

**Diamond Standard**

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**Diamond Standard TL;DR**

- Diamond Standard Co. created the first regulator approved physical diamond-backed commodity, the Diamond Standard Coin
- Each physical Coin has an associated ERC-20 token enabling auditable and digital transactions
- The diamond commodity may provide diversification and a new store of wealth for institutional and retail investors
- **Risks:** Lack of demand for diamonds as a tradable asset and product competition

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## Diamond Standard: The First Blockchain-Enabled Diamond Commodity

**Diamond Standard Co.** is the creator of the world's first regulator-approved diamond commodity, [the Diamond Standard Coin](#). The physical diamond commodity with its blockchain-enabled digital token representation is an innovative new asset that we have been following with interest. As a deliverable market-traded asset, the diamond commodity may provide diversification and a new store of wealth for institutional and individual investors, while bringing transparency and efficiency to the diamond supply chain.

- **The world's first and only regulator approved physical diamond-backed commodity.** Diamonds are a \$1.2 trillion scarce asset that has been out of reach to investors, until now. Historically, diamonds lacked standardization and fungibility and had limited market price discovery, which precluded institutional investors from including the asset in their investment portfolios. The Diamond Standard commodities consume graded natural diamonds of every quality between 0.23 and 1.99 carats, in proportion to their geological scarcity. Each Coin contains 10-12 diamonds selected by an optimization system from a public, statistically valid sample of all diamonds. The contents of every market maker sample and every coin are always public for verification. Upon purchase, the Coin is delivered to the investor directly or to the investor's custodian of choice.
- **Every Diamond Standard Coin is traded as a digital token on the Ethereum blockchain.** Each Coin contains a wireless computer chip that can be audited or transacted using a built-in ERC-20 blockchain token. It is the first blockchain-native physical commodity, which opens the door to many potential applications that require asset backing. For example, it could support a transactable asset-backed currency. This token is regulator-licensed by the Bermuda Monetary Authority.
- **Diamonds as a tradable commodity may rival gold, silver, and other tangible scarce assets and precious metals.** Total private sector investment in gold via exchanged-traded funds, bars, and coins equals \$2.7 trillion. The total market capitalization of silver is approximately \$1.5 trillion. Given central bank macro-economic policies of near-zero and negative yielding sovereign debt, non-yielding scarce assets may be comparatively attractive to investors and could show strong returns. Diamonds have yet to be commoditized and the creation of new diamond-backed financial instruments could encourage investors to include the asset in their portfolios as a hedge against inflation, source of portfolio diversification, and store of value with appreciation potential.
- **The Diamond Standard Coin will be listed on several exchanges.** The Diamond Standard has struck agreements to launch a futures product on CME Globex, an options product on MIAX Options, and an exchange-traded fund on the NYSE. Furthermore, Diamond Standard Co. is actively having conversations with several of the leading crypto exchanges for additional listings in the U.S. and abroad.
- **The IPO is currently live at <https://diamondstandard.co> with an offering price of \$5,000 per Coin.** The Coin is a physical diamond encasing that is a fungible commodity. Every Coin has an associated digital token that is tradable. The Company is selling the coins at cost to establish the index. The index represents the geological content that must be contained in every Coin and the Company is the first market maker for loose diamonds, setting daily price discovery. Through this process, every Coin always has equal value, which is determined by the market on a daily basis.
- **What are the risks?** Demand for the product may not materialize. Novel diamond-backed financial instruments may fail to gain traction. Established firms launch competing products and steal market share.

**Bottom Line:** The Diamond Standard Coin will be an interesting project to watch as it creates the first blockchain-enabled diamond-backed commodity with physical delivery and digital ownership rights. The current offering could provide individual and institutional investors a unique opportunity to include the coveted gemstone as part of a well-diversified portfolio.

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