

London, 15 January 2024

## Response to Consultation Paper: EBA Draft Guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens

The gold industry very much appreciates EBA's undertaking to provide guidelines on internal governance for asset referenced token issuers and we welcome the opportunity to comment on the EBA's Consultation Paper 'EBA Draft Guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens'.

### **About the World Gold Council**

The World Gold Council is the global market development organisation for the gold industry. We are a membership organisation<sup>1</sup> that promotes the role of gold as a strategic asset, shaping the future of an accessible, fungible and integrated gold market. Our key goal is to further the digitalisation of the gold market and the tokenisation of gold is essential part of this process. The market for tokens entirely backed by gold is likely to become significant in size over the coming years, 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).

### **Consultation**

We fully support the EBA's aim to ensure the implementation of robust governance arrangements by the issuers of ARTs subject to the principle of proportionality, by taking into account the complexity and risks pertaining to the issuer's activities.

The successful modernisation of the gold market by tokenisation requires robust regulations and protection of market participants, last but not least with regards to institutional investors with established high requirements.

Below we provide specific feedback to 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

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<sup>1</sup> EU transparency number: 133743846287-22

## **Responses to consultation questions**

Question 1: Is the background section providing the needed context with regard to the mandate to issue GL on internal Governance under MiCAR?

Yes, from our perspective the provided context is comprehensive.

Question 2: Is the subject matter, scope, and definitions section appropriate and sufficiently clear?

Yes, the section is appropriate and clear.

Question 3: Is the Title on proportionality appropriate and sufficiently clear?

We would like to recommend considering the explicit specification of an important proportionality criterion: Does a token reference direct ownership in an asset, e.g. a physical asset (such as gold) or does it provide a financial claim against the issuer of the token. The latter case automatically implies very different risks and complexities.

Question 4: Are the provisions in Title II regarding the management body appropriate and sufficiently clear?

Yes.

Question 5: Are the provisions in Title III regarding the governance framework appropriate and sufficiently clear?

Yes.

Question 6: Are the provisions in Title IV – Risk culture and business conduct appropriate and sufficiently clear?

Yes.

Question 7: Are the provisions in Title V – Internal control framework and mechanisms appropriate and sufficiently clear?

With regards to section “10.4 Arrangements with third-party entities for operating the reserve of assets, for the investment of the reserve assets, the custody of the reserve assets, or the distribution of the asset- referenced tokens to the public” we would like to recommend permitting professional storage companies as third-party entities for the custody of reserve assets in the form of physical commodities such as gold or energy, e.g. oil or gas.

Question 8: Are the provisions in Title VI – Business continuity management appropriate and sufficiently clear?

Yes.

Question 9: Are the provisions in Title VII – Transparency appropriate and sufficiently clear?

Yes.

## **Publication of responses**

The World Gold Council agrees to the publication of its responses.