



GOLD BRICK GOLD TRADING LLC
GOLD BRICK

**PRICE REASONABLENESS & TRADE-BASED MONEY
LAUNDERING (TBML) SOP – GOLD**

SOP Reference: SOP-TBML-PR-01

Effective Date: 01/02/2026

Owner: Money Laundering Reporting Officer (MLRO)

Applies To: Trading, Procurement, Finance, Operations, Compliance

Review Cycle: Annual or upon regulatory change

1. PURPOSE

This SOP establishes the process used by **Gold Brick Gold Trading LLC (“GBGT”)** to assess whether the **invoice price of gold transactions is commercially reasonable** when compared to recognised market benchmarks.

The objective is to:

- Detect and mitigate **Trade-Based Money Laundering (TBML)** risks
- Prevent misuse of pricing for **value transfer, layering, or sanctions evasion**
- Ensure compliance with **UAE AML/CFT laws, MoE DNFBP (DPMS) guidelines, and FATF recommendations**
- **Allow legitimate commercial discounts and premiums** essential for gold trading

2. SCOPE

This SOP applies to:

- All gold purchases and sales
- All product forms: bullion, grain, scrap, doré, jewellery
- All customers and suppliers
- All settlement types (bank, cash, crypto where permitted)

3. KEY PRINCIPLE (CRITICAL FOR AUDIT)

GBGT does not require gold trades to be executed at spot price.

Spot prices are used **only as a reference benchmark** to assess **commercial reasonableness**, not as a pricing mandate.

Discounts and premiums are **normal and expected** in gold trading.

Only **unexplained, inconsistent, or non-commercial pricing** is treated as a risk indicator.

4. REFERENCE BENCHMARKS

For each trade, GBGT references at least one of the following on the trade date:

- LBMA AM / PM Fix
- COMEX Spot Price
- Reputable bullion market data source

The benchmark used must be recorded in the trade file.

5. LEGITIMATE FACTORS AFFECTING PRICE

The following factors **legitimately justify deviations** from spot price and **do not constitute TBML risk by themselves**:

Product-Related

- Purity below 999.9
- Scrap or mixed material
- Doré or semi-refined gold
- Assay variance risk

Cost-Related

- Refining and processing costs
- Logistics, insurance, storage
- Financing or credit terms
- Hedging costs

Risk-Related

- Counterparty credit risk
- Jurisdictional risk
- Market liquidity
- Speed of settlement / distress sale

6. INTERNAL PRICE TOLERANCE GUIDANCE (NON-BINDING)

(For internal review only – not a pricing cap)

Product Type	Typical Commercial Range
LBMA bullion	±0.5% – 1%
Grain	0.5% – 3% discount
Scrap gold	0.5% – 7% discount
Doré / artisanal	0.5% – 15% discount

Transactions **outside these ranges are not prohibited**, but require **additional justification and review**.

7. PRICE REASONABLENESS CHECK – STEP-BY-STEP

Step 1: Identify Benchmark

- Record the benchmark price and source
- Record the benchmark date/time

Step 2: Compare Invoice Price

- Calculate % deviation (discount or premium)
- Note whether deviation is within typical commercial range

Step 3: Document Business Rationale

At minimum, record:

- Product type & purity
- Commercial reason for discount/premium
- Any additional risk or cost factors

Example acceptable rationale:

“Invoice reflects a 6.2% discount to LBMA AM fix due to scrap material, estimated refining loss, logistics costs, and counterparty credit exposure.”

8. ESCALATION & REVIEW MATRIX

Scenario	Required Action
Within expected range	Proceed
Slightly outside range	Document justification
Material deviation	Compliance review
Extreme / unexplained deviation	MLRO review
Repeated abnormal pricing	ISR → STR consideration

9. TBML RED FLAGS (PRICE-RELATED)

The following **require escalation**:

- Discounts or premiums with **no commercial explanation**
- Repeated transactions at a **consistent loss**
- Large pricing gaps combined with:
 - Third-party payments
 - Cash or crypto settlement
 - Unusual routing
- Sudden change in pricing behavior without explanation
- Circular trades with artificial margins

10. RELATIONSHIP TO STR & SANCTIONS CONTROLS

- Pricing anomalies **alone do not trigger STRs**
- Pricing anomalies combined with other red flags **may trigger ISR / STR**
- Any pricing linked to sanctioned persons or jurisdictions results in **immediate halt and EOCN escalation**

11. RECORDKEEPING

Each trade file must retain:

- Benchmark reference
- Invoice and calculation
- Price deviation rationale
- Review or approval evidence (if escalated)

Records are retained for **minimum 5 years**.

12. TRAINING & AWARENESS

- Trading and procurement staff receive annual training on:
 - Legitimate pricing deviations
 - TBML typologies
 - Documentation expectations
- Compliance reviews pricing controls during periodic audits

13. GOVERNANCE & OVERSIGHT

- Compliance performs periodic sampling of trades
- MLRO reviews escalated cases
- Findings are reported to Senior Management where required

14. SOP BREACHES

Failure to follow this SOP may result in:

- Internal disciplinary action
- Enhanced monitoring
- Regulatory reporting where required

15. APPROVAL

Approved by the Board / Senior Management of **Gold Brick Gold Trading LLC**

Name: MOSES JAYARAJ

Title: DIRECTOR

Date: 01/02/2026



STAMP: _____

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