

# The Royal Mint Physical Gold ETC | RMAU Physical Redemption FAQs



## Contents

Question	Page
<a href="#">1) Can I redeem my ETC securities for physical gold?</a>	3
<a href="#">2) What physical delivery options are available to Security Holders of The Royal Mint Physical Gold ETC?</a>	3
<a href="#">3) How do I redeem my ETCs for physical gold?</a>	3
<a href="#">4) Can I complete a Redemption Form myself?</a>	4
<a href="#">5) What information will I need to complete the Redemption Form?</a>	4
<a href="#">6) What information do I need to provide for the CDD/AML?</a>	4
<a href="#">7) Is there a minimum redemption amount?</a>	5 / 6
<a href="#">8) Where can I find more information on Britannias, Sovereigns, RMR bars, and The Royal Mint?</a>	7
<a href="#">9) How do I calculate the number of ETCs in order to exchange my ETCs for gold bars or coins from The Royal Mint?</a>	7
<a href="#">10) What are the costs for redeeming ETCs for gold products from The Royal Mint?</a>	8
<a href="#">11) Why is there a “fee” to exchange for coins or small bars?</a>	8
<a href="#">12) After the redemption by the Issuer has been completed, what do I own before my gold is converted into a gold bar or coin by The Royal Mint?</a>	8
<a href="#">13) Where will my gold be delivered if I redeem for coins or bars with The Royal Mint?</a>	9
<a href="#">14) How long does it take to exchange ETC Securities for gold?</a>	9
<a href="#">15) When can I receive my coins or bars?</a>	9
<a href="#">16) Is The Royal Mint Physical Gold ETC Securities eligible for ISAs and SIPPs?</a>	9
<a href="#">17) Is The Royal Mint Physical Gold ETC Securities (RMAU) UCITS eligible?</a>	9
<a href="#">18) Is there any VAT charged when exchanging ETC securities for gold coins or bars?</a>	10
<a href="#">19) How will the redemption and exchange of ETCs for gold be taxed?</a>	10
<a href="#">20) How will the sale of gold coins and bars be taxed?</a>	10



*Investors are encouraged to seek their own independent and appropriate advice with regards to their investment objectives and tax circumstances in relation to The Royal Mint Physical Gold ETC Securities.*

### **1) Can I redeem my ETC securities for physical gold?**

Yes. All Security Holders of The Royal Mint Physical Gold ETC Securities (the “ETC”) may elect to receive gold bars or coins via the gold delivery redemption method; however most retail investors will choose to sell their ETC for cash on a stock exchange.

The gold delivery option is open to all investors, except UCITS funds who are prohibited from receiving physical redemption.

### **2) What physical delivery options are available to Security Holders of The Royal Mint Physical Gold ETC?**

A Security Holder may deliver at any time a Redemption Notice to the Administrator, to request the physical redemption of all or any of its ETCs in exchange for gold:

A Security Holder may request:

- i. delivery of gold to an unallocated account with the London Bullion Market Association (LBMA); or
- ii. delivery of gold into the unallocated account of The Royal Mint (until The Royal Mint exchanges that gold for a range of physical gold products - please see choice of The Royal Mint gold products below).

### **3) How do I redeem my ETCs for physical gold?**

Security Holders who are able to redeem their ETCs for gold will redeem their ETCs directly with the Issuer. Gold will be transferred to an unallocated account 2 business days after the relevant redemption date. The amount of gold delivered will correspond to the number of ETCs which have been returned to the Issuer, multiplied by the metal entitlement per security on the redemption date (such redemption date cannot occur before a Redemption Form is fully validated).

The following must have been completed by the Security Holder before gold can be transferred from the Issuer to a third-party gold account on behalf of the Security Holder:

- i. A Redemption Form has been completed and validated by the Administrator;
- ii. Due diligence checks will need to be completed before the Redemption Form can be processed;
- iii. The ETCs must be returned to the Issuer; and
- iv. The Redemption Fee must be paid to the Issuer.



#### **4) Can I complete a Redemption Form myself?**

Most investors hold their securities in a brokerage account and thus it is likely that the Security Register will show a Nominee as the Security Holder and not an individual investor. In this case, the Nominee will need to complete the Redemption Form and not the individual investor (the beneficial owner).

The nominee may apply for redemption on its own behalf, or on behalf of the beneficial owner. The Issuer will need to track the ownership chain through to the ultimate broker account. Your broker will likely need to assist you in instructing the redemption of your ETCs.

#### **5) What information will I need to complete the Redemption Form?**

- i. The Registered Security Holder's account details in the relevant system (for example CREST, Euroclear or Clearstream). This will allow us to process the broker's redemption instruction;
- ii. The name of the Registered Security Holder (which is likely to be the depository or broker's nominee);
- iii. The number of ETCs you wish to redeem;
- v. The account to which you want the gold delivered (usually an LBMA account, or the unallocated account of The Royal Mint who will organise the delivery to your designated address or storage of your gold in the form of coins or bars);
- vi. The customer due diligence/anti-money laundering ("CDD/AML") documentation.

CDD/AML documentation is a pre-requisite before the redemption order can be processed.

#### **6) What information do I need to provide for the CDD/AML?**

The Customer Due Diligence and Anti-Money Laundering regulations require controls when securities are purchased and redeemed. The Administrator (on behalf of the Issuer) will perform these checks. Documents will be requested from the Security Holder (or your broker) to complete these controls.

These documents typically include:

- i. Proof of identity, address, ownership of bank account;
- ii. Proof of broker's regulatory supervision; and
- iii. Proof of address for gold delivery.

For companies, additional documents may be required (including audited statements, passport of directors, etc).

This process inevitably takes a number of days (and up to a few weeks) before the checks can be completed.



## 7) Is there a minimum redemption amount?

The amount of gold which your ETCs can be exchanged for, will vary depending on the delivery method and product(s) chosen.

### a) Redemption for coins or bars issued by The Royal Mint

An investor may only submit a number of securities with an aggregate metal entitlement per security at least equal to the weight of the equivalent coins or bars in those increments plus the applicable fees.

Below are some samples of the most popular gold products available from The Royal Mint which you can exchange your ETCs for.

#### **Britannia 1oz Gold Ten Coin Tube**



Pure gold content	10 x 1 Troy Ounce
Fineness	999.9
Dimensions	32.69 mm
Packaging	Coin Tube
Face Value	£100

Britannias must be redeemed in multiples of 10 coins (10 troy ounces).  
[<https://www.royalmintbullion.com/Products/Britannia/Gold/UKB20GTO>]

#### **The Sovereign Gold Bullion Twenty-Five Coin Tube**



Pure gold content	25 x Sovereign
Fineness	916.66
Dimensions	22.05 mm
Packaging	Coin Tube
Face Value	£1

Sovereigns must be redeemed in multiples of 25 coins (5.886 troy ounces).  
[<https://www.royalmintbullion.com/Products/Sovereign/Gold/UKB20SVO>]

#### **1oz Gold Bar Minted**



Pure gold content	1 Troy Ounce
Fineness	999.9
Dimensions	24mm x 41mm
Thickness	1.67 mm

[<https://www.royalmintbullion.com/Products/Bars/RMGM1OZ>]



## 100g Gold Bar Minted



Fineness	999.9
Dimensions	27mm x 47mm
Thickness	4.22 mm

[<https://www.royalmintbullion.com/Products/Bars/RMGM100G>]

## 500g Gold Bar Cast



Fineness	999.9
Dimensions	40mm x 80mm
Thickness	8 mm

[<https://www.royalmintbullion.com/Products/Bars/RMGM500G>]

## 1kg Gold Bar Cast



Fineness	999.9
Dimensions	53mm x 118mm
Thickness	8 mm

[<https://www.royalmintbullion.com/Products/Bars/RMGCGKB>]

### b) Redemptions into LBMA unallocated accounts

Investors taking delivery of gold in to an LBMA unallocated gold account can redeem for as little as one ETC. From an LBMA account, you will be able to convert your balance in to other products provided by the LBMA account provider.



## **8) Where can I find more information on Britannias, Sovereigns, RMR bars, and The Royal Mint?**

The Royal Mint is owned by the UK Government and is over 1,100 years old. It is one of the world's leading export mints, of producing coins and medals for the UK and over 60 other countries. The Royal Mint is also responsible for minting British bullion coins and bars used for investment such as Britannia and RMR bars. Britannias are the traditional coins with 99.99% purity and a gold weight of one fine troy ounce, they are sold in ten-coin increments. Sovereigns are coins made of 22 carat gold (or 91.67% fineness) and sold in 25-coin increments, with a gold content of 7.3224 grams per coin. RMR bars are sold individually and have a 99.99% purity. More information can be found on The Royal Mint's website: [www.royalmintbullion.com](http://www.royalmintbullion.com).

## **9) How do I calculate the number of ETCs in order to exchange my ETCs for gold bars or coins from The Royal Mint?**

### Example redemption for coins or bars issued by The Royal Mint

On 25 March 2020:

- The gold price was approx. £1,371.38 per fine troy ounce
- A ten-coin tube of Britannia 1oz Gold coins costs £14,672.39 (equivalent to 10 fine troy ounces plus 6.99% manufacturing premium, equalling a total cost of 10.699 fine troy ounces). The Exact price will be provided by The Royal Mint on the date of exchange with The Royal Mint.
- 1 ETC has a Metal Entitlement Per Security of 0.009997900 fine troy ounces (the redemption of ETCs into an amount of gold will be calculated as at the Redemption Date after all forms and information have been fully validated and the ETCs returned to the Issuer)
- Each ETC is worth £13.71092
- Therefore, you will need to redeem approximately 1,071 ETCs, equivalent to 10.699 fine troy ounces, in order to receive a ten-coin tube of Britannia 1oz Gold coins (this amount excludes the Redemption Fee charged by the Issuer to cover administration costs of the redemption).
- Any excess ounces resulting from the physical redemption of the ETC and not utilised for physical redemption into coins or bars will be sold for cash and paid to the beneficiary.



## 10) What are the costs for redeeming ETCs for gold products from The Royal Mint?

### a) Redemption Fee paid to the Issuer

A fee of up to EUR 600 will be charged to cover the Administration costs for processing the redemption and CDD/ AML checks. This fee is due prior to processing any Redemption Form.

### b) Redemption for coins or bars issued by The Royal Mint

When purchasing gold products from The Royal Mint, the price of the product chosen will include manufacturing costs in the price of that product, and hence the price will be slightly higher than the value based on the pure gold content alone.

The Royal Mint's website [www.royalmintbullion.com](http://www.royalmintbullion.com) can be used to get the latest prices for the products listed. On average, the cost of manufacturing is around 3% to 7% of the value of the product, depending on which product is chosen. Thus, a product with a fine gold content of 1oz contains £1,200 worth of gold, but will cost around £1,236 to £1,284.

If you want the product stored at The Royal Mint or delivered to you, then storage and delivery fees will be charged, and these charges can be provided by HANetf or The Royal Mint upon request. You may also be subject to additional identification checks as required by The Royal Mint.

## 11) Why is there a “fee” to exchange for coins or small bars?

The market for gold coins and small gold bars is different to the wholesale market for LBMA Good Delivery bars. LBMA Good Delivery Bars usually trade at prices close to the spot price of gold, gold coins and small bars are sold at a premium to the spot price of gold. This is because coins and small bars have an extra cost of manufacturing built in. LBMA Good Delivery Bars are of approximately 400oz which at £1,400 per ounce, would total £560,000. A 1oz gold coin would have gold content valued at £1,400 but because of its size and production process, costs more to manufacture than an LBMA Good Delivery bar. Storage and delivery would be an extra charge on top of the products purchased.

## 12) After the redemption by the Issuer has been completed, what do I own before my gold is converted into a gold bar or coin by The Royal Mint?

Once the redemption order has been completed and the gold has left the Issuer's secured gold account, you no longer hold an ETC issued by the Issuer. At this point you hold an unallocated gold balance with The Royal Mint until this is exchanged for the physical gold coin or bar product(s) that you have ordered.

Please note that when you exchange ETCs for gold bars and coins, they may not be as liquid as unallocated gold or ETCs. The Royal Mint offers a buyback facility for all Royal Mint produced coins and bars however the price offered to buy back products will vary depending on market price at the time of the buyback.





### **13) Where will my gold be delivered if I redeem for coins or bars with The Royal Mint?**

The Royal Mint offers a number of options for the delivery and storage of gold including:

- i. Storing gold at The Royal Mint's highly secure facility, The Vault®, near Cardiff, Wales.
- ii. Arranging for the delivery of gold coins or bars to the investors eligible address as agreed between The Royal Mint and the investor.

### **14) How long does it take to exchange ETC Securities for gold?**

Before the actual redemption and exchange process can start, CDD/ AML checks need to be performed by the Issuer's administrator. Confirmation of a valid redemption order follows the completion of these checks and payment of the redemption fee. Additionally, the ETCs must be returned to the Issuer before the redemption form can be validated.

This process could take 2-4 weeks depending on how quickly the investor is able to return the ETCs back to the Issuer and complete the identification process.

Once the redemption form has been fully validated, redemption of ETCs and transfer to either The Royal Mint's account or another LBMA unallocated account usually takes 2 business days.

The storage or dispatch of coins and smaller bars usually takes on average an additional 3 - 5 business days, this may vary depending on stock availability and delivery dates.

### **15) When can I receive my coins or bars?**

The Royal Mint delivers coins and smaller bars "ex-works". In practice, dispatch usually occurs by the 10th business day following the redemption date (i.e. the date when the redemption order has been validated, the Redemption Date). In certain circumstances, such as during periods of high demand for gold bars and coins, the delay may be extended beyond ten business days as the gold bars and coins may have to be manufactured. The delivery date will usually be confirmed within three business days following the Redemption Date.

Please note that time of dispatch may vary according to the agreed place of delivery.

### **16) Is The Royal Mint Physical Gold ETC Securities eligible for ISAs and SIPPs?**

Yes, The Royal Mint Physical Gold ETC Securities is eligible to be held in ISAs and SIPPs.

### **17) Is The Royal Mint Physical Gold ETC Securities (RMAU) UCITS eligible?**

Yes. The ETC is an asset-backed security issued as a debt instrument by a special purpose vehicle. There are no financial instruments or derivatives backing the security. As such, the securities are unlikely to be characterised as embedded derivatives with delivery of commodities. The assets are entirely constituted by physical gold. In addition, UCITS funds can only opt for cash redemptions and are barred by design from requesting an exchange for gold of redemption proceeds.

While classification of assets is the responsibility of the fund manager, the mechanism allowing gold exchange upon redemption does not impact its eligibility for UCITS funds.

For information, please see our [UCITS eligibility fact sheet](#).



## Gold redemption: Tax aspects of ETC Securities

*Investors must get appropriate advice on their specific tax circumstances. In this regard, the country of residence and individual status will impact the applicable tax treatment.*

*Please see the relevant tax section of the Prospectus for a summary of relevant tax aspects of ETCs.*

### **18) Is there any VAT charged when exchanging ETC securities for gold coins or bars?**

Investors must get their own advice for their own specific situation, however the Issuer believes that for investors who are tax resident in the UK and European Union member states, no VAT should be payable on redemption for physical gold and exchange for coins and bars, or gold in an unallocated account.

### **19) How will the redemption and exchange of ETCs for gold be taxed?**

While we cannot provide tax advice, we understand that for most investors, any gains on the ETCs will be taxed no differently to a cash sale of the ETCs.

There can be different treatments in different markets. For example, in Germany, it is possible that ETCs exchanged for physical gold may not be taxed at the point of exchange for retail investors.

### **20) How will the sale of gold coins and bars be taxed?**

Taxation of gains will depend on the circumstances of the individual investor and the tax laws in that investor's jurisdiction. It is possible that for German-resident retail investors, there is no tax on the sale of physical gold. For UK-resident investors, the guidance provided by HM Revenue & Customs is that 1oz gold Britannia coins constitute legal tender in the UK and therefore are not subject to Capital Gains Tax. For investors in other jurisdictions, taxation of the gains will depend on the circumstances of the individual investor and the tax laws in that investor's jurisdiction.



## Important Information

This ETC is available for purchase by all investor types, including retail and professional investors. The content in this document is issued by HANetf Limited (“HANetf”), an appointed representative of Mirabella Advisers LLP, which is authorised and regulated by the Financial Conduct Authority (“FCA”). For professional clients only. Past performance is not a reliable indicator of future performance. Any historical performance included on this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided on this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements.

Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment. An investment in an ETC is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETCs involve numerous risks including among others, general market risks relating to the relevant underlying index, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained on this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the Issuers or their products are authorised or registered for distribution and where no prospectus of any of the Issuers has been filed with any securities commission or regulatory authority. No document or information on this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the Issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes. The products discussed on this document are issued by HANetf ETC Securities plc.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements. HANetf ETC Securities plc is public limited company incorporated in Ireland, issuing under the terms in the Base Prospectus approved by the Central Bank of Ireland (“CBI”) on 31 January 2020 and the final terms of the relevant series (“Issue Documentation”). Investors should read the Issue Documentation before investing and should refer to the section of the Base Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the Securities.

