

[JTC: This report spells out one very promising aspect of the new offering: the NFTs are *anchored* in bonafide bullion, already securely stored.

I originally thought they were tradable using regular crypto mechanisms; not so, that runs up against the EU rules. They are redeemable in bullion, however, *if* one can pass the required KYC. The other problem I intuited is my assumption that an NFT is *not divisible*, so that they could only be traded among Swarm's clients, in whole amounts of standard bullion bars and coins. Much better than nothing.

The kicker is strangely not even mentioned in the news report, but it's loud and clear on the Berlin firm's website ([www.swarm.com](http://www.swarm.com)): their products are not available to US or Canadian "persons," nor to anyone on any government's sanctions list. *Oh right!*

For the 95% of humanity not affected, this offering, being more credible in its basis than "gold-backed" cryptos, is a genuine market advance, however limited. But as I view it, it also points up the urgency of going *around* political-bureaucratic regulations altogether, which I can only see happening through completely assured transactional anonymity.]

<https://www.kitco.com/news/article/2024-06-26/swarm-markets-releases-gold-backed-nfts-workaround-mica-regulations>

## Swarm Markets releases gold-backed NFTs as a workaround to MiCA regulations

By [Jordan Finneseth](#)

(Kitco News [June 26, 2024]) – Real-world asset (RWA) tokenization is one of the fastest-growing segments of the cryptocurrency ecosystem, and along with U.S. Treasuries, tokenized gold has become a popular choice for investors given the yellow metal's long history as a store of wealth.

Due to this growing trend, combined with the implementation of the new stablecoin rules laid out in the European Union's Markets in Crypto-Assets Regulation's (MiCA), **Berlin-based Swarm Markets has taken a novel approach to bringing gold on the blockchain: issuing a gold-backed non-fungible token (NFT).**

According to an X thread posted by Swarm Markets, the firm has launched “fully asset-backed digital gold with NFTs representing ownership, which are fully tradable and can be offered peer-to-peer.”

They attributed the design specifically to the implementation of MiCA, which will put regulatory hurdles in place for asset-reference tokens, including gold-based ones. They noted that **the rules laid out in MiCA do not apply to crypto-assets that are unique and not fungible with other crypto-assets,** which is why they went the route of issuing gold-backed NFTs.

“Swarm’s technical approach to tokenizing gold gives investors unprecedented transparency over the collateral they own both on and off-chain,” the company said in a [press release](#). “The gold ownership is represented in on-chain NFTs that each have unique identifiers. The gold bars will be custodied with Swarm’s key partner Brink’s, initially in its vaults in London.”

Each NFT will be fully redeemable for the underlying collateral, with holders able to receive physical delivery as soon as they pass know-your-customer (KYC) and anti-money laundering (AML) checks.

Swarm Markets plans to let future token holders decide in which jurisdiction the underlying gold is stored.

“Gold is the oldest investment in the world, and the market is thriving today as much as it ever has,” said Philipp Pieper, co-founder of Swarm Markets. “Gold is the ultimate safe haven asset because it is one of the few rare assets that you can hold in your hand. Swarm’s technical approach to bringing gold on-chain offers unrivaled transparency and flexibility to any other gold product on-chain today.”

“We’re creating the Amazon Web Services of gold on-chain,” he added. “Not only will investors have unique identifiers for their NFT, linking them to a specific gold bar or ounce, but they can own and custody their gold holdings digitally via blockchain, redeem it for the physical underlying collateral and choose where to store their physical gold. We’ve also ensured the product is compliant with MiCAR asset-reference token rules to give investors maximum confidence.”

The biggest benefit of holding gold on-chain is that the system offers complete transparency and security in ownership, and each token is verifiable using a block explorer, the company said. The system also offers more efficient accounting, a completely borderless market, and no requirement to handle the physical asset unless investors wish to do so.

“DeFi has created enormous opportunities to change the way that the global financial infrastructure works. But until now, it has contented itself with crypto tokens that are highly correlated and have values predicated on notional opportunities and, in many cases, sheer momentum,” said Timo Lehes, co-founder of Swarm Markets. “Instead Swarm is committed to changing the economics of DeFi by making RWAs the core proposition of the market.”

“We have already introduced on-chain stocks and treasury bond ETFs to investors and now we want to expand the asset universe to include the most physical asset in the world – gold,” he added. “Gold is

the ultimate safe haven asset, as it has been for millennia. But it is no less relevant today and can provide a good exit strategy for investors when crypto markets decline.”

Lehes said the primary benefit “of a token in the precious metal domain, which represents direct individual ownership, is that investors needn’t move off chain as a result. It underlines our commitment to bringing RWAs on chain and focusing cutting-edge financial technologies on timeless assets and markets.”

In an [interview](#) with The Block, Lehes said “Swarm intends to expand the asset universe on chain and tokenized gold is just the first step in its commodities journey. Market participants can expect more from Swarm in terms of base metals and currently unregulated markets, like carbon credits.”

The company has a history of being the first to market for tokenized assets. Swarm was the first organization in the world to offer tokenized U.S. Treasury bills and public stocks such as Nvidia and Microsoft, tradeable on a compliant, decentralized platform and held with institutional custodians.

“By bringing RWAs on chain, Swarm is working to change the economics of DeFi – moving the sector from a market based on notional crypto value to one couched in real tangible assets that major global markets verify and value,” the release said.

According to the firm’s website, Swarm Markets currently has \$14.6 million in assets under management.



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