

Response to Consultation Paper: EBA Draft Guidelines on templates for explanations and opinions, and the standardised test for the classification of crypto-assets, under Article 97(1) of MiCA Regulation

The World Gold Council welcomes the opportunity to comment on the ‘EBA draft Guidelines on templates for explanations and opinions, and the standardised test for the classification of crypto-assets, under Article 97(1) of MiCA Regulation’.

About the World Gold Council

The World Gold Council is dedicated to ensuring that gold remains an integral part of the global economy.

We are an association whose 34 members are the world’s leading gold mining companies with operations in over 45 countries, and our initiatives impact every aspect of the gold industry. We aim at:

- Improving access to gold by tackling regulatory and infrastructure barriers to gold investment
- Improving understanding of the gold market and the role of gold as an investment asset
- Developing industry standards and improving integrity and trust in gold.

Since we were founded in 1987, the structure and size of the gold industry has changed dramatically. The gold market has almost doubled in size and grown seven-fold in value. Today, gold is increasingly recognised as a mainstream asset that meaningfully contributes to prosperity, financial market stability, and society as a whole.

The World Gold Council’s ambition is to further the digital transformation of the global gold market to meet the expectations of today’s consumers, investors, and the financial services community. The tokenisation of gold and digitalisation of trading and supply management processes, is essential to the modernisation of the market.

The World Gold Council is a Partner Member of the Financial Markets Standards Board (FMSB) in the United Kingdom, and our CEO, David Tait, chairs its Precious Metals Working Group.

Gold as an asset class

Gold has unique properties and is an essential investment for many individual and institutional investors. Private investments in gold account for nearly US\$ 3 trillion in holdings, and more than US\$ 2 trillion are held in gold reserves by central banks around the world.¹ In today’s environment, gold has an increasingly relevant role to play in helping investors navigate an evolving landscape of risk and uncertainty and, ultimately, protecting savers.

¹ Source: Gold Demand Trends and Above Ground Stocks, 2021, <https://www.goldhub.com>

Annual private investment demand for gold – including bars, coins, but also ETFs (Exchange Traded Funds) stands at over US\$ 60 billion. About 45% of global retail investors have already invested in gold and additional 38% are considering investing in gold.

Given the above-mentioned numbers, the market for tokens entirely backed by gold could over the coming years become significant in size, with tokens offering 1:1 ownership of physical gold providing an innovative way of investing in gold.

Several gold-backed tokens are already available to customers, such as Pax Gold², DGLD³, VNX GOLD⁴ and Tether Gold⁵.

Consultation

Below we provide specific feedback to applicable consultation questions.

We appreciate your consideration of our comments and remain at your disposal should you have any questions.

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Yours sincerely,

The World Gold Council

Responses to selected consultation questions

Question 1: Do respondents have any comments on the template for the purposes of Article 8(4) Regulation (EU) 2023/1114?

N/A

Question 2: Do respondents have any comments on the template for the purposes of Article 17(1) point (b)(ii) and Article 18(2) point (e) of Regulation (EU) 2023/1114?

Crypto Assets which include Asset Referenced Tokens (ARTs) remain a novel technological use case. In the case there is ambiguity on whether a specific Asset Referenced Token (ART) falls under MiCA or other financial legislation (e.g., MiFID II, AIFMD), then MiCA Regulation should take precedent, and be the legislative framework that would apply to that specific token.

This would promote regulatory convergence and ensure industry innovation.

Question 3: Do you consider that the fields of the template relating to explanations as to regulatory status are sufficiently clear and would enable a proportionate completion in line with the simplicity or complexity of the structure of the crypto-asset to which the explanation or legal opinion relates?

² See <https://paxos.com/paxgold/>

³ See <https://dglid.ch/>

⁴ See <https://vnx.li/>

⁵ See <https://gold.tether.to/>

N/A

Question 4: Do respondents have any comments on the standardised test?

N/A