

## WAREHOUSE CERTIFICATES

**Henry Bath Warehouse Certificates are recognised by Exchanges, banks, insurers and institutional investors as premium security documents for delivering and financing commodities stored across our worldwide network of facilities. Our Warehouse Certificates assure the holder of legal title to the underlying goods.**

## CERTIFICATE OPTIONALITY

HB Warehouse Receipt

LMeshield Receipt

Exchange Warrant for  
good physical delivery against  
the Exchange contract



\* issued as a CMST / Zhongchu Warrant via our Group parent company

### LEGAL STATUS

- Exchange Warrants and LMeshield receipts are issued per Exchange terms & conditions
- HB Warehouse Receipts are issued under the powers of the 'Henry Bath & Son's (Delivery Warrants) Acts 1890 and 1920' according to HB terms and conditions, with arbitration under English law
- Can be supported by an individual Collateral Management Agreement (CMA) if required

### BENEFITS

#### **Shorter turn-around time or issuing and cancelling documents**

Our Certificates can be issued and cancelled for clients securely at any of our regional issuing offices around the world for stock held at any of our global storage facilities. This flexibility gives HB Certificate holders the competitive advantage of a quicker document turnaround time, a shorter pricing gap, and international time-zone convenience.

#### **Market optionality**

We understand that you want to move quickly to take market opportunities. That's why we offer clients greater optionality and logistics services across all of the major physical commodity Exchanges as well as off-Exchange bonded and non-bonded storage.

### OPERATING MODEL

Our heritage as a founder member of the LME - issuer of the first ever LME Warrant in 1883 and first LMeshield Receipt in 2016 - is backed up with best-in-class security, safety and operational risk management controls.

## SEE REVERSE

for detail on our HB Warehouse Certificate Operating Model.

# HENRY BATH WAREHOUSE CERTIFICATE OPERATING MODEL

## USE HENRY BATH WAREHOUSE CERTIFICATES TO STRENGTHEN YOUR COMMODITY FINANCING RISK MANAGEMENT PROCESS

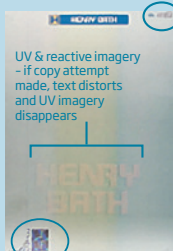
### 1 Physical document security and Legal Status

#### Certificate Options Feature

- HB Warehouse Receipt • LMEshield Receipt
- Exchange Warrant (for good physical delivery against Exchange contracts including LME, SHFE, CME, ICE and DCE)

#### Features

- Printed on high security paper, incorporating the highest levels of anti-fraud features to deter counterfeiting and forgery
- Unique encrypted ID references linking between Certificate, electronic register and physical stock for traceability and fraud prevention
- Certificates are system generated and reconciled against HB stock management system and Exchange's electronic register
- Can be issued from any local HB office for stock in any global HB warehouse to meet your time-zone and quick document turnaround
- Widely accepted by Chinese and International banks



Unique reference numbers embedded into paper in complex format and structure

Hologram images which are deliberately difficult to replicate



### 2 Physical Storage

#### Physical Storage Security and Warehouse Operating Model (on the ground)

- HB directly managed locations in Europe, USA and Asia (including China) operated with HB employees
- Global coverage of storage locations via extended enterprise operating model
- Physical security standards, intruder detection systems, offsite alarm monitoring and building access protocols, directly descended from banking security standards
  - Operating standards consistently applied to all global HB warehouse operations
  - Strong, long established reputation with the world's leading commodity exchanges and insurance markets



### 3 Risk management controls and compliance

#### Corporate Risk Management Process Governance, Compliance and Controls

- Strong controls and validations at every checkpoint in the Certificate lifecycle – insurance, endorsements, cancellation and delivery
- Best practice 'Three Lines of Defence' operational risk model
  - Policies and procedures
  - Oversight and control monitoring
  - Internal and independent audit assurance
- Comprehensive physical stock check program
  - High frequency, independent stock count and sample reweigh undertaken by international 'Big-4' accountancy firm
  - Additional internal stock checks and warehouse security audits
- Rigorous employee screening and vendor on-boarding protocols – OFAC, Sanctions, AML and KYC validation controls
- HB company culture dedicated to security, safety and compliance reinforced through employee screening, training, and management

