GoldSquawk

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Digital gold shifts from product wrapper to wholesale market plumbing

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Key takeaways

- The World Gold Council said HSBC, J.P. Morgan and StoneX completed the first live, legally binding wholesale transactions using Pooled Gold Interests on 24 November 2026, including trading, settlement and collateral use[1].
- PGI is designed as a third settlement structure alongside allocated and unallocated gold, aiming to combine ownership of segregated physical bullion with easier transfer, fractionalisation and broader collateral usability[2,3].
- The pilot matters because it was conducted in the London wholesale market, where LBMA data show more than 20 million ounces are typically cleared daily and GoldSquawk data show 18.3 million ounces a day on average in September 2026, worth $76.2 billion[4,5].
- This is part of a staged build-out rather than a one-off trade: WGC launched the PGI concept in September 2025, announced broader shared digital-gold infrastructure work in March 2026, and now has a live pilot in November 2026[2,6,1].
- The main constraints to scaling remain regulatory and operational rather than technological, notably the FCA's questions around CIS/AIF perimeter treatment and the need for clarity on tokenised gold as financial collateral[7,8,9].

Live PGI trades move digital gold into wholesale settlement

- On 24 November 2026, WGC said HSBC, J.P. Morgan and StoneX had traded, settled and used Pooled Gold Interests as collateral in live, legally binding wholesale-market transactions for the first time; WGC described this as the first live use of PGI in wholesale gold markets[1].
- The pilot used Loco London physical 400-ounce Good Delivery bars placed into the Wholesale Digital Gold ecosystem, with PGI created and the gold later withdrawn after settlement, completing the full lifecycle from loading in to settlement and collateral use to loading out[1].
- WGC said the model is intended to create a new settlement ecosystem in which ownership of segregated physical gold is held and transferred electronically as PGI, while complementing rather than replacing existing allocated and unallocated structures[1].
- The supporting stack in the pilot was explicit: ICE Benchmark Administration acted as operator and Baton Systems as technology provider, reinforcing that the initiative is being framed as market infrastructure rather than a stand-alone investment product[1].

The core innovation is legal ownership design, not just tokenisation

- WGC's September 2025 launch materials framed the existing wholesale market around two structures: allocated gold, which provides direct ownership of specific bars but can be operationally complex, and unallocated gold, which is more liquid and lower cost but can expose holders to account-provider credit risk[2].

- PGI was proposed as a third structure combining physical ownership characteristics with easier transfer, fractional ownership and broader collateral usability[2,3].
- The white paper defines the underlying Gold Bars as a segregated pool of physical bullion stored in one or more vaults and co-owned by core participants, with PGI holders recorded on the ecosystem ledger as beneficial owners of interests in that pool[3].
- The legal architecture relies on co-ownership of an identified bulk under Section 20A of the UK Sale of Goods Act 1979, underscoring that the aim is to digitise ownership rights in segregated bullion in a way intended to be more insolvency-remote than unallocated exposure[3].

Figure 1: Gold remains under price pressure as infrastructure innovation advances



Source: COMEX gold futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 26 November 2026.

London scale and UK regulation make this a market-structure test

- London is a meaningful proving ground because WGC said the Loco London market clears an average of 20 million ounces of gold daily, while LBMA says more than 20 million ounces are cleared daily on average; GoldSquawk's latest reading shows 18.3 million ounces a day on average in September 2026, up 6.7% versus its 12-month average and worth $76.2 billion[2,4,5].
- The regulatory backdrop is unusually active. The FCA published a Call for Input on tokenised gold on 14 September 2026 and asked whether tokenisation could improve how gold is traded, transferred, pledged and held, while also highlighting uncertainty around the CIS and AIF perimeter[7].
- The Bank of England said in its late-October 2026 consultation that tokenised collateral had been consistently identified as a promising near-term wholesale use case, and it explicitly sought views on whether future frameworks could remain appropriate if tokenised gold became eligible collateral[9].
- LBMA's October 2026 response supported development of tokenised gold where it improves efficiency and usability in Loco London while preserving integrity, liquidity and resilience, but called for clarity on token structures, prudential treatment and financial collateral eligibility[8].
- The market backdrop remains weak even as infrastructure evolves: COMEX front-month gold closed at $3,593.4/oz on 26 November 2026, below its 50-day moving average of $4,048.3 and 200-day moving average of $4,415.4; the latest close is only modestly above the 52-week low of $3,515.4 set on 20 November 2026 [gold_technical].

Scenarios

- **Supportive case:** PGI gains traction if UK authorities provide clearer treatment for tokenised gold structures, collateral eligibility and perimeter issues, while more bullion banks, custodians and collateral users join the network. In that setting, digital gold would move further from fragmented product issuance toward shared settlement and collateral infrastructure[7,8,9,1,6].
- **Slow-adoption case:** PGI remains a niche wrapper for selected bilateral trades if regulatory classification stays uncertain, interoperability across digital-gold models remains limited and incumbent London workflows continue to meet most users' needs. In that case, the proof of concept is established, but the network effects needed for infrastructure status are delayed[7,6,4,1].
- **Competitive-hub case:** London's effort could face pressure if Asian hubs modernise faster. LBMA conference reporting said Hong Kong began trial operations in July 2026 for deposit, withdrawal, clearing and settlement processes, while Singapore was building broader bullion infrastructure[10].

Levels to watch

- COMEX gold last close: $3,593.4/oz [gold_technical]
- 52-week low: $3,515.4/oz, set 20 Nov 2026 [gold_technical]
- 50-day moving average: $4,048.3/oz [gold_technical]
- 200-day moving average: $4,415.4/oz [gold_technical]
- 52-week high: $5,318.4/oz, set 29 Jan 2026 [gold_technical]

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Glossary

Allocated gold: Gold where the holder has direct ownership of specific bars, typically with bar-level identification, but with greater operational complexity [12].

Unallocated gold: A claim against an account provider rather than direct ownership of specific bars; it is typically more liquid and lower cost, but can involve provider credit risk [12].

Pooled Gold Interests (PGI): A digital ownership model under which holders have beneficial interests in a segregated pool of physical gold bars, with transfers recorded electronically on an ecosystem ledger [3][4].

Loco London: The London wholesale bullion settlement standard used for transfers of gold in the London market [10][12].

Good Delivery bar: A wholesale-market gold bar meeting London Good Delivery standards; the pilot used 400-ounce Good Delivery bars [4].

Insolvency-remote: Structured so that holders' rights in the underlying asset are intended to be better protected if an intermediary fails; WGC and J.P. Morgan framed this as a key advantage versus unallocated exposure [3][4].

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