

## Ultrafine Copper Powder Monetisation: Background and Future

In order to understand how a metal asset can bring the owner an attractive profit, one has to **first understand** the working of a so called **Cash Trade**, where a minimum of **\$100M in cash** is blocked for 1 year and 1 month in the Owner's bank account. The blocking is often referred to as **Administrative Block**. The Owner must ask his bank (often via an MT799 Swift) to put the block in place. The funds are not at risk and never leave to account.

This **Cash Trade** opportunity ultimately originated way back in 1944 at the **Bretton Woods** Meeting of world leaders intending to design financial systems in order to recover from WWII. The purpose was **to create liquidity** for every country in need. The **World Bank**, the **IMF** (International Monetary Fund) and the **BIS** (Bank of International Settlements) were created on this occasion, to actively control and supervise this process, which was re-designed by the IMF during the 1970s.

The **creation of liquidity** in worldwide USD balances involved primarily the selling and **simultaneous** buying of **MTNs** (Mid Term Notes) in huge amounts (billions). For understandable reasons, banks are not allowed to participate in this lucrative procedure, so it was left to the **Private Sector** to provide the financial backing for these transactions, put into place by experienced Traders in the banks' or other financial institutions' backrooms.

These transactions typically increase during a **financial crisis**, such as in 2008, when a large amount of liquidity was needed to prop up economies.

The **IMF imposed** a minimum of **\$100M** for any applicant from the private sector, consisting of high net worth individuals and institutions. **The IMF – and on occasion the respective central bank as well – monitors and approves every application.** The large profits available from simply holding \$100M and blocking them as a sort of margin (security) for the **MTN Trade** involve no monetary risk for the Cash Owner, only opportunity risk (in case a Trader does not succeed).

As a rough indication the \$100M blocked capital grows to \$800M after 1 year, and profits are usually paid out monthly. Recently – **because of the Corona virus pandemic, a lot of liquidity needed to be injected** into the financial system world wide, therefore **Cash Trades** were very much in demand during that period.

In lieu of \$100M in blocked cash, **other – so called – hard assets available to be blocked** have on occasion been approved by the IMF (and central banks). This explains the efforts to accept **highly valued, but illiquid**, Ultrafine Copper Powder of 99.999% and higher chemical purity, or other hard assets (such as gem stones) as security, similar to Blocked Cash.

Because of the **severe liquidity crisis brought on by the worldwide COVID-19 virus pandemic**, PPP Cash Trades, **but also copper monetisation solutions have been given the green light** by the IMF to proceed **under easier conditions** for participants. Participants no longer need to provide a standby letter of credit (SBLC), which can be considered virtually equivalent to cash. Now the Bank of the Trading Platform accepts a **deposit of the Ownership Document** for the asset (Safe Keeping Receipt, SKR, or FIATA Warehouse Receipt) for 1 year and 1 month. This is in a way similar to Blocked Cash (where the asset is never at risk, just blocked).

**The procedure is this:**

After a number of applications for hard asset monetisation have been received by the Trade Platform, which always works together with a major bank, and after the applications have passed Due Diligence by the Platform, the Trader will call (or sometimes even meet) the Applicant and explain the procedure and the profit schedule. The procedure typically uses an insurance wrap covering the value of the hard asset. This insurance wrap is costly and requires a Joint Venture with an outside investor found by the Trading Platform or the Asset owner. Such a structure is then offered a Loan-To-Value (LTV) percentage anywhere of 10% or higher. For example, if the hard asset is professionally assayed by experts in this field at, say, \$2billion, then 10% (\$200 million) may enter the MTN trading program of the Trade Platform.

If the Applicant has agreed with the Trader during this interview, the Trade Platform will draw up a **Contract**, which binds the Applicant regarding the **transfer of the Ownership Document for 1 year and 1 month**, and the guarantee of the return of the Ownership Document after this period.

The 12-month period of one (52-week) year contains only 40 so called Trading Weeks. During the remaining 12 weeks no Trading happens because they contain holidays around the globe. The extra 1 month added to the 1 year is acting as a temporal safety net.

The opportunity and **surge of a global need to create liquidity** is always an exceptional maybe once a month event for rare metals, unlike Blocked Cash Trades which occur virtually weekly.