



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

**PROCEDURES TO QUALIFY FOR  
PURCHASE OF SILVER BULLION COINS**

**I. BACKGROUND**

**American Eagle Silver Bullion Coin Program**

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Public Law 99-61, enacted July 9, 1985, directs the United States Mint to mint and issue legal tender silver bullion coins. As legislated, the coins are to contain one troy ounce of .999 fine silver (no alloy), and have a face value of one dollar.

The obverse of the American Eagle Silver Bullion One Ounce Coins has a design symbolic of Liberty, the design of Walking Liberty by Adolph Weinman. The reverse design is a rendition of a heraldic eagle. The coins have a reeded edge and are inscribed with the denomination, the year of minting or issuance, the required inscriptions on all current U.S. coins, and the fine silver content. There is no mint mark on the American Eagle Silver Bullion Coins.

Sales of the American Eagle Silver Bullion Coins began November 24, 1986. The program will continue indefinitely.

**America the Beautiful Silver Bullion Coin™ Program**

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Public Law 110-456, the “America’s Beautiful National Parks Quarter Dollar Coin Act of 2008,” enacted on December 23, 2008, authorizes the minting and issuance of circulating quarters that are emblematic of a national park or other national site in each state, the District of Columbia, and U. S. territories. Title II of this law authorizes the minting and issuance of a silver bullion investment coin. The Secretary of the Treasury shall strike and make available for sale such number of bullion coins as the Secretary determines to be appropriate that are exact duplicates of the quarter dollars minted under this public law. The coins will have a diameter of 3.0 inches, weigh 5.0 ounces and contain .999 fine silver. The face value of these coins is a quarter-dollar. The fineness and weight will be incused on the edge. There is no mint mark on these coins.

Each coin in the series features a common obverse (heads side) with the 1932 portrait of George Washington by John Flanagan, which was restored to bring out subtle details and the beauty of the original model. Inscriptions on this coin are *UNITED STATES OF AMERICA*, *LIBERTY*, *IN GOD WE TRUST* and *QUARTER DOLLAR*.

Each year, five new national site designs will be depicted on the reverse (tail) of the America the Beautiful Silver Bullion Coins. The United States Mint will issue these five-ounce quarter-dollar coins in the order in which the honored site was first established as a national site.

Five coins will be issued per year beginning in 2010, with the final coin being issued in 2021, pending any further legislative requirements.

## **II. PURPOSE**

The United States Mint is interested in ensuring that the coins minted and issued under its American Eagle and America the Beautiful Silver Bullion Coin Programs are distributed effectively and efficiently and in a manner that ensures that the bullion coins are competitive with bullion products produced by other international mints. To accomplish this goal, the United States Mint seeks to utilize private sector distribution channels that ensure that the coins are:

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

Due in part to the commodity-like, investment nature of these coins characterized by constantly fluctuating precious metal prices, the United States Mint has determined that the most effective and efficient means for bullion coin distribution is through the use of the well-established silver bullion coin distribution network in the private sector. This network consists of hundreds of coin and precious metals dealers, participating banks, brokerage companies and other financial intermediaries.

## **III. PURCHASE PROCEDURES**

### **American Eagle Silver Bullion Coin Program**

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

- A minimum of 25,000 ounces of silver. Purchases above the minimum must be in 500-ounce increments, the standard packaged quantity.
- There is no maximum order quantity.
- However, the United States Mint reserves the right to sell less than the minimum quantity, impose a maximum order quantity and suspend all sales at any time as circumstances warrant.

The American Eagle Silver Bullion Coins are packaged in semi-clear plastic tubes (20 one-ounce coins to a tube). The tubes are then 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 United States Mint seal.

The price of each American Eagle Silver Bullion Coin is based on the silver content plus a fixed \$2.00 premium. This premium is subject to change. United States Mint bullion coin premium changes are posted in the Federal Register.

The pricing of the coins, based on their precious metal content, is established as the LBMA Silver Price on the first business day following the day of the order, excluding federal government holidays.

The set premium charged covers all of the United States Mint's manufacturing, marketing and distribution expenses. The United States Mint reserves the right to alter the pricing mechanisms and vary the premium charged for the American Eagle Silver Bullion Coins as circumstances dictate. Any such change will not affect orders accepted prior to the announced change.

### **America the Beautiful Silver Bullion Coins Program**

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The America the Beautiful Silver Bullion Coins are sold in bulk quantities to business firms approved by the United States Mint which have met the qualifying criteria discussed in Section V below. Approved firms can purchase these coins in the following quantities:

- A minimum of 500 ounces (100 coins) of silver, the standard packaged quantity.

The America the Beautiful Silver Bullion Coins are packaged in semi-clear plastic tubes (10 five-ounce coins to a tube). The tubes are then 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 United States Mint seal.

The price of the America the Beautiful Silver Bullion Coin is based on the silver content plus a fixed \$9.755 premium. This premium is subject to change. United States Mint bullion coin premium changes are posted in the Federal Register.

The pricing of the coins, based on their precious metal content, is established as the LBMA Silver Price on the first business day following the day of the order, excluding federal government holidays. The set premium charged covers all of the United States Mint's manufacturing, marketing, sale, and distribution expenses. The United States Mint reserves the right to alter the pricing mechanisms and vary the premium charged for the America the Beautiful Silver Bullion Coins as circumstances dictate. Any such change will not affect orders accepted prior to the announced change.

Orders are received by the United States Mint, Bullion Branch, until 3:00 p.m. ET, Monday through Friday, excluding federal government holidays. Once the order is confirmed in writing by the United States Mint, an order cannot be changed or cancelled by the purchaser. All sales are final.

Payment for silver bullion coins is accepted only in U.S. dollars by wire transfer of funds on the second business day (standard "two-day value") following the day of the LBMA Silver Price used in determining the price of the order.

Purchased coins are authorized for release after receipt of payment is confirmed. All United States Mint silver bullion coins must be picked up freight-on-board (F.O.B) at the United States Mint at West Point (West Point, New York).

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 verified. The United States Mint will not repurchase its silver bullion coins.

#### **IV. MARKETING SUPPORT**

The United States Mint may make promotional materials available at no cost to the bullion coin dealer distribution network. Additional quantities of point-of-sale materials (e.g., brochures, posters) for both

silver coin programs may be made available, in bulk, to commercial bullion coin wholesalers and retailers. To receive these materials, the requesting firm must either be an Authorized Purchaser (AP) of United States Mint bullion coins or approved in writing by the United States Mint to be placed on the United States Mint bullion retailer list at <http://catalog.usmint.gov/bullion-dealer-locator>. The United States Mint reserves the right to withhold such materials, in its sole discretion, based on factors that it considers to be in the best interests of the United States Mint's silver bullion coin programs.

## **V. QUALIFYING CRITERIA – SILVER**

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

### **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 its silver bullion coin products. Requiring that its APs be highly capitalized ensures that the applying firm will be capable in both up and down markets to actively support a continuous two-way market in large volumes of 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, applying firms should be widely recognized in the silver bullion trading industry as being significant market-makers/wholesalers in the trading of physical silver bullion coin/products. This should, in part, be demonstrated by applicant-provided precious metals trading and bank references. The United States Mint reserves the right to contact these references to validate claims made by the applicant. The United States Mint will conduct the review of a Dun & Bradstreet report on all applicants as part of its credit and financial review of the applicant. The United States Mint reserves the right to consult with other international mints which produce and distribute similar types of silver bullion coins in an attempt to verify the applicant's industry "market-maker" claims.

An applying firm may also be engaged in the retail 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 to which it distributes and markets these coins.

In lieu of the five-year history requirement, the United States Mint may consider an applying firm's relative experience/stature in the industry if a firm has a minimum of three years continuous experience in the purchase and sale of silver bullion/bullion coins at a wholesale level and/or can also demonstrate it has other bullion/commodities trading experience, futures and/or electronic trading activities deemed acceptable by the United States Mint. Trading references and any other relevant documentation that validates the firm's experience must be provided for consideration. Applying firms should be prepared to provide a list of their wholesale customer base as part of the verification process of this aspect of the criteria. The United States Mint reserves the right to contact any or all submitted references, at its discretion, to aid in the verification process. Primary distributorships with other international or national mints that produce and market similar silver bullion coin products are advantageous and will strengthen the firm's application.

Interested firms 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 company is located to perform an independent audit and as a result of that audit to express an opinion on the financial statements of the company. The auditor will perform the audit in accordance with generally accepted auditing standards and will express an opinion on the financial statements presented by the company. This accounting firm must attest to the applying firm's involvement in and knowledge of the silver markets. This can be demonstrated in a number of ways, including:

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

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

- Has been actively engaged in wholesale "market-making" silver bullion/bullion coin activities for a minimum of five continuous years. This is defined as a firm's historical (five-year minimum history) and present practice of regularly quoting "instantaneous narrow bid-ask wholesale spreads" to other major bullion coin wholesalers for large quantities (100-500 ounces or more) of silver bullion/bullion coins.
- Has a broad base of wholesale, retail and/or institutional clients (a sample listing of these clients/trading partners should be provided for reference purposes) to whom it currently markets and trades silver bullion coins.
- Has a longstanding, established relationship (defined as having been in place for at least one year 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.

If applying under the three-year and/or commodities clause referenced above, the certification must attest to the applying firm's ability for the past three fiscal years to:

- actively trade in commodities, physical bullion, futures and/or electronic trading activities and offer a wide range of these products and/or services,

- demonstrate the firm has sustained or consistently grown in business size based on tangible net worth,
- the firm is considered reputable via the National Futures Association and/or other documentation such as industry trade journals, articles, publications, Web-based stories

All attestations should clearly demonstrate its ability to engage as a market-maker in silver bullion coins.

## **B. Tangible Net Worth**

Interested firms 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 company is located to perform an independent audit and as a result of that audit to express an opinion on the financial statements of the company. The auditor will perform the audit in accordance with generally accepted auditing standards and will express an opinion on the financial statements presented by the company attesting that the applying firm possesses tangible net worth of at least \$10 million for the last three of its fiscal years.

This is necessary to ensure the applying firms have sufficient assets to cover their potential settlement obligations with the United States Mint and to protect the United States Mint and third parties from adverse market risk. In addition, requiring that our APs be highly capitalized ensures that they will be capable in both up and down markets to actively support a continuous two-way market in large volumes of silver bullion coins during both stable and volatile market conditions.

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 \$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 must be in an amount equal to the difference between its stated tangible net worth and \$10 million. This will protect the United States Mint against any adverse market risk it may incur should an AP fail to honor its settlement obligations and the United States Mint is forced to liquidate any long positions entered upon to hedge an AP's most recent coin purchase(s). However, the company's tangible net worth must be a minimum of \$5 million for the last three of its fiscal years. 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 of the company's financial liabilities to the United States Mint incurred in connection with its purchases of American Eagle and/or America the Beautiful Silver 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 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. Audit by an Independent Certified Public Accounting Firm**

An applying company must submit an audit statement covering the past three fiscal years. The auditor will perform the audit in accordance with generally accepted auditing standards and will express an opinion on the financial statements presented by the company. The audit firm must be an independent certified public accounting firm recognized by the *American Institute of Certified Public Accountants* licensed by the jurisdiction in which the company is located to perform independent financial audits.

Additionally, the auditor will express an opinion on the financial statements presented by the company that the applying firm has a policy of being substantially hedged in its precious metals transactions.

### **D. Other**

The United States 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 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.

## **VI. HOW TO APPLY**

Interested firms should submit the required documentation to become an AP of the American Eagle and/or America the Beautiful Silver Bullion Coins to the following address:

United States Mint  
Numismatic and Bullion Directorate  
ATTN: Jason Laurie  
801 9<sup>th</sup> Street NW  
Washington, DC 20220 (20001, if sent by Federal Express)

**NOTE:** A business firm that is applying to qualify as an AP of silver bullion coins and also interested in becoming an AP of American Eagle and/or American Buffalo Gold Bullion Coins or American Eagle Platinum Bullion Coins needs to submit only one documentation package. However, the firm should indicate its interest in being a purchaser of the gold and platinum bullion coins by having its accounting firm also include a statement attesting to its experience in the gold and platinum bullion markets as required by the United States Mint application criteria for those respective bullion products. The United States Mint will not require an AP of silver bullion coins to also be an AP of gold and platinum 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 that 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 an AP of silver bullion coins should contact Mr. Jason Laurie at:

Telephone: (202) 354-7570

E-Mail: [jlaurie@usmint.treas.gov](mailto:jlaurie@usmint.treas.gov)

## **VII. APPROVAL/DISAPPROVAL**

Each firm will be notified periodically in writing regarding its application status. Because of the thorough review process required for these applications, it may take three to six months to render a decision.

Each approved firm will be assigned a customer number and sent the detailed ordering, payment and pick-up procedures for the silver bullion coins. In addition, each AP will be required to return a signed agreement stating that it will, among other terms and conditions:

- Maintain an orderly, uninterrupted and liquid two-way market for the silver bullion coins, including buying back and holding inventories to maintain stable premiums in unsettled markets.
- Maintain buy/sell premiums for the United States Mint silver bullion coins with as narrow a spread between buy and sell prices as prudent business judgment/market conditions permits. These premiums are to be competitive with those charged for other bullion coins, considering prevailing market conditions.
- May in the marketing, promotion or sale of United States Mint silver bullion coins, refer to its firm as an “Authorized Purchaser of United States Mint silver bullion coins,” however:
  - Shall not imply or indicate that the AP is an “official” or “designated” distributor for the Department of the Treasury or the United States Mint or has any other “official” status, or that the AP has a connection with the Department of the Treasury or the United States Mint beyond the relationship established by the agreement.
  - Shall not use the official seal of the United States Department of the Treasury or United States Mint in any manner or use any other United States Department of the Treasury or United States Mint intellectual property or trade dress.
  - Shall ensure that all advertising, packaging and promotional materials intended for use in connection with the marketing of said coins is accurate and in keeping with the dignity and character of the coins as issuances of the U.S. government. The United States Mint reserves the right to require APs to discontinue usage of any material that it determines does not meet this standard or is objectionable (e.g., print advertisements and/or Web advertisements that promote bullion coins which have not been manufactured and/or no issue date has been established, Web site reference that the firm is an “official United States Mint or licensed dealer” of silver bullion coins).

- Adhere to the purchase, payment and pick-up procedures for United States Mint silver bullion coins 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 and venue of that court is agreed to by the AP.
- Failure to adhere to the terms and conditions of the agreement may result in immediate unilateral termination of the firm as an AP of silver bullion coins. In addition, the United States Mint reserves the right to discontinue selling silver bullion coins to an AP if, in the judgment of the United States Mint, the best interests of the U. S. government and the silver bullion coin program so indicate.

**VIII. ANNUAL REVIEW OF AUTHORIZED PURCHASERS**

The United States Mint will periodically, but at least once a year, review its list of APs of silver bullion coins to determine if any changes are required. As part of this review, the United States Mint will review AP bullion coin purchase history from the United States Mint. An AP's direct distributor status could be adversely affected by relatively infrequent purchases. Current APs will not be required to take any action, except to indicate their interest in continuing as APs of silver 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 APs of silver bullion coins as deemed necessary for the successful continuation of the silver bullion coin program. The criteria for the silver 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.

**X. RIGHT TO TEMPORARILY REFRAIN FROM THE REVIEW OF NEW APPLICATIONS**

The United States Mint reserves the right to temporarily refrain from the review of new AP applications during periods in which the allocation of any bullion product is required.