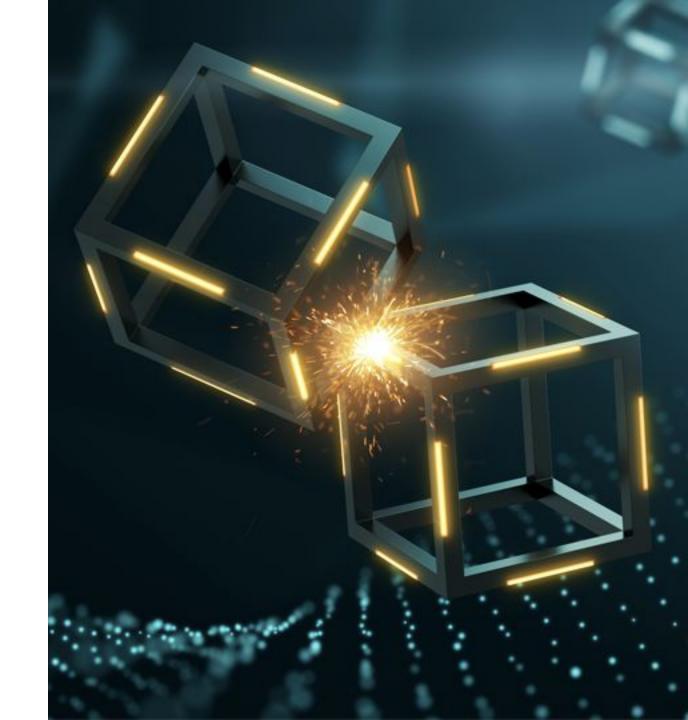


Should the Bullion Industry
Embrace or Dismiss
Blockchain Technology
and Cryptocurrencies?

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Why are we having this discussion?

For the last 2 years I've witnessed the growth of crypto markets and the spread of the blockchain technology that underlies them.

I've also seen how the bullion industry developed a suspicious outlook of both, and that led me to wonder

WHY?



What is Blockchain?

- Blockchain is a technology for digitised, distributed and decentralised public ledgers.
- A blockchain is a single, shared, tamper-evident ledger - once recorded, transactions can't be altered.
- All parties must give consensus for new transaction to be added to the ledger network.



What are Smart Contracts?

Smart contract are computer protocols - CODE.

 They facilitate, verify, and enforce terms, negotiations or performance of a contract via execution of code.

 Smart contracts allow the performance of <u>credible</u> transactions <u>without third parties</u>.

 Transactions are made on a blockchain, and are therefore <u>trackable</u>, <u>verifiable</u>, and <u>irreversible</u>.

With smart contacts, clauses may be made partially or fully self-executing, self-enforcing, or both. Unless certain conditions can be <u>verified digitally</u> as being met, the contract <u>cannot be executed</u>.







- 1. Transparency
- 2. Security
- 3. Traceability
- 4. Speed and efficiency
- 5. Reduced costs





- 1. Fraud elimination
- 2. Error reduction
- 3. Inventory management improvements





#1 Traceability

Congo's cobalt mining

- Addresses political and economical issues.
- Helps enforce cobalt mining industry compliance with regulations preventing child labor.

TrustChain - A platform that tracks and authenticates diamonds, precious metals and jewelry at all stages of the global supply chain, from the mine to the retailer.





#2 Documentation Efficiency

Easy coordination of documents on a distributed ledger, make physical paperwork largely unnecessary.

TradeLens



Bullion Applications: Production

#3 Gold Bar Integrity, Security and Authenticity

The LBMA has issued an RFP to further strengthen gold supply chain integrity:

- Builds on the LBMA's Responsible Sourcing programme.
- Proposes use of a blockchain to secure supply chain provenance.
- Aims to minimise fraud and security breach risks.

Phase 1 will focus on kilobars & large bars.

Blockchain backed Supply Chain Technology will mitigate risks faced throughout the life cycle of a bar, and will securely record bar specific data (i.e. brand, origin, custody, location) on an inviolable platform.





#4 Speed

Financial settlements in cryptocurrencies





#5 Accessibility

The holy grail is a gold backed token:

- Makes the gold market accessible.
- Easy and safe purchase of bullion.
- A Stable cryptocurrency.

Over 20 projects are currently in development.



The Precious Metals Industry and Blockchain: A Conclusion

- The industry is very traditional, but perceptions are in flux, and we're at a point where key players are taking active steps towards adoption.
- The promised benefits for reduction of fraud, errors and misinterpretations, are too great for the opportunity to be ignored.
- The result of adoption may be unprecedented boosts in trust, credibility and efficiency.
- Many aspects of bullion supply chains will benefit (bar tracking, inventory management etc.), others will by necessity, remain "old school"

There's still a way to go - We need a unified set of rules and an entity to enforce. Perhaps the LBMA?...



Thank You

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