

PROCEDURES TO QUALIFY FOR BULK PURCHASE OF
AMERICAN EAGLE PLATINUM BULLION COINS

I. BACKGROUND

American Eagle Platinum Bullion Coins

Public Law 104-52, Title V, Section 520, directed the United States Mint to produce and sell legal tender platinum bullion coins. The coins are .9995 fine platinum, with the following weights and face values:

<u>Weight – troy oz. of fine platinum</u>	<u>Face value (denomination)</u>
1 oz.	\$100
½ oz.	\$50
¼ oz.	\$25
1/10 oz.	\$10

All four denominations of the American Eagle Platinum Bullion Coins have the same designs. The coin obverse (front) design, “Portrait of Liberty” features Lady Liberty looking toward the future in a modern interpretation of an American icon, the Statue of Liberty. The reverse (back) design, “Eagle Soaring Above America”, depicts an eagle, America’s symbol of freedom, spreading its wings high above our great nation at sunrise. The American Eagle Platinum Bullion Coins have reeded edges and are inscribed with the denomination, the year of minting or issuance, the symbolic phrases on all current U.S. coin denominations and the fine platinum content. There is no mint mark on the American Eagle Platinum Bullion Coins.

Sale of the American Eagle Platinum Bullion Coins began September 23, 1997. Although this program is currently available, the legislation does not require that this program continue indefinitely. Continuation of this program is solely at the discretion of the Secretary of the Treasury.

II. PURPOSE

The United States Mint is interested in ensuring that the American Eagle Platinum Bullion Coin Program is successful and that the coins are highly competitive with bullion products produced by others. In order to be competitive, the coins must be as widely available to the public as possible, be priced in line with other platinum bullion coins and be easily bought and sold without incurring sizeable transaction costs. The United States Mint has determined this is best accomplished by using the established platinum bullion coin distribution network in the private sector. The United States Mint is selling American Eagle Platinum Bullion Coins in both the domestic and international markets.

III. PURCHASE PROCEDURES

The American Eagle Platinum Bullion Coins are sold in bulk quantities to business firms approved by the United States Mint which have met the qualifying criteria set forth in Section V below. Approved firms can purchase in the following quantities:

- A minimum of 100 ounces of platinum for any individual denomination. Purchases above the minimum must also be in 100-ounce increments for any individual denomination.
- A maximum order quantity of 15,000 ounces or \$10 million will be imposed per purchaser per Fixing.
- However, the United States Mint reserves the right to sell less than the minimum quantity, vary the maximum quantity and to suspend all sales at any time as circumstances warrant.

The American Eagle Platinum Bullion Coins are packaged in semi-clear plastic tubes, and the tubes are placed in vacuum formed inserts in sealed molded plastic shipping containers. The tops of the plastic tubes and the shipping containers are imprinted with the U.S. Mint seal.

The price of the American Eagle Platinum Bullion Coins is based on the platinum content plus a fixed percentage premium of the platinum price. The pricing of the precious metal content is established at the time of the sale: The London P.M. (second) Platinum Fix on the date following the day of the order, excluding U.S. Government holidays. The fixed premiums are a percentage of the platinum price: 4%, 6%, 10% and 15% for the 1, ½, ¼ and 1/10 ounce coins respectively. The set premiums charged cover all of the Mint's manufacturing, marketing and distribution expenses. However, the United States Mint reserves the right to alter the pricing mechanisms and vary the premiums charged for the American Eagle Platinum Bullion Coins as circumstances dictate. Any such change will not affect orders accepted prior to the announced change.

Fax orders are received by the U.S. Mint, Bullion Coin Program Office, until 3:00 P.M., Monday through Friday, excluding U.S. Government holidays. Once placed, an order cannot be changed or cancelled by the purchaser.

Payment for the American Eagle Platinum Bullion Coins is accepted only in U.S. dollars by wire transfer of funds on the second business day following the day of the London Fixing used in determining the price of the order.

Purchased coins are authorized for release after receipt of payment is confirmed. Shipment of the American Eagle Platinum Bullion Coins is F.O.B. the West Point Mint (West Point, New York).

The United States Mint will not repurchase American Eagle Platinum Bullion Coins.

IV. MARKETING SUPPORT

The promotion budget available for the American Eagle Platinum Bullion Coin Programs is dependent on the level of sales and the actual sales mix.

The United States Mint plans to make promotional materials available at no cost through the distribution network. Additional quantities of point-of-sale materials (e.g. brochures, posters, counter cards) for the American Eagle Platinum Bullion Coin program will be available from the United States Mint.

V. QUALIFYING CRITERIA – PLATINUM

Business firms interested in qualifying to purchase American Eagle Platinum Bullion Coins directly from the United States Mint are required to submit documentation showing that they meet each of the following criteria.

A. Experienced Marketmaker in Platinum Bullion Coins.

Interested firms must submit certification from an independent and internationally accepted accounting firm attesting to the applying firm's involvement in and knowledge of the platinum markets. This can be demonstrated by membership on a major exchange such as COMEX, London, Zurich, or Tokyo; volume of platinum transactions; market position; and, any other evidence which clearly indicates a thorough knowledge and expertise in this market.

In addition, the certification must also attest that the applying firm:

- Has actively maintained an orderly and liquid two-way market in platinum bullion coins for two or more years.
- Has a broad base of wholesale, retail and/or institutional clients to whom it can market the American Eagle Platinum Bullion Coins.
- Has sold 100,000 or more ounces of Gold and Platinum bullion coins in any twelve month period since 1990.

B. Tangible Net Worth.

Interested firms must submit certification from an independent and internationally accepted accounting firm attesting that the applying firm possesses tangible net worth of at least **50 million U.S. dollars**. Subordinated debt (i.e. debt which ranks below that owed to general creditors) may be added to the tangible net worth figure in determining whether a firm meets the \$50 million criterion. 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.

Companies whose tangible net worth is **less than \$50 million** will be able to meet this criterion by submitting an irrevocable letter of credit in favor of the U.S. Mint. The letter of credit should be in an amount equal to the difference (rounded to the nearest \$1 million) between \$50 million and the sum of the company's tangible net worth and any subordinated debt. The letter of credit must be drawn on a bank insured by the Federal Deposit Insurance Corporation, and will secure all of the company's financial liabilities to the Mint incurred in connection with its purchases of American Eagle Platinum Bullion Coins.

The letter of credit is to remain in force for **six months**. After the six-month period, the company may continue as an authorized purchaser without the need to satisfy the \$50 million net worth

criterion. However, the company must perform satisfactorily during the six-month period (i.e. comply with all of the requirements of the United States Mint's purchaser agreement). Additionally, within 45 days following expiration of the letter of credit, the company must provide a letter from an independent and internationally accepted accounting firm attesting that during the six-month time period the company has maintained an orderly, uninterrupted and liquid two-way market for the American Eagle Platinum Bullion Coins.

C. Annual Audit by an Internationally Accepted Accounting Firm.

Interested firms must submit a letter from an independent and internationally accepted accounting firm attesting to the following:

- The operations of the applying firm are annually audited and the audit covering the most recently completed fiscal year resulted in an opinion that the books were in good order and that there were no financial discrepancies which could not be resolved in accordance with generally accepted auditing standards; and,
- The applying firm has a policy of being substantially hedged in its precious metals transactions.

D. Other.

The U.S. Mint reserves the right to perform credit and other checks as appropriate to substantiate the creditworthiness and qualifications of any firm applying to become an authorized purchaser of the American Eagle Platinum 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 a purchaser of American Eagle Platinum Bullion Coins.

VI. HOW TO APPLY

Interested firms should submit the required documentation to become an authorized purchaser of the American Eagle Platinum Coins to the following address:

United States Mint
Sales and Marketing
801 9th St, N.W.
5th Floor South
Washington, D.C. 20220
ATTN: Greg Hafner

NOTE: A business firm that is applying to qualify as a purchaser of American Eagle Platinum Bullion Coins and who is also interested in becoming an authorized purchaser of the American Buffalo Gold, American Eagle Gold and Silver Coins only needs to submit one documentation package. However, the firm should indicate its interest in being a purchaser of the Gold and/or Silver bullion coins by having its accounting firm also include a statement attesting to its experience in the Gold and/or Silver bullion markets. The United States Mint will not require an approved

purchaser of American Eagle Platinum Bullion Coins to also be a purchaser of the American Buffalo Gold, American Eagle Gold and Silver Bullion Coins.

All documentation must be in English. Applying firms are requested to label “proprietary/confidential” on each page of the documentation submitted which contains proprietary and/or confidential information which should not be made available for public release. Upon receipt, all documents will become the property of the U.S. Government and will not be returned.

Business firms with questions regarding the documentation required for qualifying as a bulk purchaser of American Eagle Platinum Bullion Coins should contact the following representative for assistance:

Greg Hafner
Team Lead, Bullion Program
United States Mint

Telephone: 202.354.7524
Fax: 202.756.6633
claperle@usmint.treas.gov

VII. APPROVAL/DISAPPROVAL

Each firm will be notified in writing as to its status as an authorized purchaser of American Eagle Platinum Bullion Coins.

Each approved firm will be assigned a customer number and sent the detailed ordering, payment and pick-up procedures for the American Eagle Platinum Bullion Coins. In addition, each authorized purchaser will be required to return a signed agreement stating that it will, among other items:

- Maintain an orderly, uninterrupted and liquid two-way market for the American Eagle Platinum Bullion Coins.
- Not use any term (e.g. official distributor) that implies it has an official relationship with the United States Mint.
- Discontinue any advertising and/or other promotion of the American Eagle Platinum Bullion Coins which, in the opinion of the Mint, is objectionable.
- Adhere to the purchase, payment and pick-up procedures attached to the Agreement.

The approved firms will also be required to agree that:

- Disputes concerning the purchase of coins under the Agreement will be resolved by the United States District Court, District of Columbia, according to federal law, and that the jurisdiction of that court is agreed to by the purchaser.
- Failure to adhere to the terms and conditions of the Agreement will result in immediate termination of the firm as an authorized purchaser of American Eagle Platinum Bullion Coins. In addition, the United States Mint reserves the right to discontinue selling platinum bullion coins to

a purchaser if, in the judgement of the United States Mint, the best interests of the United States Government and the American Eagle Platinum Bullion Coin Program so indicate.

VIII. ANNUAL REVIEW OF AUTHORIZED PURCHASERS

The United States Mint will periodically, but at least once a year, review the list of authorized purchasers of American Eagle Platinum Bullion Coins to determine if any changes are required. The current authorized purchasers will not be required to take any action, except to indicate their interest in continuing as purchasers of American Eagle Platinum Bullion Coins when contacted by the United States Mint Bullion Coin Representative.

IX. RIGHT TO MODIFY PURCHASER CRITERIA

The United States Mint reserves the right to modify the qualifying criteria for purchasers of American Eagle Platinum Bullion Coins as deemed necessary for the successful continuation of the American Eagle Platinum Bullion Coin Program. The criteria for the purchase of the platinum bullion coins are not issued for the benefit of the public and do not create any right of action in any federal court or in any administrative body.