

BUSINESS

Online trading platform for gold, silver launched

JULY 04, 2013 PUBLISHED AT 10:45 AM



Photo: Bloomberg

Online trading platform for gold, silver launched



SINGAPORE - Gold may be dropping to multi-year lows but that has not stopped a firm from launching an online platform that lets investors trade the metal.

Touted as the first of its kind, the Singapore Precious Metals Exchange allows investors to buy, sell and then store gold or silver in a secure environment.

Security company Certis Cisco will act as custodian for the metals bought over the exchange, known as SGPMX and launched yesterday.

This means that when investors buy gold over its online platform, the metal will be stored at Certis Cisco's facilities in the investor's name.

SGPMX chief executive and founder Victor Foo said this will go some way towards dispelling concerns that trading in physical gold is risky.

Gold investment schemes have garnered bad press in recent times, with companies such as The Gold Guarantee, which also claimed to deal in physical gold, being investigated for possible fraud.

But Mr Foo said SGPMX is not an investment scheme that aims to pay dividends or promises a profit, but "aims to facilitate investors, either individuals or institutions, to buy, store and sell real physical gold to other investors".

He noted that if SGPMX collapsed tomorrow, investors would still own their gold.

"That gold bar or coin is his. We don't own any of that," said Mr Foo, who previously ran SGNet, an online gold bullion store that sourced and sold the metal to retail investors.

He said the exchange came about because of increasing demand from SGNet's 11,000 customers looking for a place to store the gold they bought.

SGNet, which will continue to sell gold and silver products on the website of the new online trading platform, is now a subsidiary of SGPMX.

He also recognised that people had a problem when selling gold, as shipping it to other countries is not easy.

Mr Foo realised that an exchange could help solve these issues and that SGPMX provided the ideal platform.

The firm's strengths in sourcing gold through accredited mints around the world, transporting and storing it in a secure location and helping customers buy and sell the metal, meant it already had the required tools.

Investors can start trading physical gold and silver with a minimum of US\$1,000 (\$\$1,270) with a 0.25 per cent commission payable to SGPMX.

If they opt to store the gold with Certis Cisco, they will have to pay an additional 0.5 per cent of the value of the metal a year.

Customers can also take delivery of the gold they buy but they will not be able to trade it on the exchange once it has been taken out of the system, said Mr Foo.

The only way to get back into the trading system is to certify the gold's quality by sending it to an accredited mint.

Yesterday, famed commodity investor Jim Rogers became its first account holder, buying and storing several gold coins with SGPMX.

He declined to reveal how much he bought but said he expects the gold rout to continue for some time.

"It may hit US\$900 to US\$1,000 - I can't be sure where the floor is - but when it does I hope I am wise enough to buy more then," he said, noting that gold had fallen to about US\$1,200 per troy ounce.

"And in a decade, when the US dollar becomes like confetti, due to all the money printing, I hope to be wise enough to sell."