



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

Requirements to Apply to be a U.S. Mint Silver Authorized Purchaser

I. BACKGROUND

A bullion coin is a coin that is valued by its weight in a specific precious metal. The U.S. government guarantees its weight, content, and purity. Unlike commemorative or numismatic coins valued by limited mintage, rarity, condition, or age, investors purchase bullion coins seeking a simple way to own and invest in the gold, silver, platinum, and palladium markets. The United States Mint does not sell bullion coins directly to the public. Instead, the Mint generally distributes the coins through a network of official distributors called “Authorized Purchasers.” Authorized Purchasers create a two-way market buying and selling to wholesalers, financial institutions, and other secondary retailers.

The purpose of adding new primary distribution to the U.S. Mint’s Bullion Coin Programs is to increase net unit sales of the U.S. government’s precious metal bullion coins.

When the Mint can meet market demand, we seek to increase net unit sales of the Mint’s bullion coins. To accomplish this goal, the United States Mint seeks to use private sector distribution channels that ensure that the coins are:

- A. As widely available to the public as possible.
- B. Are bought and sold at prices/premiums that are in line with other similar bullion coin products in the marketplace; and
- C. Bought and sold in a manner that ensures relatively low transaction costs.

Business firms interested in qualifying to purchase United States Mint precious metal bullion coins directly from the United States Mint are required to submit documentation showing that they meet each of the following criteria.

II. CRITERIA TO BE A SILVER BULLION AUTHORIZED PURCHASER

The following criteria are used by the U.S. Mint in determining whether an applicant may become a Silver Bullion Authorized Purchaser; however, the U.S. Mint maintains flexibility in selecting the applicants who best meet the needs of the overall Bullion program; meeting or failing to meet certain criteria will be considered and weighed by the U.S. Mint in making decisions about applicants.

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A. Experienced Market Maker in Silver Bullion Coins

The United States Mint seeks only the most well-established, industry-recognized, and sufficiently capitalized precious metal wholesalers/market-makers to aid in the primary distribution of the United States Mint's Silver coin products. Requiring that its Authorized Purchasers be highly capitalized ensures that the applying firm will be capable to actively support and maintain a continuous two-way market in large volumes of United States Mint's silver bullion coins during both stable and volatile market conditions.

Merely providing a two-way, buy-and-sell retail market in the purchase and sale of silver bullion coins does not in itself satisfy the spirit and intent of this aspect of the criteria. Rather, applicants shall be widely recognized in the silver bullion trading industry as market-makers/wholesalers in the trading of physical silver coins. This should, in part, be demonstrated by applicant-provided precious metals trading and bank references. The United States Mint may contact these references and other industry sources to validate claims made by the applicant.

The United States Mint will conduct the review of a Dun & Bradstreet report as part of its credit and financial review of an applicant. The United States Mint reserves the right to consult with other sovereign mints and industry-recognized bullion coin market-makers to verify the applicant's precious metals industry market-maker/wholesaler claims.

An applicant shall also be engaged in the retail or wholesale purchase and sale of silver bullion coins, but it must

- be able to demonstrate that for a minimum of five continuous years it has maintained a well-established wholesale network of retail coin and precious metal dealers in which it distributes and markets these coins.
- be prepared to provide a description of its market in terms of size and score as part of the verification process of this aspect of the criteria. Primary distributorships with other international or national mints that produce, and market similar gold and platinum bullion coin products are advantageous and will strengthen the firm's application.
- have a broad base of wholesale, retail and/or institutional clients (a sample listing of those clients/trading partners should be provided for confidential reference purposes only) to whom it currently markets and trades precious metal bullion coins.

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- Have sold 100,000 or more ounces of silver bullion/bullion coins in any 12-month period since January 1, 2020, or if not applicable, see commodities/futures/electronic trading certification required above.
- have a longstanding, established relationship (defined as having been in place for at least three years prior to the application date) with an industry-recognized commodity clearing house that is used to hedge the applicant's bullion trading positions. NOTE: The applicant may be asked to provide a contact at the clearing house who can verify applicant's trading volume claims.

B. Tangible Net Worthⁱ

Applicants must submit certification from an independent certified public accounting firm recognized by the American Institute of Certified Public Accountants licensed by the jurisdiction in which the applicant is located that it has performed an independent audit and because of that audit can express an opinion on the financial statements of the applicant. The auditor must perform the audit in accordance with generally accepted auditing standards and will express an opinion on the financial statements presented by the applicant attesting that the applicant possesses tangible net worth of at least \$10 million for the last three of its fiscal years. For firms without a tangible net worth of \$10 million, there is an alternative requirement.

Applicants whose tangible net worth is less than \$10 million will be able to meet this criterion by submitting an irrevocable letter of credit in favor of the United States Mint. The letter of credit should be in an amount equal to the difference between its stated tangible net worth and \$10 million.

However - if one of the applicant's years is over \$5M but less than \$10M, but the applicant's three year annualized tangible net worth exceeds \$10M, then no LC will be required.

The letter of credit must be drawn on a bank insured by the Federal Deposit Insurance Corporation. The letter of credit will be used to secure all the company's financial liabilities to the United States Mint incurred in connection with its purchases of United States Mint Bullion Coins. Title to all silver bullion coins purchased by APs will remain with the United States Mint until coins are physically picked up by the AP after payment has been made for them.

The letter of credit is to remain in force for six months. After the six-month

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period, the company may continue as an AP without the need to satisfy the \$10 million net worth criterion or the letter of credit. However, the company must perform satisfactorily during the six-month period (e.g., comply with all of the requirements of the United States Mint's Authorized Purchaser Agreement).

C. Independent Certified Public Accounting Firm Audit

In addition, this accounting firm must attest to the applicant's involvement in and knowledge of the silver bullion market. This can be demonstrated in several ways, including:

- Membership on a major precious metals exchange such as NYMEX, LBMA, London, Zurich or Tokyo.
- Volume of silver bullion/bullion coins (American Eagle or other physical bullion/bullion coins) traded over any recent five-year period.
- Longstanding established relationships with industry-recognized commodity-based clearing houses (used to hedge their bullion trading positions).
- References to applicant's position in the marketplace as a significant market maker/wholesaler of physical bullion and or bullion coin products as potentially described in industry trade journals, articles, publications, Web-based stories, etc.
- Any other evidence that clearly demonstrates a thorough knowledge and expertise in the trading of precious metals/ commodities market.

III. ALLOCATIONS

During periods of allocation, the U.S. Mint generally does not consider adding new Authorized Purchasers to its distribution network. Allocation occurs when the U.S. Mint cannot effectively source enough precious metal blanks to meet market demand. The U.S. Mint will resume reviewing new AP applications after ending bullion allocations for any specific precious metal.

Exceptions to this policy may include if an applicant represents a geographic market where the U.S. Mint's bullion coin programs are not currently serviced by an existing

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Authorized Purchaser, or if there are other strategic considerations that might help the U.S. Mint's Bullion Coin Program operate more cost effectively. The decision to accept new Authorized Purchasers during periods of allocation is solely within the discretion of the United States Mint.

Potential new Authorized Purchaser applicants should verify with the U.S. Mint's Bullion Team, (bullion_inquiries@usmint.treas.gov), prior to application submission as to the Mint's status as it relates to allocations and the application review process.

IV. OTHER

The United States Mint reserves the right to perform credit and other background and reference checks as appropriate to substantiate the creditworthiness and qualifications of any firm applying to become an AP of its silver bullion coins.

To protect the interests of the United States Mint and the integrity of the United States Government, the United States Mint reserves the right to refuse or to deny any firm from participation as an AP of its silver bullion coins.

New APs will be granted an initial probationary AP status. Their offtake performance with the Mint will be reviewed after one year. The U.S. Mint reserves the right to maintain or discharge any probationary or regular AP it feels is not actively trading with the U.S. Mint.

ⁱ Tangible net worth is defined as the difference between total assets (less intangible assets such as goodwill, organization expenses, subscription lists, patents, licenses, and similar items) and total liabilities.