

# XAUt (Tether Gold)

61/100

XAUT (Tether Gold) RWA Token Audit

gold.tether.to

XAUt is tokenized gold: one token carries an undivided specific interest in one fine troy ounce of an LBMA London Good Delivery bar vaulted in Switzerland. Title to the bars sits with the custodian for the benefit of holders; the issuer holds no title. Reserves are confirmed by a quarterly BDO Italia attestation under ISAE 3000. It is the largest tokenized commodity — about 58% of the segment.

ASSETS

\$3.04b

NAV / PRICE

\$4,192 / \$4,180

GOLD RESERVE

707,747 oz (22.01  
t)

HOLDERS

143,446

MARKET SHARE

≈58% of  
tokenized  
commodities

The gold is confirmed;  
the ownership chain is  
verifiable only through  
Tether

1:1 backing in LGD bars  
with addresses  
mapped to bar serial  
numbers, an  
independent quarterly  
attestation and zero  
storage fee.

Issuer, buyer,  
custodian and the  
contract key holder all  
sit inside one group:  
the custodian is  
unnamed, there is no  
timelock on upgrades  
or burns, and supply  
on the cut-off date  
exceeds the last  
attested reserve.

| Field                 | Value                                                                                                                                                          | Source    |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Name, ticker          | Tether Gold, XAUt (XAUT on rwa.xyz) . Not to be confused with XAUt0: a separate omnichain token run by Everdawn Labs, which Tether neither issues nor redeems  | [1], [10] |
| Issuer                | TG Commodities, S.A. de C.V., El Salvador. Until 27.01.2025: TG Commodities Limited, BVI                                                                       | [4], [7]  |
| Group                 | Owned by Tether Holdings S.A. de C.V. and Tether Operations S.A. de C.V. Gold is purchased by Alpha Group Commodities Limited (AGCL), also a Tether subsidiary | [4]       |
| Licences              | Stablecoin issuer and digital asset service provider (DASP) in the CNAD register, El Salvador. XAUt issuance registered by CNAD on 19.05.2025                  | [4]       |
| Underlying asset      | LBMA London Good Delivery gold, vaulted in Switzerland                                                                                                         | [4], [3]  |
| Legal nature          | Undivided, specific interest in one fine troy ounce of gold. Title to the bars is held by the custodian for holders; the issuer does not hold title            | [4]       |
| Custodian             | Not publicly disclosed. A Swiss company related to Tether, described as "operationally separate"                                                               | [4], [12] |
| Networks              | Ethereum (ERC-20), BNB Chain, Monad, Arbitrum, Avalanche (bridged supply)                                                                                      | [1]       |
| Ethereum contract     | 0x68749665FF8D2d112Fa859AA293F07A622782F38, OpenZeppelin proxy                                                                                                 | [5]       |
| Launch                | January 2020. rwa.xyz shows 31.10.2021, a source discrepancy                                                                                                   | [1], [9]  |
| Total value (rwa.xyz) | \$3 039 267 691                                                                                                                                                | [1]       |
| NAV / price           | NAV \$4 192, price \$4 180                                                                                                                                     | [1]       |
| Supply                | Total 845 001,11 XAUt, circulating 725 060,53 XAUt                                                                                                             | [1]       |
| Holders               | 143 446 (+63,93% over 30 days), 67 487 active addresses over 30 days                                                                                           | [1]       |
| Turnover              | Monthly transfers \$7 473 156 116, 2 698 405 transactions                                                                                                      | [1]       |
| Reserve auditor       | BDO Italia, quarterly ISAE 3000 attestation (limited assurance)                                                                                                | [1], [4]  |

| Field                     | Value                                                                                          | Source   |
|---------------------------|------------------------------------------------------------------------------------------------|----------|
| Min. purchase from issuer | 50 XAUt + 150 USDT verification fee                                                            | [1], [4] |
| Min. redemption           | 430 XAUt, delivery to a Swiss address or sale on the Swiss market                              | [1], [4] |
| Fees                      | Purchase 0,25%, redemption 0,25%, storage 0%, management 0%                                    | [1]      |
| Eligibility               | Not for US citizens and residents, Canadian residents and a number of sanctioned jurisdictions | [1], [4] |
| Code audit                | Not published. The issuer states that reviews were performed                                   | [5]      |
| Market share              | About 58% of distributed tokenized commodities (\$5,24b), PAXG second (\$1,82b)                | [2]      |

For a UAE audience the structure matters more than the gold. VARA in Dubai and the ADGM regime both treat a commodity-backed token as a regulated product and ask for the custody arrangement in writing: who holds the bars, under which law, whether they are insured and whether anyone holds a prior claim over them. A Salvadoran licence does not travel to the Emirates, and on each of those questions this audit returns the same answer — only Tether can confirm it.

## 2. Verdict and red flags

| Field                       | Value                                                                                                                                                                                                                                                         |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In one sentence             | The gold behind the token exists and is confirmed every quarter, but the holder's claim to it rests on trust in a single group: the custodian is affiliated and unnamed, and the contract can freeze and burn tokens without delay.                           |
| Score and grade             | 61,1 $\approx$ 61/100, grade BBB (acceptable)                                                                                                                                                                                                                 |
| Main strength               | 1:1 backing by LGD bars, with addresses mapped to bar serial numbers and an independent quarterly attestation. No storage fee.                                                                                                                                |
| Main weakness               | The whole chain (issuer, purchaser, custodian, contract key holder) sits inside Tether. Apart from the BDO attestation, there is no independent control point.                                                                                                |
| What would change the score | Public names of the custodian and insurer, a legal opinion on protecting the gold if the issuer goes bankrupt, an upgrade timelock, monthly reserve reconciliation and cash redemption for small holders. Together these lift the score to about 76, grade A. |

## Red flags

| Flag                                           | Consequence                                                                                               | Status                                            |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Custodian undisclosed and affiliated           | Grade capped at BBB. The holder cannot verify who holds the gold or whether it is encumbered              | active, no effect on the result                   |
| Supply above the last attested reserve         | Currently 845 001 XAUt against 707 747 oz on 30.06.2026. The 137 254 XAUt difference is not yet confirmed | open until the 30.09.2026 attestation, no penalty |
| Upgrade and burn without a timelock            | A 3-of-6 multisig can change contract logic and burn a blocked address's balance immediately              | active, reflected in block 9                      |
| Disputes only via confidential BVI arbitration | Class actions excluded, holders find it hard to enforce rights                                            | active, reflected in block 3                      |
| Sanctions against the issuer                   | None found                                                                                                | not applicable                                    |
| Fee disclosure mismatch                        | None found: rwa.xyz and issuer documents match                                                            | not applicable                                    |

### 3. Legal nature and holder rights

Block weight 15. The key question: does an XAUt holder own gold or hold a claim against Tether?

Under the Relevant Information Document (RID), each token represents an undivided, specific interest in one ounce of LGD gold. Title to the bars is held by the Swiss custodian for holders; TG Commodities does not hold title. The custodian is contractually bound to release the bar or its sale proceeds on redemption [4]. On paper this is stronger than a claim against the issuer, but the structure is described in the issuer’s own document, not in an independent legal opinion.

| #   | Criterion                         | Finding                                                                                                                      | Score |
|-----|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------|
| 3.1 | Legal nature documented           | The RID and terms of service describe an interest in physical gold. Issuer document, filed with CNAD [4]                     | 2     |
| 3.2 | Ownership vs claim                | Title is held by the custodian for holders, the issuer does not hold title [4]. The custodian is affiliated                  | 2     |
| 3.3 | Bankruptcy protection             | The RID states that reserves are segregated. No public legal opinion; rwa.xyz leaves the "bankruptcy remote" field empty [1] | 1,5   |
| 3.4 | Rights of secondary-market buyers | A token holder without KYC cannot redeem gold. US and Canadian persons are fully excluded [4]                                | 1     |
| 3.5 | Dispute resolution                | Confidential CPR arbitration, BVI law and seat, sole arbitrator, class actions excluded [4]                                  | 1     |
| 3.6 | Right of redemption               | Established: a bar or USD proceeds. Timing is "commercially reasonable", with no fixed SLA [4]                               | 2     |

Sources: [4] LlamaRisk review of the RID and terms of service, [1] rwa.xyz.

#### Block conclusion

Score: 7,9 of 15 (9,5/18). The structure is designed correctly: an interest in specific gold, not issuer debt. But it is confirmed only by the issuer’s own documents, and enforcing holder rights runs through closed arbitration in the BVI. Risk: medium.

# 4. Ownership chain and custody

Block weight 10.

**Chain:** buyer → TG Commodities (KYC, sale) ← AGCL (buys gold and delivers it to the custodian) → custodian in Switzerland (bar intake) → XAUt minted to the AGCL address → sale to verified customers. Tokens are minted only after the bars pass the custodian's intake [4], [5].

Every link in the chain belongs to one group. In 2025 the Tether CEO confirmed that the group stores gold in its own vault in Switzerland, at an undisclosed location [12]. The custodian's affiliation is stated directly in the RID [4]. During the Aave listing, LlamaRisk specifically asked for the custodian's name, its regulatory status and any senior security interests [4]. We found no public answer.

| #   | Criterion                | Finding                                                                                                                                | Score |
|-----|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------|
| 4.1 | Chain described          | Described in the RID: AGCL → custodian → minting → sale [4]                                                                            | 2     |
| 4.2 | Custodian publicly named | Not disclosed. Only the country is stated [4], [11]                                                                                    | 1,5   |
| 4.3 | Custodian independence   | Related party, "operationally separate", with separate accounts and staff [4]                                                          | 1     |
| 4.4 | Bar-level allocation     | A lookup on the issuer's site maps addresses to serial numbers. The attestation lists bars with serial number, weight and fineness [8] | 2     |
| 4.5 | Insurance                | At launch the gold was said to be insured by the custodian [11]. Insurer and coverage undisclosed                                      | 1,5   |
| 4.6 | Encumbrances and liens   | Not disclosed. The LlamaRisk question on senior security interests remains open [4]                                                    | 1,5   |

Sources: [4] LlamaRisk, [5] BGD Labs, [8] 1inch page with attestation data, [11] 2020 launch announcement, [12] Bloomberg interview as reported by CryptoSlate.

## Block conclusion

Score: 5,3 of 10 (9,5/18). The main substantive problem of this audit. The gold is counted, but the holder does not know who stores it, who insures it or

whether it is pledged. This can only be checked through Tether. Risk: high.

## 5. Regulation and investor eligibility

Block weight 5.

Since 27.01.2025 the issuer has operated in El Salvador under the Digital Assets Issuance Law (LEAD). The regime requires 100% reserves against tokens in circulation, a monthly sworn statement, an independent quarterly attestation and disclosure of the custodian to the regulator [4]. To the regulator, not the market: the custodian's name does not have to be made public.

In the EU, XAUt is closest in nature to an asset-referenced token under MiCA. We found no record of MiCA authorisation for XAUt. Tether publicly declined MiCA authorisation for USDT, and by 01.07.2026 USDT had left MiCA-licensed venues [13]. For XAUt this is a signal: access for regulated European institutions is in question.

| #   | Criterion                        | Finding                                                                                               | Score |
|-----|----------------------------------|-------------------------------------------------------------------------------------------------------|-------|
| 5.1 | Licence verifiable               | CNAD registers (issuers, issuances, DASP) checked by LlamaRisk in June 2025 [4]. Not re-checked by us | 2     |
| 5.2 | Quality of regime                | LEAD is young, with little enforcement history. Quarterly attestation is mandatory [4]                | 1     |
| 5.3 | Status in key jurisdictions      | Not for the US and Canada, no MiCA authorisation found [4], [13]                                      | 1     |
| 5.4 | Eligibility restrictions set out | Clear list of prohibited persons and jurisdictions [4]                                                | 2     |
| 5.5 | Sanctions and AML                | Screening, Chainalysis Reactor, address freezing at the request of authorities [4]                    | 2     |
| 5.6 | Enforcement history              | None found for XAUt. The Tether group has settled past claims over USDT reserves                      | 1     |

Sources: [4] LlamaRisk, [13] review of the USDT delisting in the EU.

## Block conclusion

Score: 2,5 of 5 (9,0/18). There is a licence and the reserve requirements are formally strict. But the Salvadoran regime is young, and the token is effectively closed to the US, Canada and the regulated part of the EU. Risk: medium.

## 6. Reserve reconciliation and price

Block weight 15. For a commodity token this replaces the NAV check: does the number of tokens match the gold, and does the price track the metal?

| Date       | Gold, oz     | XAUt minted       | Sold to customers      | Source   |
|------------|--------------|-------------------|------------------------|----------|
| 31.03.2025 | 246 524,38   | 246 524,33        | n/a                    | [4]      |
| 31.12.2025 | 520 089,35   | 520 089,30        | n/a                    | [8]      |
| 31.03.2026 | 707 747,139  | 707 747,09        | 559 598,64             | [8], [3] |
| 30.06.2026 | 707 747,139  | reserve unchanged | 612 823,66             | [3]      |
| 13.10.2026 | not attested | 845 001,11        | 725 060,53 circulating | [1]      |

On every attestation date, gold and minted supply match to a hundredth of an ounce. On 30.06.2026 the reserve was 707 747,139 oz, about 22,01 t, with a market value of about \$2,837b, including 1 759 LGD bars [3].

**Gap at the audit date.** rwa.xyz shows 845 001,11 XAUt across all networks, of which 827 417,63 are on Ethereum [1]. That is 137 254 XAUt (about 4,27 t) above the last attested reserve counting all networks, and 119 670 XAUt above it for Ethereum alone. Part of the supply on other networks may be bridged, in which case it should not be added to Ethereum. Supply growth after 30.06 is expected in itself, as customer sales are rising. But backing for the new tokens can only be checked against the 30.09.2026 attestation.

**Issuer inventory.** The difference between minted and circulating supply, 119 941 XAUt or 14,2% of supply, sits with AGCL and the issuer as inventory for instant sales [1], [4]. This is a working model, but

it means Tether itself is the largest XAUt holder.

**Price.** At the snapshot the price was \$4 180 against NAV \$4 192, a 0,29% discount [1]. The one-year deviation history was not collected for this audit.

| #   | Criterion                     | Finding                                                                                               | Score |
|-----|-------------------------------|-------------------------------------------------------------------------------------------------------|-------|
| 6.1 | Independent reserve check     | BDO Italia, ISAE 3000, limited assurance. A point-in-time attestation, not an audit [4], [9]          | 2     |
| 6.2 | Frequency and freshness       | Quarterly, published about five weeks later. Current supply exceeds the last attested reserve         | 1     |
| 6.3 | Token-to-ounce reconciliation | Match on every attestation date [3], [4], [8]                                                         | 3     |
| 6.4 | Price vs gold                 | 0,29% discount at the snapshot [1]. Deviation history not collected                                   | 2     |
| 6.5 | On-chain reserve confirmation | No Proof of Reserve. Issuer lookup and a Chainlink XAUt/USD price feed based on secondary markets [5] | 1     |
| 6.6 | Issuer financial statements   | Not published. The attestation does not include the issuer's financial statements [9]                 | 1,5   |

Sources: [1] rwa.xyz, [3] Q2 2026 attestation summary, [4] LlamaRisk, [5] BGD Labs, [8] 1inch, [9] The Block and Decrypt on the first attestation.

Block conclusion

Score: 8,8 of 15 (10,5/18). On every quarterly date, gold and tokens reconcile. Between dates the holder has only the issuer’s word, and supply is now 137 254 XAUt above the confirmed reserve. Risk: medium.

7. Fees and cost of ownership

Block weight 20.

| Fee                         | Amount                                         | Source   |
|-----------------------------|------------------------------------------------|----------|
| Purchase from issuer        | 0,25% on the Swiss market gold price           | [1], [4] |
| Account verification fee    | 150 USDT, non-refundable                       | [1]      |
| Redemption                  | 0,25% of the bar's spot value                  | [1], [4] |
| Delivery within Switzerland | Not disclosed in figures                       | [4]      |
| Storage and management      | 0%                                             | [1]      |
| Cash settlement             | Sale on the Swiss market, spread not disclosed | [4]      |

## Example: two holders

Reference price \$4 192 per XAUt (NAV at the snapshot) . Issuer purchase minimum: 50 XAUt, about \$209 600. Redemption minimum: 430 XAUt, about \$1 802 560.

| Step                   | \$100 000                                                                                 | \$2 000 000                                 |
|------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------|
| XAUt amount            | about 23,9                                                                                | about 477,1                                 |
| Entry                  | Secondary market only: below the 50 XAUt minimum.<br>Venue fee and spread                 | From the issuer: 0,25% = \$5 000 + 150 USDT |
| Storage                | \$0                                                                                       | \$0                                         |
| Exit                   | Market sale only: below the 430 XAUt minimum. 0,29% discount at the snapshot, about \$286 | Bar redemption: 0,25% ≈ \$5 000 + delivery  |
| Known round-trip costs | depend on the venue                                                                       | about \$10 150, or 0,51%, plus delivery     |

Takeaway: for a large holder, XAUt is a cheap way to hold gold. There is no annual storage fee, only entry and exit costs. A holder below 430 XAUt pays the market rather than the issuer and depends entirely on venue liquidity.

| #   | Criterion            | Finding                                                                                               | Score |
|-----|----------------------|-------------------------------------------------------------------------------------------------------|-------|
| 7.1 | Fee disclosure       | All main rates disclosed and consistent across sources [1], [4]                                       | 3     |
| 7.2 | Storage fee          | None [1]                                                                                              | 3     |
| 7.3 | Entry and exit cost  | 0,5% per round trip plus 150 USDT for a large holder                                                  | 2     |
| 7.4 | Undefined costs      | Delivery and cash settlement spread not disclosed in figures                                          | 1,5   |
| 7.5 | Issuer revenue model | Revenue from primary sales only, storage is free. Sustainability relies on the group's own vault [12] | 2     |

Sources: [1] rwa.xyz, [4] LlamaRisk, [12] CryptoSlate. Example calculated by 8Blocks.

### Block conclusion

Score: 15,3 of 20 (11,5/15). A strong block. Fees are low and disclosed. The one minus: a small holder cannot use the cheap redemption route and pays the market instead. Risk: low.

## 8. Liquidity and redemption

Block weight 15.

XAUt has the largest secondary market among gold tokens: \$7 473 156 116 in monthly transfers and 143 446 holders [1]. The token is accepted as collateral on Aave v3, priced off the XAU/USD gold feed [5]. Tether's own XAUt-based lending product, Alloy, is being wound down from 17.09.2026 [14].

Q2 2026 was a test: gold fell 14,1%, while customers increased XAUt holdings by 9,5%, from 559 598,64 to 612 823,66 tokens [3]. There was no mass redemption, but also no stress on the issuer side. How redemption would behave under outflows cannot be verified from public data.

| #   | Criterion              | Finding                                                                                                                                                                                     | Score |
|-----|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 8.1 | Secondary market depth | Largest turnover in the class. USD pairs are thin, most liquidity is in USDT pairs [1]                                                                                                      | 2     |
| 8.2 | Redemption threshold   | Redemption from 430 XAUt, one LGD bar [4]. This is the industry standard: PAXG physical delivery also starts at one bar, about 430 oz [15]. Small holders exit through the secondary market | 2     |
| 8.3 | Redemption timing      | "Commercially reasonable" timing, no SLA [4]                                                                                                                                                | 1     |
| 8.4 | Suspension rights      | The issuer may defer redemption and freeze an address under investigation [4]                                                                                                               | 1     |
| 8.5 | Holder concentration   | 14,2% of supply in issuer inventory. Shares of the largest external holders not collected [1]                                                                                               | 1,5   |
| 8.6 | Integrations           | Collateral on Aave v3, XAUt0 bridge to other networks [5], [10]                                                                                                                             | 2     |
| 8.7 | Stress scenario        | Q2 2026: a 14,1% fall in gold with no outflow from the token [3]                                                                                                                            | 2     |

Sources: [1] rwa.xyz, [3] Q2 2026 attestation, [4] LlamaRisk, [5] BGD Labs, [10] CoinDesk on XAUt0, [14] blockchain.news, [15] Chainlink.

### Block conclusion

Score: 8,2 of 15 (11,5/21). The market is deep. A one-bar redemption threshold is in line with the industry and barely affects the score: small holders exit through the market, and arbitrage by large participants keeps the price close to gold. The block's weak points: no redemption SLA and the right to suspend redemption. Risk: medium.

## 9. Smart contract and technical rights

Block weight 5. Role data comes from the BGD Labs technical review for Aave, August 2025 [5]. We did not re-check it on-chain.

| Role        | Rights                                                                                        | Held by                |
|-------------|-----------------------------------------------------------------------------------------------|------------------------|
| Proxy admin | upgrade, upgradeAndCall: replaces all contract logic                                          | Tether 3-of-6 multisig |
| Owner       | mint, redeem, addToBlockedList, removeFromBlockedList, destroyBlockedFunds, transferOwnership | Same 3-of-6 multisig   |

| #   | Criterion         | Finding                                                                                  | Score |
|-----|-------------------|------------------------------------------------------------------------------------------|-------|
| 9.1 | Privileged roles  | Minting, blocking and burning a blocked address's balance sit with a single multisig [5] | 1     |
| 9.2 | Timelock          | None. BGD Labs recommended that Tether add one [5]                                       | 0     |
| 9.3 | Public code audit | None. The RID mentions reviews, reports not published [5]                                | 1,5   |
| 9.4 | Bridge dependency | XAUt0 via LayerZero is run by Everdawn Labs. Tether does not redeem XAUt0 [10]           | 1     |
| 9.5 | Incidents         | No public contract incidents found                                                       | 2     |
| 9.6 | Code quality      | Standard OpenZeppelin components, Transparent proxy, verified code [5]                   | 2     |

Sources: [5] BGD Labs, [10] CoinDesk.

### Block conclusion

Score: 2,1 of 5 (7,5/18). The code is standard, but a six-key multisig can change the logic and burn the balance of any blocked address without delay. For the holder this is another point of trust in Tether. Risk: high.

## 10. Underlying asset: gold

Block weight 15. This block assesses the quality of the metal and its storage, not the gold price.

| Parameter                         | Value                                                                                         | Source       |
|-----------------------------------|-----------------------------------------------------------------------------------------------|--------------|
| Standard                          | LBMA London Good Delivery                                                                     | [4]          |
| Reserve composition on 30.06.2026 | 1 759 LGD bars plus smaller bars, 707 747,139 oz in total                                     | [3]          |
| Storage location                  | Switzerland, a single group vault, address undisclosed                                        | [12]         |
| Gold price on 30.06.2026          | \$4 008,02 per ounce, a 14,1% quarterly fall                                                  | [3],<br>[14] |
| Tether group gold outside XAUt    | About 27,1 t bought by Tether International in H1 2026 for USDT reserves and its own purposes | [3]          |

| #    | Criterion                  | Finding                                                                                                     | Score |
|------|----------------------------|-------------------------------------------------------------------------------------------------------------|-------|
| 10.1 | Metal quality              | LGD, LBMA standard [4]                                                                                      | 3     |
| 10.2 | Provenance and fineness    | Bars listed in the attestation with serial number, weight and fineness. Refiners not publicly disclosed [8] | 2     |
| 10.3 | Underlying asset liquidity | The gold market is one of the deepest in the world                                                          | 3     |
| 10.4 | Price risk                 | Gold is volatile: Q2 2026 was the largest quarterly fall in 13 years [3]                                    | 2     |
| 10.5 | Storage concentration      | One country, one group vault [12]                                                                           | 1     |

Sources: [3] Q2 2026 attestation, [4] LlamaRisk, [8] 1inch, [12] CryptoSlate, [14] blockchain.news.

### Block conclusion

Score: 11,0 of 15 (11,0/15). The asset itself is the best possible for this kind of token. The risk is not in the metal but in the fact that all of it sits in one place under the control of one group. Risk: low.

# 11. Scoring and risk matrix

| Block                               | Weight | Points  | Block score | % of weight |
|-------------------------------------|--------|---------|-------------|-------------|
| 3. Legal nature and holder rights   | 15     | 9,5/18  | 7,92        | 52,8%       |
| 4. Ownership chain and custody      | 10     | 9,5/18  | 5,28        | 52,8%       |
| 5. Regulation and eligibility       | 5      | 9,0/18  | 2,50        | 50,0%       |
| 6. Reserve reconciliation and price | 15     | 10,5/18 | 8,75        | 58,3%       |
| 7. Fees and cost of ownership       | 20     | 11,5/15 | 15,33       | 76,7%       |
| 8. Liquidity and redemption         | 15     | 11,5/21 | 8,21        | 54,8%       |
| 9. Smart contract                   | 5      | 7,5/18  | 2,08        | 41,7%       |
| 10. Underlying asset: gold          | 15     | 11,0/15 | 11,00       | 73,3%       |
| Total before penalties              | 100    |         | 61,08       |             |
| Penalties                           |        |         | 0           |             |
| Result                              |        |         | 61/100      | grade BBB   |

8Blocks grade scale (version 2): AAA 90-100, AA 80-89, A 70-79 (reliable), BBB 60-69, BB 50-59 (acceptable), B 40-49, CCC 30-39 (risky), CC 20-29, C below 20 (high risk). The BBB cap from the "custodian undisclosed" flag does not affect the result.

## Risk matrix

| Risk                                                   | Likelihood | Impact | Mitigation                                                             | Block |
|--------------------------------------------------------|------------|--------|------------------------------------------------------------------------|-------|
| New tokens without confirmed gold                      | low        | high   | The 30.09.2026 attestation, monthly reconciliation or Proof of Reserve | 6     |
| Gold unavailable to holders if the group goes bankrupt | low        | high   | Legal opinion, independent custodian                                   | 3, 4  |
| Bars encumbered in favour of third parties             | low        | high   | Disclosure of the custodian and absence of liens                       | 4     |
| Redemption delays under stress                         | medium     | medium | Redemption SLA, disclosed queue order                                  | 8     |
| Token freezing and burning                             | low        | high   | Timelock, public blocking policy                                       | 9     |
| Delisting on regulated venues                          | medium     | medium | MiCA or other authorisation                                            | 5     |
| XAUt0 bridge failure                                   | low        | medium | Hold XAUt on Ethereum if redemption is needed                          | 9     |

## 12. Questions for the issuer, limitations and sources

### Questions for the issuer

1. Who is the gold custodian, what is its regulatory status, and does anyone hold rights to the bars senior to XAUt holders?
2. Who insures the gold, for what amount and against which risks?
3. Is there a Swiss-law legal opinion that the gold is excluded from the insolvency estate of TG Commodities, AGCL and the custodian?
4. What backs the 137 254 XAUt minted above the 30.06.2026 reserve? When will the 30.09.2026 attestation be published?
5. How much XAUt on other networks is minted natively and how much is bridged, and how is this treated in the attestation?
6. What is the actual redemption timing and the cost of delivery within Switzerland?
7. Is cash redemption planned for holders below 430 XAUt?
8. Will a timelock be added for upgrades and burns? Will code audits be published?

9. How many times has destroyBlockedFunds been used on XAUt, and on what grounds?
10. Does TG Commodities plan to seek MiCA authorisation for XAUt?

## Right of reply

This audit relies on public data only. If TG Commodities provides documents on the questions above, 8Blocks will recalculate the scores and publish an updated version listing the changes.

## Method limitations

- The gold.tether.to site is script-rendered. The RID and terms of service were not read directly: their content is taken from the 2025 LlamaRisk and BGD Labs reviews. The documents may have changed.
- The 30.06.2026 attestation is taken from trade media summaries; the original PDF was not checked.
- CNAD registers and contract roles were not re-checked by us. Holder distribution and price deviation history were not collected.
- The grade describes the token's structure, not the outlook for the gold price. This audit is not investment advice.

## Sources

[1] rwa.xyz, Tether Gold (XAUT), snapshot 13.10.2026: <https://app.rwa.xyz/assets/XAUT>

[2] rwa.xyz, Tokenized Commodities, snapshot 13.10.2026: <https://app.rwa.xyz/commodities>

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## What this means for UAE investors and issuers

Three points carry over from this audit to any commodity-backed token issued or distributed out of Dubai or Abu Dhabi.

- **Named custody is a licensing question, not a courtesy.** VARA and ADGM expect the custodian to be identified, independent where possible, and covered by disclosed insurance. XAUt discloses the country and nothing else, which is workable for Tether's brand and not reproducible by a new issuer here.
- **Quarterly attestation is the floor, not the target.** Between dates the holder relies on the issuer's word, and right now supply sits 137,254 XAUt above the last attested reserve. A local issuer proposing the same cycle should expect questions about monthly reconciliation or on-chain proof of reserve.
- **Freeze and burn powers need a disclosed policy.** A 3-of-6 multisig that can upgrade the contract and destroy a blocked balance with no timelock is a control a UAE regulator will want documented: who approves it, on what grounds, and with what delay.

We run these structure reviews out of Dubai, so if you are issuing a gold- or commodity-backed token here, we can go through the custody chain, the attestation cycle and the contract roles in one pass.

# Final audit conclusion

**XAUt: grade BBB, 61/100, the token is acceptable.** This is not a rating of gold. The gold behind XAUt exists, it is of the highest standard, and on every quarterly date there is exactly as much of it as there are tokens. The risk lies elsewhere: between the holder and the bar there is no link independent of Tether, other than the quarterly BDO check.

| Block                       | Score | Risk   | Key finding                                                     |
|-----------------------------|-------|--------|-----------------------------------------------------------------|
| 3. Legal nature             | 7,9   | medium | Interest in gold on paper, closed BVI arbitration               |
| 4. Ownership chain          | 5,3   | high   | Custodian unnamed, encumbrances undisclosed                     |
| 5. Regulation               | 2,5   | medium | Salvadoran licence, closed to US and Canada, MiCA open question |
| 6. Reserve reconciliation   | 8,8   | medium | Reconciles on attestation dates, supply now above reserve       |
| 7. Fees                     | 15,3  | low    | 0,25% in and out, free storage                                  |
| 8. Liquidity and redemption | 8,2   | medium | Deep market, industry-standard redemption threshold             |
| 9. Smart contract           | 2,1   | high   | Upgrades and burns without a timelock                           |
| 10. Gold                    | 11,0  | low    | LGD, but a single group vault                                   |

## Strengths

- 1:1 LGD gold backing, confirmed on every quarterly date.
- Addresses mapped to bar serial numbers.
- No storage fee, low entry and exit fees.
- The largest market and integrations among gold tokens: about 58% of the segment [2].

## Key risks

- The custodian is affiliated and unnamed; insurance and encumbrances are undisclosed.
- At the audit date, supply is 137 254 XAUt above the last confirmed reserve.
- A Tether multisig can change the contract and burn blocked balances without delay.

- Disputes only via confidential BVI arbitration.

## Who it suits and who it does not

**Suits** protocols and funds outside the US and EU that need gold inside crypto infrastructure: as collateral, a settlement asset or a treasury reserve. One condition: the team knowingly accepts Tether counterparty risk.

**Does not suit** those who need a claim to gold that can be verified without the issuer, persons from the US and Canada, and regulated EU institutions.

## What would raise the score

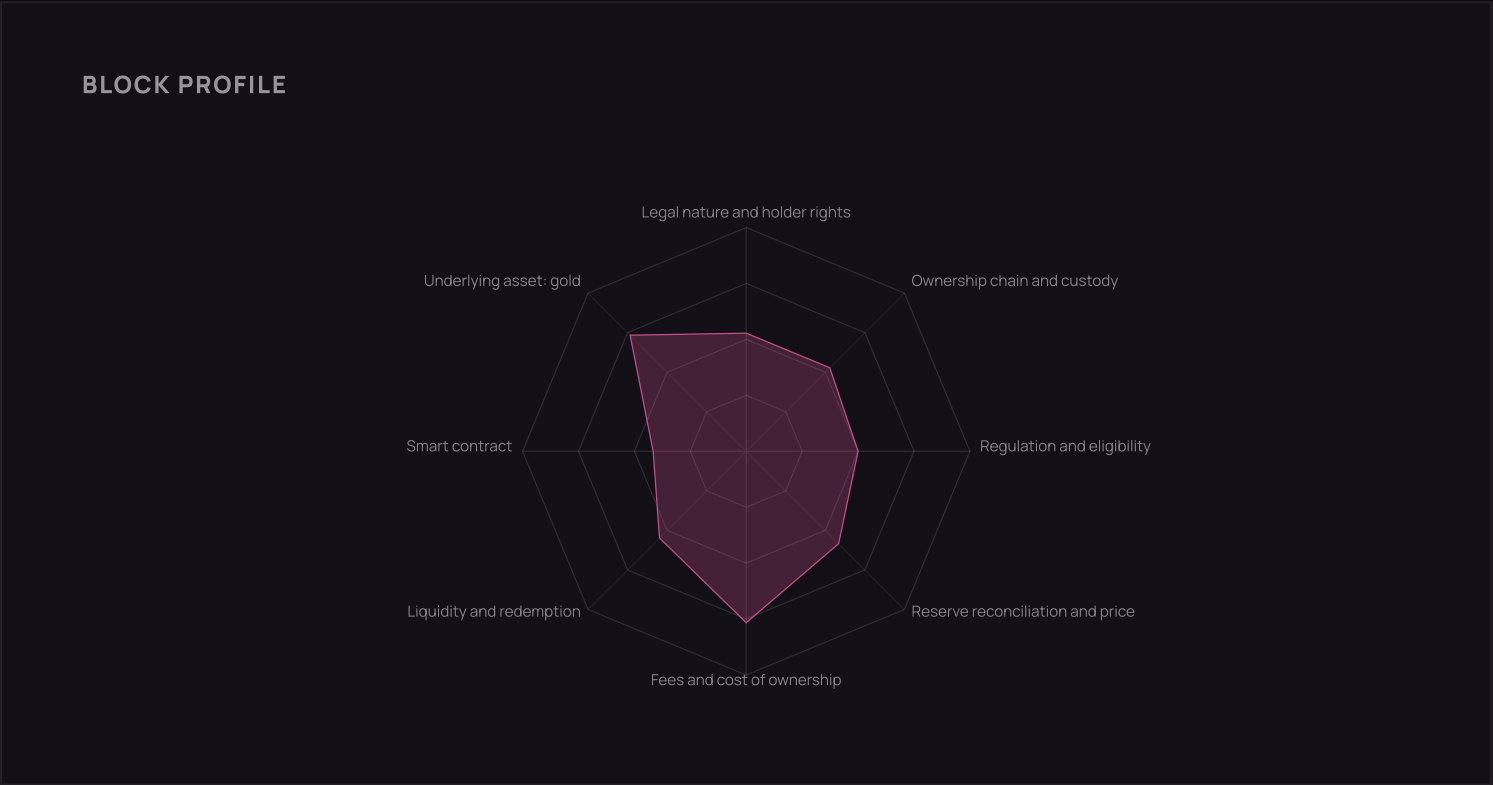
- Public names of the custodian and insurer, and confirmation of no encumbrances.
- A legal opinion on protecting the gold in bankruptcy.
- An upgrade timelock and published code audits.
- Monthly reconciliation or on-chain Proof of Reserve.
- Cash redemption for holders below 430 XAUt.

## Re-rating triggers

- Publication of the 30.09.2026 attestation: does it confirm current supply?
- A change of custodian, storage location or group structure.
- A contract upgrade or large-scale use of destroyBlockedFunds.
- Action by CNAD or other regulators against the issuer.
- A price deviation from gold above 1% for more than a day.

This audit was prepared by 8Blocks from public data and is not investment, legal or tax advice.

# Final rating



## SUMMARY

Every XAUt is backed by an ounce of LGD gold, and on each quarterly date the BDO attestation matches down to a hundredth of an ounce. But the custodian is affiliated and unnamed, a Tether multisig can burn a blocked balance with no timelock, and supply already runs 137,254 XAUt above the confirmed reserve. Final score 61 out of 100, grade BBB.

This audit is not investment advice. Use it as part of your own analysis.

## FINAL RATING

**61** /100

**RATING BBB**

Lead expert

**Toni Efren** in

Co-founder, 8Blocks

| Block                            | Weight      | Score (0-5) | Score (0-100) | Contribution |
|----------------------------------|-------------|-------------|---------------|--------------|
| Legal nature and holder rights   | 15%         | 2.64        | <b>52.8</b>   | <b>7.9</b>   |
| Ownership chain and custody      | 10%         | 2.64        | <b>52.8</b>   | <b>5.3</b>   |
| Regulation and eligibility       | 5%          | 2.5         | <b>50</b>     | <b>2.5</b>   |
| Reserve reconciliation and price | 15%         | 2.92        | <b>58.4</b>   | <b>8.8</b>   |
| Fees and cost of ownership       | 20%         | 3.83        | <b>76.6</b>   | <b>15.3</b>  |
| Liquidity and redemption         | 15%         | 2.74        | <b>54.8</b>   | <b>8.2</b>   |
| Smart contract                   | 5%          | 2.08        | <b>41.6</b>   | <b>2.1</b>   |
| Underlying asset: gold           | 15%         | 3.67        | <b>73.4</b>   | <b>11</b>    |
| <b>Total</b>                     | <b>100%</b> | <b>3.1</b>  | <b>61</b>     | <b>61.1</b>  |