

10. Specific guidance for managed gold products continued



10.3 Tokenised gold characteristics¹⁷

Tokenised gold is a form of a managed gold product where ownership is represented by digital tokens on a distributed ledger such as a blockchain.

As the sector is still nascent, the application of guidance is particularly important. Gold tokens should give investors adequate rights, providers should ensure proper business operations and all stakeholders should comply with applicable laws and regulations. This will help product providers to better protect themselves and their customers. The adoption of implementation guidance should also help the sector to gain a reputation for safety and professionalism.

Implementation guidance for managed gold products

- The preceding implementation guidance (section 10.1) for managed gold products is equally applicable to tokenised gold. Gold holdings should, for example, be adequately stored and insured.
- Furthermore, all relevant information, including specific features, risks and fees should be disclosed.

Token rights

- Gold tokens on a blockchain or digital ledger should represent legal ownership in the tokenised asset, i.e. gold.
- Product providers should clearly disclose details regarding the tokenised gold products they are offering, in particular whether tokens are on a private or permissioned blockchain, or on a public, fully decentralised blockchain. Providers should also explain the respective impact (including the key risks and benefits) to investors.

Tradability

- Tokenised gold should be readily tradable, be it through the provider, the provider's platform or a public exchange. Providers should consider the regulatory implications of offering a secondary market in tokenised gold.

¹⁷ This and the next guidance only apply for tokenised gold products and is supplementary to the guidance provided for managed gold products.



10.4 Adequate tokenised gold operations

Proper business operations for tokenised gold should be ensured by adhering to the implementation guidance below.

Implementation guidance for managed gold products

- The preceding implementation guidance for managed gold products (section 10.2) is equally applicable to tokenised gold, including guidance on cash management, storage, selection of service providers, audit and reporting.

Experienced personnel

- Key personnel should have adequate experience related to asset-backed tokens or at least blockchain technology in general, as well as relevant facets of the gold market, such as trading and storage.

Financial services and tax regulation

- Providers must adhere to applicable law and regulations, such as banking/digital custody, brokerage, securities and tax regulations, in their respective markets.
- Providers should implement policies and procedures demonstrating an awareness of global regulations applicable to tokenised gold. They should also monitor changes in the regulatory landscape.

Voluntary industry standards

- Providers should adhere to voluntary best practices or standards on tokens, as applicable.

Cyber security

- Product providers should implement adequate cyber-security controls for token/blockchain operations and supporting infrastructure.
- The safekeeping of private keys – be it for the provider or on behalf of investors – should be a primary concern.