

Russia's Richest Man Plans Crypto Tokens Backed by Palladium

The president of Nornickel Vladimir Potanin told Bloomberg about creation several digital platforms using crypto tokens for trading palladium and others metals.

<https://www.bloomberg.com/news/articles/2019-03-27/russian-tycoon-potanin-plans-crypto-tokens-backed-by-palladium>

MMC Norilsk Nickel PJSC and its billionaire chief Vladimir Potanin are planning several digital platforms, including using crypto tokens for trading palladium.

The world's top palladium producer is in talks with Swiss authorities about issuing tokens by its Switzerland-based palladium fund, and may eventually expand the concept to other metals, Potanin said in an interview in Moscow.

"People more and more tend to use decentralized networks and platforms that don't have a main operator," he said. "We want to be active participants of this process," as trading in digital tokens has many advantages, he said.

Commodities and industrial sectors have been keen to adopt trading systems and technology using ledger systems like blockchain, which can cut costs and administration times. Some companies see the technology as a way to track materials through the supply chain, or are considering starting digital coins backed by goods.

Potanin, who owns about a third of Nornickel and is also chief executive officer, said he has floated the idea to clients and there's demand for tokens backed by metal.

For example, if a customer finds it doesn't need all its contracted volume, it would either have to enter potentially difficult negotiations with the supplier, or take delivery of the metal until it needs it or finds a buyer. But if the client has a digital contract denominated in tokens, it could more easily sell the unwanted volume to someone else, the billionaire said.

"Transactions in tokens are simpler and more convenient," he said, adding that Nornickel may start the digital platform by year-end if it gets approvals.

Nornickel, which rivals Vale SA as the top nickel producer, is also working on a digital platform for transactions within the company between its own divisions. That would allow Russia's central bank to use one company to test regulating blockchain-type systems without affecting the wider economy, Potanin said.

Potanin, Russia's richest person, is talking with lawmakers and the central bank to create further framework for regulating digital platforms. To do so, Russia needs to pass a law on digital financial

assets, and the next hearing on that has been postponed until April. Potanin hopes that it will pass in summer and he'll be able to start the project by year-end.

"The main problem of the draft is that it says that digital platforms should be run by banks and exchanges only," Potanin said. That should change because such platforms can be used to do many things, so it won't always just be in the interest of banks and exchanges, he said.

The tycoon's team is also developing a digital platform for intellectual property, where startups can offer their ideas, including to industrial companies. New York-based BCG Digital Ventures is ready to help with the venture, Potanin said.

If Russia fails to adopt the law, Potanin and Nornickel will proceed with the digital projects in other jurisdictions, the tycoon said. "This would be a pity," he added.

Starting all the platforms would cost Nornickel and Potanin \$5 million to \$6 million. Making them work would probably require several millions per year.

"If we succeed, the effect will be enormous," he said.

Source: Bloomberg