

## Introduction

This is a 3-part series where we propose to set-up a GCC Energy-backed Crypto Currency, called “GC<sup>3</sup>”; stands for “Gulf Cooperation Council Crypto Coin”. In Part 1, we present the *Idea*. In Part 2, we build the *Business Case*. While in Part 3, we provide the *Technical Design*.

## 2024 Was The Crypto-Currency Inflection Point

We surmise that 2024 marked an “*inflection point*” in the world of cryptocurrency. This is why-

- I. Securities & Exchange Commission (SEC) succumbed to legal pressures allowing Investment Power Houses to launch crypto currency-based exchange traded funds (ETFs). Today, there are +40 ETFs, key of which are- NASDAQ:IBIT reaching a cap of USD 142 B and NASDAQ:FBTC reaching a cap of USD 18 B.
- II. At least 9 countries officially announced their plans to launch Central Bank Digital Currencies (CBDCs). These are – in no particular order -, Egypt, Brazil, Singapore, Japan, Norway, UK, Switzerland, Iran and Australia.
- III. The number of cryptocurrencies reached 2.5 M with an expansive spectrum of use cases spanning- Gaming, Virtual Reality World Currencies, Inter-Bank Settlement currencies, Fiat Currency-pigged Coins, Loyalty Programs and classical crypto currencies.
- IV. The market capitalization of the Top-5 crypto currencies (i.e. BitCoin, Ethereum, Tether, XRP and Binance) reached USD 2.8 Trillion trumping the GDP of 12 of the G20 countries, such as- Russia, Canada, Brazil, Turkey and Italy.

- V. The 2024 average monthly transaction volumes for Bitcoin (~49 Million) is more than twice that of FedWire (~17 Million), CHIPS (~15 Million) and EuroClear (~27 Million).

### The GRUNT Test

For any new cryptocurrency to succeed, it must appeal to the masses in terms of reputation, liquidity, value appreciation and excitement (i.e. a flare of volatility induced by influencers tweets and economic disruptions).

Let's test our GC<sup>3</sup> proposal based on the old proven GRUNT test:

- What does it offer?
- How can I buy it?
- How do I benefit from it?

### What does it Offer?

GC<sup>3</sup> is a currency backed by energy expressed in terms of- Oil, Gas and Electricity. A one token represents one barrel of Oil, 6000 cubic of natural gas or 1700 of Kwh of electricity.

When tokens are issued, they are backed by a portion of the GCC Oil or Natural Gas reserves or present Electricity generation capacity. Hence, GC<sup>3</sup> is neither a virtual speculative crypto currency (e.g. BitCoin), nor it's a Fiat Currency-backed coin (e.g. Tether) that is prone to direct inflationary pressures, *at least in theory!*

GC<sup>3</sup> is officially endorsed by governments to serve – among many – five (5) key purposes-

- I. Serve as the digital inter-bank clearing and settlement platform for banks, payment service providers, money services companies and FX market across the GCC first, Middle East second and Arab World third.

- II. Connect the GCC region to the burgeoning clearing and settlement systems in Asia such as- China Cross Border Settlement System (CIPS), Russia SPFS and the newly adopted Asian Clearing Union (ACU) system.
- III. Ease Crude Oil Trade with Asia and Africa safe of geopolitical scuffles.
- IV. Provide an incubator of international investment flows into crypto currencies as it is supported by ETFs, Futures, Options and Derivatives.
- V. Provide an easy route to regional Fiat currencies unpegging of USD – when the need arises-.

GC<sup>3</sup> is governed by a consortium of currency issuers (i.e. regional Oil producers or brokers), exchanges, independent authorities and liquidity providers (i.e. financial institutions).

The governance framework will follow through on the Crypto Currency operational aspects of- proof-of-stake, mining fees, issues, trusted exchanges, etc.

### How Can I Buy It?

The Middle East key countries already enjoy eight (8) fully automated capital markets with a total capitalization of USD 4.2 Trillion, an average monthly transaction volume of 21.3 B shares and an investor population of +80 million. The same infrastructure is supported by 210 registered brokers most of which transact digitally.

We envisage this infrastructure to be a good starting point for GC<sup>3</sup> trading. Afterall, our analysis of [www.coinmarketcap.com](http://www.coinmarketcap.com) 24-hour trading volumes reveals that 60% of crypto currency trades takes place in 5 exchanges only, namely- SuperEx, Echobit, Binance, Coinbase and IndoEx.

### How Do I Benefit From It?

From an investor perspective, the lure is surely there in terms of-

- a. Parking your wealth and capital gains in the GCC tax heavens.
- b. Diversifying your portfolio to include exposures to 3 commodities at once, namely- Natural Gas, Oil and Electricity.
- c. Enjoying the relatively liberal, unregulated trading ecosystem of crypto currencies.
- d. Diversifying your portfolio to include exposure to Middle East.
- e. Accelerating the velocity of your money as most crypto transactions are conducted in real time.
- f. Enjoying the indirect backing of Energy producers.

Thanks.