor (for example, lot size);

1. The Vault would be required to ensure that the bullion is stored in a manner that is based on the product approved by the bullion exchange.
2. The Vault should have a clear demarcation for each of the products viz. Gold 995 purity 1 KG, Gold 999 purity 100 gram, (GOLD 0.9950 & 0.9990 purity 100gms, GOLD 0.9950 purity 1 kg), Silver 999 purity 20 KG - Grains, Silver 999 purity 30 KG – BAR, etc.
3. The vault must clearly display the specified products, with proper demarcation and segregation of the physical bullion for easy identification and tracking by the vault manager.
4. The Vault Manager shall have systems for real time tracking of Bullion underlying BDR, starting from the time of deposits till the time of withdrawal of the underlying Bullion from the recognized vault.

(8) Procedure for determining losses caused due to fire, flood, earthquake, burglary, misappropriation, fraud, negligence, terrorism, and *force majeure* events

- The Vault Manager shall always ensure to fully cover under insurance, the value of physical bullion stored in its vaults against all potential perils relevant to the bullion for which insurance cover is available and necessary.
- The Vault Manager shall undertake to keep insurance cover for risks such as Fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, Burglary and Theft and special perils covering riots, strikes, terrorism and to keep adequate insurance to cover and mitigate additional risks as may be specified by the Bullion Depository from time to time.
- The Vault Manager shall take Fidelity guarantee & crime insurance and Professional indemnity cover to cover all deliverable stocks of physical bullion held by the Vault Manager.
- The value of physical bullion to be insured should be marked to market on replacement value on an ongoing basis.
- Vault Manager shall provide information regarding the insurance coverage of the physical bullion to the Bullion Depository quarterly.

(9) Procedure for internal verification of stock

- The vault manager is required to ensure that the total units and the BAR numbers / BAG numbers, etc. needs to be checked daily.
- The authorized person of the vault should confirm reconciliation of the stock on a daily basis with respect to the information provided by the Bullion Depository.
- The Vault Manager shall devise procedures for carrying out reconciliation between the stock of physical bullion deposited with the recognized vaults and the corresponding electronic record of BDRs in the Depository system. The reconciliation should be done at the end of day on a daily basis.
- In case of any deviation in the physical bullion and electronic records, the vault manager will immediately report to the Bullion Depository and resolve the same expeditiously, failing which the Vault Manager shall be liable for such discrepancy to the extent of his failure/fault besides being liable for a disciplinary action by the Authority.
- The Vault Manager shall also submit report to the Authority with the details of such discrepancies and action taken.

(10) **Procedure for grievance redressal**

- The Vault Manager shall put in place a grievance redressal mechanism details as defined by the Authority through its circular no. F. No. IFSCA-LPRA/3/2024-Legal and Regulatory Affairs, dated December 02, 2024, and copy of the policy shall be provided to the Bullion Depository / Authority at the time of making of application for registration.
- Every grievance registered with Vault Manager the same must be reported to Bullion Depository accordingly.
- Each grievance registered by the aggrieved party shall be redressed by the Vault Manager in the manner as specified by the Authority.
 - On receipt of Grievance from Client, the same have been registered in Vault Manager's Back office.
 - After recording the complaint in the IG back office same is analysed and if needed additional information / clarification sought from the complainant depending on the type of complaint.
 - Vault Manager shall resolve the client's grievance and provide the necessary response to the client through email / letter under intimation to Bullion Depository (to the designated email id).
 - In case the response is not to the satisfaction of Bullion Depository, further clarification is sought till Bullion Depository satisfied with the clarification / corrective action. In case of disputes and differences that are not related to compliance of Bullion Depository Byelaws and that are not resolved to the satisfaction of the parties concerned, complainants are advised to refer the matter to Grievance Redressal Committee of Bullion Depository. In case of allegations of fraud / forgery complainants are advised to take up the matter with the police authorities.
 - Valid & potential claims are lodged with the Insurance Company if there is financial loss incurred by Clients, within 30 days of date of discovery.
- The Vault Manager shall submit periodic report to the Authority under copy to Depository of the grievances received and the action taken thereon.
- The vault manager shall submit a quarterly report to the Bullion Depository within 15 days of end of each quarter the followings:
 1. Details of complaints received during the quarter
 2. Details of complaints resolved during the quarter
 3. Details of complaints unresolved at the end of the quarter



- The Vault Manager shall create a designated email ID to receive Grievances from the concerned party.
- The Vault Manager shall redress the grievance(s) within 15 days from the date of receipt. In case the grievance is not resolved by the Vault Manager within the stipulated time, the depository shall take necessary action against the Vault Manager.

(11) Roles and responsibilities of employees (including outsourced employees)

- All employees including directors and agents of the Vault Manager shall be prohibited from revealing any information regarding customers who have dealings with the vault or regarding bullion deposits or withdrawals by them to any person except as permitted by the Authority /Bullion Exchange/ Bullion Depository.
- The auditors appointed to inspect the vault operations shall have the same powers as vested in the inspecting officer and the Vault Manager and its directors, officers and employees shall be under the same obligations towards the auditor appointed.
- The employees of the Vault shall not be involved in any proceedings connected with the securities/bullion market or any other regulatory or enforcement agency.
- The employees of the Vault shall be fit and proper, not having moral turpitude and not having any outstanding cases against them, etc.

Key Management

Strong Room:

- The set process by the company needs to be followed strictly, no deviation will be accepted.
- Bullion safes/bin's key should be kept and secured inside the key safe located in the Strong Room.
- Strong room grill gate is equipped with Biometric with dual authentication (EM lock) and 2 hard keys (Dual operator).
- The main strong room door is equipped with lock (OTP based controlled by Corporate Office) and has two set of hard keys (Dual Operator).
- Hard keys of both the Grill gate and vault door to be stored in the 2 set of Keys inside of the Pre-vault room. Access to the vault door should follow logical and physical separation and should only be accessible through simultaneous involvement of two authorised vault operators at any given point in time for security purposes.
- List of vault authorization should be approved by Country Security Head (CSH) or Directors and should be renewed every month. The list should be displayed on the wall outside of the Strong room.
- The door of pre-vault room is equipped with Biometric (EM Lock) and should have the list of authorized persons approved by CSH or Directors.

VEHICLE BAY IN & OUT

Vehicle bay: Is the restricted area where the incoming & outgoing materials are loaded & unloaded (and then transferred to the dispatching area or pre-vault). It is one of the core areas of the vault. The vehicle bay should be closed at all the times. During off hour it should be closed and locked from “In & Out”.

- The vehicle bay should be locked from inside and outside. The exterior and interior of vehicle bay should be under surveillance.
- Operation in-charge will view CCTV live monitoring on the video screen installed at the Transfer Area and ensure the normalcy inside the Vehicle Bay and outside of the building. (On any suspicious movement observed the in-charge person not to open the transfer window). If no threat observed the in-charge will open the transfer window and go to the Vehicle Bay from transfer room. The in-charge will then lock the transfer window from outside prior to opening the Vehicle Bay door from inside.
- The Security Guard will then open the lock of Vehicle Bay from outside. (Transfer window should remain closed and locked while the vehicle bay gate is opened).
- On entry of the vehicle inside of the Vehicle Bay. The driver after parking the vehicle properly together with Armed guard will exit the vehicle bay.
- Security staff/ Operation in-charge will then close the Vehicle Bay and latch it from inside of and then open the Transfer window by opening the App lock to transfer the material.
- On completion or loading or unloading Security Guard should view the outside situation from the video screen installed in the vehicle bay prior opening the vehicle bay gate.
- After Vehicle exiting the Vehicle Bay, Security Staff will then secure the Vehicle Bay gate by locking from outside.
- Operation in-charge to lock the Vehicle Bay Gate from inside and then enter inside the Transfer room and lock the transfer window from in-side.
- The vehicle bay should always be kept clean and no unwanted material should be stored inside it. On duty SO (Security Officer) should ensure that no unwanted storage should be kept in the vehicle that would obstruct vehicle, CCTV focus and would be a fire hazard.
- Vehicle bay's gate should always be locked from Inside & Outside.
- Ramp for the vehicle will be kept in a horizontal position when not in use. Once the vehicle needs to be taken to the Vehicle Bay, ramp to be placed in a proper way with the help of the standby vehicle or Hydraulic trolley.

Opening / Closing Procedures

- The premises main door will be opened by the vault officers in the presence of Shift/ Branch Manager.
- Vault officers then keep their personal belongings like wallet etc. in the staff locker & then proceed to MTA (Man Trap Area); the Security Guard manning the guard room & MTA allows the Vault Officers & Shift Manager access to MTA after duly frisking them; the 2 vault officers open the vault door in the presence of Branch Manager.
- Once inside the Vault they duly close the vault door & deadbolt it.
- Alarm systems except hooter & Panic Switch to be deactivated.
- Subsequently they open the Auxiliary Defender Safe; take out keys of the Vault door.
- The Vault door is opened by unlocking mechanical, combination by calling Central Command Centre (CCC).
- Central Security Officer to verify the user through CCTV prior starting the process of issuing lock code.
- Security Officer, to monitor the transaction until completed and closing of the main vault door.
- The record of entry/exit to/from Main Vault (Strong room) to be maintained separately.
- Power connection to Steel Fabricated Strong Room to be cut off at the time of closing the vault.
- At EOD (End of the Day) all alarm systems to be activated before closing.
- Sluff time to be kept to a minimum. Record of sluff time to be kept & known to the vault officers as well as their relief.
- Vault to be closed with no unnecessary delays.
- The opening / closing of vault to be reported to Central Command Centre (CCC).
- Record of time of opening/closing to be maintained at SSCC as well as Hub/Branch.

Security Procedures

- Access to the vault should be restricted to only those who has their name on the authorization list approved by CEO or his representative (Country Security Head).
- Even other employee, loaders, auditors need prior approval from Directors or Country Security Head prior to the visit. During the visit to Vault Area, Govt. identity &

authorization to visit the vault to be ascertained/checked by Security/Reception. Tally the entry made by the Visitor with ID proof of the visitor.

- Sign in/out register to be maintained in MTA.
- All employees including vault officers, Managers & others including Management when authorized to visit vault must register and sign in / out for each entry / exit. No exceptions to be made.
- Dual custody of vault to be maintained with min of 2 persons present at all times, when vault is open & / or liabilities are exposed.
- Vault Officers & Managers authorized access to vault should be aware of location of alarm systems like panic buttons/switches.
- Vault doors will remain continuously dead bolted.
- Transfer windows to be kept locked at all times when NOT in use.
- All outgoing shipments/parcels to be verified in dual custody by the vault officers & receiving employee.
- The employee to receipt & record in words as well as figures the total No. of shipments parcels & duly sign the receipt.
- Employee upon receiving shipments from Vault officers to maintain continuous custody & Visual scrutiny over them.
- One assigned crew member to remain continuously present at the vehicle when there are liabilities on board within the vehicle.
- Ensure shipments are never left unsupervised at an open/unattended transfer window during check-in / check – out procedures.
- Vault contents to be checked/audited by vault officers & concerned operations I/C daily; BM monthly; RM quarterly/during visit to the Hub/Branch whichever is earlier; Business/ Operations / Security Heads from Corporate Office, during their visit to the Branch/Hub, should also carry- out at least random audit of the vault.
- Seals & other vault documents to be kept secured when NOT in use.
- Dustbins/ Refuse Containers in Vault Area to be inspected by vault officers prior to disposal to ensure that no liability has fallen in.
- Refuse containers to be kept away from tables/Platforms where liabilities are temporarily placed to minimize the risk of liabilities accidentally falling into Refuse Containers.

- Employees/Visitors to be prohibited from bringing extraneous articles of clothing, lunch- boxes, purses etc. inside the Vault Area.
- Security equipment including Doors & locks to be maintained annually by approved vendor. A record to this effect to be maintained & produced during Security Audit.
- Street inspection of vehicles to be carried out on weekly basis by Supervisors/Branch Manager. The report to be forwarded to Head Security, every Monday.
- Mock drill to be conducted on monthly basis & report forwarded to Head Security.

Inventory procedure:

- Stock inventory is carried out periodically in a monthly basis (minimum) by internal team.
- Security country head to send the calendar to all the authorized person to carry the inventory.
- Inventors should strictly follow the standard procedure for entering inside the vault.
- Inventors to carry out physical counting of the stocks and tally with the stock report. For the gold BAR / silver BAR / silver grains BAG the BAR/BAG number needs to be checked and tallied with the certificate of authenticity.
- While carrying out the inventory the inventors to check following beside stocks.
 - Security Equipment
 - Entry Registers
 - Frisking process
 - Cleanliness of the vault
 - Any hazardous items or unnecessary items
 - Vault opening and closing procedures.
 - Random checking of DO acknowledgment.
- The report has to be then submitted to Bullion Manager, Security Head and CEO. On any discrepancy a report has to be prepared for further investigation.
- The inventors while submitting the report should cover:
 - Discrepancies
 - Recommendation
 - Appreciation (if all is well)

Vendor Management for handling outsource activity by Vault Manager

With clearly defined business and vendor requirement, your vendor selection team would be able to easily find a suitable vendor, who can deliver the service /product. After conducting interviews and researching on suitable vendors' background, you will have to select a few vendors from whom you would like more information. Your vendor selection team can then write a Request for Information (RFI) and send it to the selected vendors. The next step would be to evaluate the responses from the vendors and create a short list of Indian vendors.

Proposal Preparation

Write a Request for Proposal (RFP) & Request for Quotation (RFQ)

Now that you have analysed your business requirements and shortlisted a few Indian vendors that you wish to evaluate, you must write a Request for Quotation or a Request for Proposal. The Request for Proposal should contain sections, such as, submission details, an introduction and executive summary, an overview and back- ground of the business, detailed specifications, assumptions and constraints, terms and conditions and selection criteria.

Evaluating the proposal & selecting the vendor

To begin with, conduct a preliminary review of all your vendors' proposals. The next step would be to state your business requirements and the vendors' requirements. Discuss with management team and assign an importance value for each requirement. Next, assign a performance value for each requirement. Now all you must do is calculate a total performance score and choose the winning vendor.

Creating a contract negotiation strategy

Creating a contract negotiation strategy is the final step in the vendor selection process. Rank your priorities along with alternatives. Clearly define benchmarks and time constraints. Evaluate your risks and liabilities. Also state the level of confidentiality required. Remember to mention changes in the requirements. Understanding the difference between what we want and what we need, from the contract, can help you create a better strategy. Service level vendor needs to be made prepared and executed.

(12) Procedure for the annual/quarterly audit of the Vault Manager through the external auditor

1. The annual/quarterly audit of the financials / Bullion Stock verification of the vault is to be conducted by a CA firm having an adequate knowledge and experience of Bullion/Commodity market.
2. The audited net worth of the vault is to be provided to the bullion depository on a semi – annual basis within 45 days from the end of each half year and the net worth certificate shall not be older than 3 months.
3. The Bullion Depository shall carry out surprise inspections of Vault Managers or/and its recognized vaults as and when felt necessary.
4. The Depository shall have a detailed Checklist for carrying out the inspections/physical verification of Bullion Stock in the recognized vaults and their Vault Managers.
5. The Depository shall forward to IFSCA any adverse findings in the inspection report of the Vault Manager/recognized vaults along with corrective measures taken by the Vault Manager/recognized vault, in response to those adverse findings.

(13) KYC details of all customers as per AML-CFT guidelines

1. Every Vault Manager shall intimate to the Authority the place where the records and documents under sub- clause (2) are maintained.
2. Every Vault Manager shall preserve the records and documents maintained under sub- clause (2) in electronic retrieval form for a minimum period of eight (8) years.
3. The vault manager is required to conduct the Customer Due Diligence (CDD) under the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022 (hereinafter referred to as 'IFSCA (KYC/AML-CFT) Guidelines') dated October 31, 2022;

- a. Vault Manager is a 'Regulated Entity (RE)' under the IFSCA KYC/AML-CFT Guidelines, thus, in accordance with the said guidelines, the vault manager shall conduct appropriate due diligence of customers who are the ultimate beneficial owners of the Bullion Depository Receipts (BDRs).

The above requirement shall be applicable for all customers such as suppliers or buyers located overseas, within the GIFT-IFSC, or in the domestic territory (such as Qualified Jewellers/valid India- UAE CEPA TRQ holder and Special Category Client - Bank), or members of the Bullion Exchange.

- b. The Vault Manager shall enter into agreements with partner logistics service providers located overseas, the terms of such agreements shall expressly stipulate that the said logistics service providers shall be obligated to undertake CDD in respect of the suppliers of the Bullion being transported, in accordance with the applicable guidelines issued by the Financial Action Task Force (FATF) or the regulatory framework of the jurisdiction from where the supplier is transacting, whichever is stringent.

(14) **System and Procedures**

The Vault Manager ensures that it has all the systems and procedures in place for automatic data processing and record keeping including but not limited to-

- (1) details of hardware, software and communications systems, their capability, function and location;
- (2) details of data storage and back up procedures and sites, their capability, function and location;
- (3) details of disaster recovery systems and procedures.

(15) **Other conditions:**

1. The Vault Manager shall ensure the maintenance of accurate and complete set of records of all the transactions pertaining to operations of Vault Manager including followings;
 - a. Details regarding sourcing of physical bullion to ensure that physical bullion can be traced back to its original source, including certificate of origin, refiner's certificate etc;
 - b. Details of transfer, storage and delivery of physical bullion to the beneficial owner of Bullion Depository Receipt;
 - c. Quantity and weight of deposited physical bullion;
 - d. Creation and extinguishment of Bullion Depository Receipts;
 - e. KYC details of all customers as per AML-CFT guidelines;
 - f. Ledger for each beneficial owner whose physical bullion is in its custody;
 - g. Details of instructions received from and sent to beneficial owners; and
 - h. Records of all reports submitted to the Authority.
