

Tokenized Assets Roundtable Vol. 4

20 April 2023 | CMS Switzerland

Agenda

1

Introduction
Quo vadis digital assets regulation?
Tina Balzli

2

Digital Assets in the financial industry – Current developments and where to hit the shore next
Dominik Jocham

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Crypto beyond the financial industry
Patrick Schöni

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Christoph Ebell

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Matthias Kuert

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Networking Apéro

Introduction

Quo vadis digital assets regulation?



Tina Balzli

Partner

Head of FinTech & Blockchain Group

- Where we are -



- Trends -

Security Token



Regulation



Institutional Investors

ESG

NFTs – Notion & FINMA classification

NFTs connect the holder to a unique, digital artefact

- In principle, **any claim of ownership** can be asserted via an NFT, provided that a **unique digital twin** can be created
- Instead of the **URL to the digital twin**, a **unique reference number** can also be stored in an NFT
- FINMA follows its **ICO Guidelines 2018** also when qualifying NFTs
 - *NFTs can have **different characteristics** depending on the individual case. Classical NFTs, however, typically do not have a payment functionality or an investment character*
 - *Classical NFTs typically **do not fit into one of FINMA's token categories** (e.g. art NFT ≠ realization of financial purposes although it has an asset character)*

NFTs – Civil Law & Financial Market Law

Notion

Register uncertificated security
(CO 973d et seqq.)

Security (*Effekte*)
(FinSA 3 lit. b and FinMIA 2 lit. b)

DLT security
(FinMIA 2 lit. b and b^{bis})

Derivative
(FinSA 2 para. 2)

Qualification NFT

Yes, if NFT represents a right (i.e. right to the NFT and right from the NFT) and is not a mere document of authenticity (*Echtheitszertifikat*)

No, if *non-fungible* and *not* suitable for mass trading

No, if not a security in the sense of the FinSA

Possible, if price dependent on underlying assets or reference values (but not a typical case)

NFTs – "Ownership"

No ownership under property law (*Sachenrecht*)
→ Control is factually effected via the private key

Register uncertificated security
(CO 973d et seqq.)

Segregation in the event of bankruptcy of the debtor of the NFT
(DEBA 242a)

Principal right to the NFT: Copyright protection
(exploitation rights, but typically not ownership of the work)

Central Bank Digital Currency (CBDC)

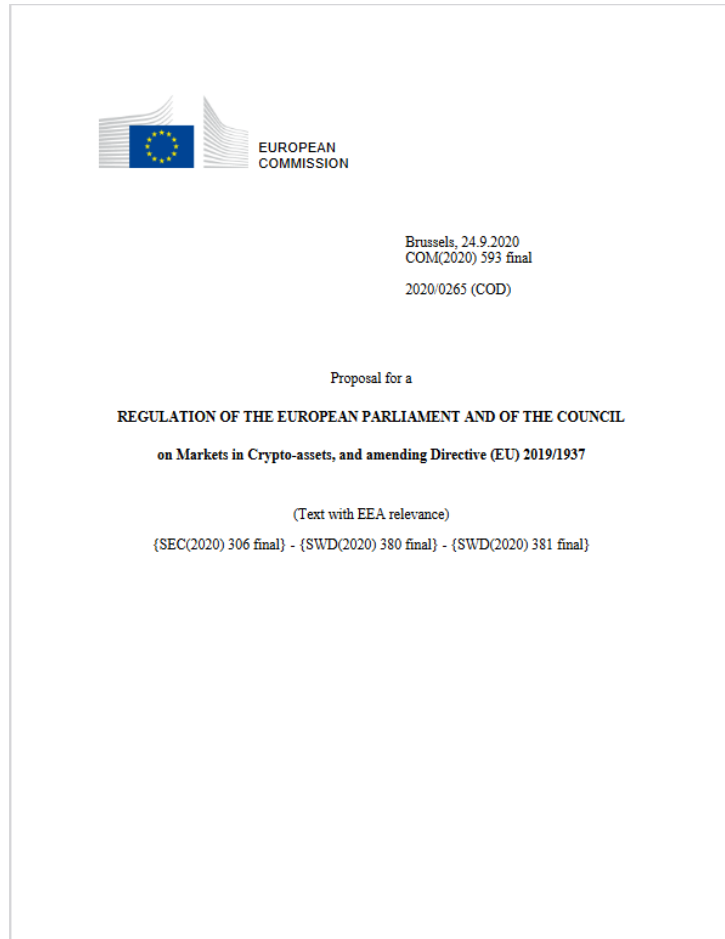
Blockchain for Banking · News

Switzerland planning stablecoin and live wholesale CBDC pilots

April 4, 2023 · by Ledger Insights



EU Regulation on Markets in Crypto-assets (MiCAR)



Recommendations of the **2018 FinTech Action Plan**: Existing regulatory framework for crypto assets is inadequate / contains gaps



Proposal for **comprehensive and EU-wide regulation** for:

- Crypto assets
- Providers of corresponding services



→ **Complete harmonization of the regulations on an EU state level**

EU Regulation on Markets in Crypto-assets (MiCAR)

Crypto assets in the sense of MiCAR

Digital representations of values or rights that can be transferred and stored electronically using DLT or similar technology. DLT, in turn, is understood as a technology that supports the distributed recording of encrypted data.

Crypto assets not covered

Those already covered by other EU financial services legislation, i.e. crypto assets that are considered financial instruments under MiFID II (so-called security tokens).

Token categorisation according to MiCAR

- Value-referenced tokens: A representation of value as stable as possible in relation to underlying assets (i.e. stable coins on fiat currencies or other assets).
- E-money tokens: Crypto assets that relate their value to a single fiat currency, with the primary purpose of serving as a stable medium of exchange.
- Non-value-referenced tokens: All other tokens that do not belong to the two categories above and are not excluded from the scope of MiCAR (e.g. utility tokens).

Activities covered

- Public offer (issuers)
- Providing certain services in connection with crypto assets:
 - Custody and administration for third parties
 - Operation of a trading platform
 - Exchange for fiat currencies or for other crypto assets
 - Execution of orders for third parties
 - Placement
 - Acceptance and transmission of orders for third parties
 - Consulting

EU Regulation on Markets in Crypto-assets (MiCAR)

Issuer regulation	Service provider regulation
<p>Issuance of non-value-referenced tokens:</p> <ul style="list-style-type: none">– Legal entity– Publication of a white paper with the essential features of the crypto token (cf. prospectus requirement)– Certain conduct requirements– Possible regulatory technical standards (RTS) of ESMA	<ul style="list-style-type: none">– Legal entity– EU branch– Permission or authorised credit institutions, investment firms and alternative investment fund managers– Permission valid for the whole EU (passporting)– Permission granted by competent national authority– Capital requirements depending on type of service– Requirements for management (professional qualification, reliability, sufficient time)– Reliability also required from shareholders– Further rules on: Conflicts of interest, information requirements, provisions on outsourcing as well as information on what environmental impact the own activity has
<p>Issuance of value-referenced tokens:</p> <ul style="list-style-type: none">– Legal entity– Publication <u>and approval</u> of white papers– The larger the provider, the stricter the requirements for codes of conduct– At least EUR 350,000 own funds– Higher requirements for the issuance of "significant" value-based tokens– Preparation of a reorganisation and redemption plan	
<p>Issuance of e-money tokens:</p> <ul style="list-style-type: none">– Only credit and e-money institutions– Create white paper and show to competent authority	

EU Regulation on Markets in Crypto-assets (MiCAR) & Switzerland

1 Principle

As an EU regulation, MiCAR is **not directly applicable in Switzerland**, autonomous implementation is possible

2 Global phenomena

DLT / Blockchain are **global phenomena** and business models are mostly **purely digital** (usually online)

- **Physical and geographical borders** are **blurred**
- **Unintended points of contact** with EU states can quickly arise

3 Cross-border issues

In **cross-border contexts** into the EU, MiCAR is relevant for **Swiss issuers** and **Swiss digital assets service providers**

4 Violation of MiCAR

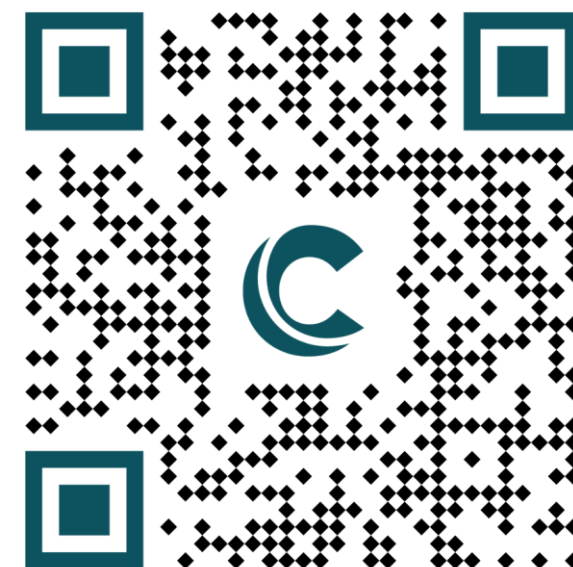
Violation of MiCAR can range from "blacklisting" to heavy fines



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CONTACT DETAILS

Thank you!

Digital Assets in the financial industry

Current developments & opportunities for financial institutions

Dominik Jocham

Zurich, April 20

The crypto industry is under pressure, and financial institutions are embracing more and more Blockchain technology

Crypto giant FTX collapses into bankruptcy

🕒 11 November 2022 · 💬 Comments

bbc.com, 2022¹

Crypto lender Genesis files for Chapter 11 bankruptcy in US

The Guardian, 2023²

Crypto-friendly lender Silvergate collapses



By Allison Morrow, CNN

Updated 0033 GMT (0833 HKT) March 9, 2023

cnn.com, 2023³

PostFinance partners with Sygnum Bank to offer cryptocurrencies

Announcement 05.04.2023



Sygnum, 2023⁴

Siemens issues first digital bond on blockchain

Siemens, 2023⁵

UBS Executes First Cross-Border Intraday Repo Trade on Broadridge Distributed Ledger Repo Platform

finanzen.ch, 2023⁶

- 1 Sherman, N. & Tidy, J. (bbc.com, 2022); Accessed on 11.4.2023, <https://www.bbc.com/news/business-63601213>
- 2 Milmo, D. (The Guardian, 2023); Accessed on 11.4.2023, <https://www.theguardian.com/business/2023/jan/20/crypto-lender-genesis-files-chapter-11-bankruptcy>
- 3 Morrow, A. (cnn.com, 2023); Accessed on 11.4.2023, <https://edition.cnn.com/2023/03/08/business/silvergate-winds-down-crypto/index.html>
- 4 Sygnum (2023); Accessed on 11.4.2023, <https://www.insights.sygnum.com/post/postfinance-partners-with-sygnum-bank-to-offer-cryptocurrencies>
- 5 Siemens (2023); Accessed on 11.4.2023, <https://press.siemens.com/global/en/pressrelease/siemens-issues-first-digital-bond-blockchain>
- 6 finanzen.ch (2023); Accessed on 11.4.2023, <https://www.finanzen.ch/nachrichten/aktien/ubs-executes-first-cross-border-intraday-repo-trade-on-broadridge-distributed-ledger-repo-platform-1032210380>

Digital Assets are more than Bitcoin or Stablecoins¹



Payment Token

- **Currency Token** as a means of exchanging value (e.g. Bitcoin)
- **Digital, programmable money** (e.g. Stablecoins, CBDC etc.)



Utility Token

- **Utility Token** represent a right to a specific application or service, comparable to token or voucher at a music festival



Asset backed Token

- **Asset Token represent regulated assets** (e.g. equities or bonds)
- Asset Tokens are usually considered as securities and relevant regulations apply



Non-Fungible Token (NFT)

- **Usually an one of a kind token representing** a certain asset digitally (e.g. art, non-bankable-assets like Oldtimers etc.)
- Depending on the underlying asset, NFTs can also be classified as other token (hybrid token)

Decentralized Finance (DeFi)²

- Financial infrastructure built on Blockchain technology
- Smart Contracts are used to provide autonomous and highly automated services to its users
- DeFi principles can also applied to non financial products and services, e.g. Smart Contract based issuing of digital Tokens representing a ticket for a concert

¹ Categorisation based on «FINMA ICO guidelines» (2018); Accessed on 12.4.2023, <https://www.finma.ch/de/news/2018/02/20180216-mm-ico-wegleitung/>

² Categorisation based on Schär, F. (Federal Reserve Bank of St. Louis, 2021). Accessed on 12.4.2023, <https://research.stlouisfed.org/publications/review/2021/02/05/decentralized-finance-on-blockchain-and-smart-contract-based-financial-markets>

Digital Asset Trading as a first step to gaining relevant knowhow and awareness for fields of activity through the organization



- **Digital Asset Trading** for selected assets (e.g., Blue Chips like BTC, ETH, etc.)
- **Financial institutions** focus on the client side
- **Third Party Provider** covers blockchain-related activities (e.g., Trading & Custody of Digital Assets, etc.)
- The **Regulatory framework** in Switzerland available and **FINMA approval** necessary



- **Exploring Blockchain Technology & Digital Assets** with a relevant client use case
- **Generating** first Digital Asset related **cash flows** (e.g., FX, custody fee, etc.)
- **Building know-how** across the organization (e.g., Compliance, Trading, etc.)
- **Identification of relevant provider** in the ecosystem (e.g., dominating players, technical standards, etc.)

According to FINMA, 30 banks & securities firms are offering Digital Asset related products & services¹

The tokenization of values is used to expand existing offerings & Decentralized Finance (DeFi) to explore new possibilities



- Blockchain technology is used to create a **digital representation of an asset** (e.g., art, property, etc.)
- **Combining tokenized values with traditional products & services** can enormously increase the client experience
- Financial institutions **work closely together with specialized firms** (e.g., for technology, custody services, etc.) to ensure a low time to market



HAUCK
AUFHÄUSER
LAMPE



- **Smart contracts** act as a trustworthy party in a decentralized business relationship
- By using Smart Contracts, former cumbersome operations can be **automated & be accessible 24/7/365**
- **National Banks are exploring use cases** by using Blockchain technology and Smart Contracts to automate existing interactions¹

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK

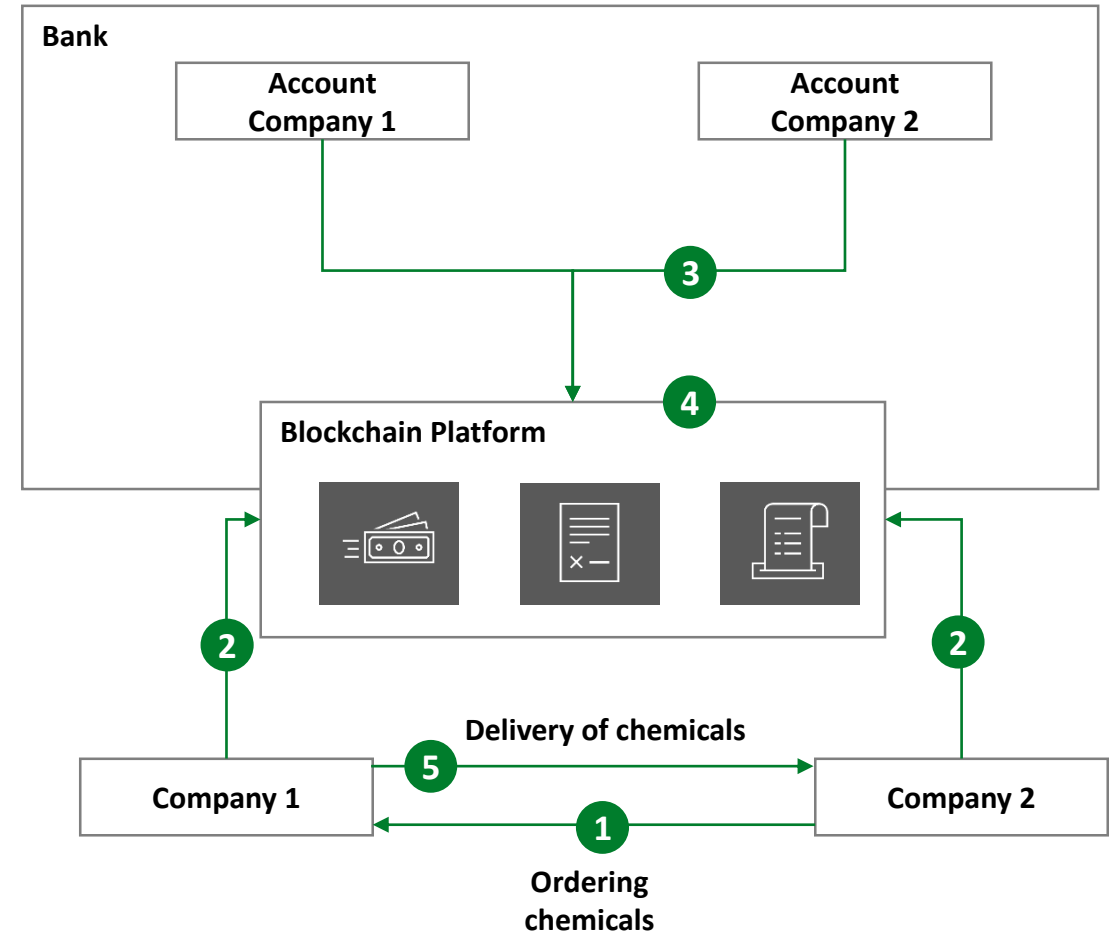


Monetary Authority
of Singapore

Core competencies of financial institutions are combined with Blockchain technology to better fulfill client needs



- **Supply Chain interactions** between industry-leading companies are **complex, expensive and cumbersome**¹
- By using **Blockchain Technology to automate supply chain tasks** (e.g., billing, payments, or reconciliation) with Smart Contracts, overall efficiency increased
- **Proof of Concept** is going to expand to a **Minimum Viable Product in 2023**



Key take-aways



Blockchain technology is relevant for financial institutions

Engage with Blockchain to identify use cases and determine the impact on your organisation



Leverage existing capabilities

Use Digital Asset Trading as a starting point to gain knowhow across the organisation



Think beyond your current offering

Combine Blockchain Technology and your core capabilities to explore new business opportunities



Collaborate & think in Business Ecosystems

Collaborate with specialized companies to reduce time to market and increase value for clients

Now let's discuss!



Let's connect on LinkedIn
Business Engineering Institute



Let's connect on LinkedIn
Dominik Jocham

Your contact

BLOG

in

BEI

f



Dominik Jocham
Senior Consultant

dominik.jocham@bei-sg.ch

Tel.: +41 79 413 41 47

Who we are

The Business Engineering Institute (spin-off of the University of St. Gallen, 2004) conducts practice-oriented research in the areas of Business Ecosystems, Digital Transformation and Disruptive Technologies.

Through our close ties to the universities of St. Gallen, Leipzig and other renowned research institutions, we ensure reliable results. Traceability and transparency are at the heart of our commitment.

Thanks to our 15 years in Switzerland and Germany, we adapt our services optimally to the needs of our partners.

We deliver fast results with state-of-the-art collaboration and implementation methods. Constant testing, e.g. with prototypes and iterative development, allows us to react quickly to our environment.

vision&

Business Studio for Digital Assets

CRYPTO BEYOND THE FINANCIAL INDUSTRY

Patrick Schöni

Tokenized Assets Roundtable Vol. 4
April 2023



CMS
law·tax·future



Patrick Schöni

Fintech & Crypto Entrepreneur | Master in Digital Business | Proud Patchwork Dad.

Talks about #crypto, #fintech, #openminds, #startuplife, and #digitalleadership

Zurich, Switzerland

Please connect

[Patrick Schöni | LinkedIn](#)

vision& vision&



HWZ University of Applied Sciences in Business Administration Zurich

vision& **Partner**
vision&

Apr 2023 - Present · 1 mo
Zurich, Switzerland · Hybrid

vision& is your leading business studio for digital assets and the metaverse. Since 2017, we've been building products and creating ventures in this industry. We partner with you ...see more

Skills: Board of Directors · Blockchain · Entrepreneurship

WEBACCOUNT **Advisory Board & Partner**

WebAccountPlus (Holding) AG
Nov 2021 - Present · 1 yr 6 mos
Pfäffikon SZ, Switzerland · Remote

The first digital corporate customer advisor platform and ecosystem for SMEs, trustees, banks, insurance companies and management consultants.

Skills: Business-to-Business (B2B) · Software as a Service (SaaS) · Analytics Platform

R **Cashier & Co-Founder**
fintechrockers

Jan 2017 - Present · 6 yrs 4 mos
Digital hotspot around the globe

The Fintechrockers Club is "neutral ground", where anyone (private/corporate) can come and discuss ideas even with it's own competitors. The Club is a closed group and can be entered only via a recommendation ...see more

Skills: Digital Leadership · Digital Finance · Think Tank

BB **Head of Platform**

Bitcoin Suisse AG
Apr 2022 - Feb 2023 · 11 mos
Zug, Switzerland

Business Line Head | Member of Business Leadership Team | Business Owner of Digital Channels & API Platform

Founded in 2013, Bitcoin Suisse is the Swiss crypto-finance and technology pioneer and market leader. Bitcoin Suisse has helped to shape the crypto and blockchain ecosystem in Switzerland and has been a driving force in the development of the 'Crypto Valley' and 'Crypto Nation Switzerland'.

Skills: Platform Business · Protocol Economy · Cryptofinance

Y **Head of Business Development & Ecosystem**
YAPEAL

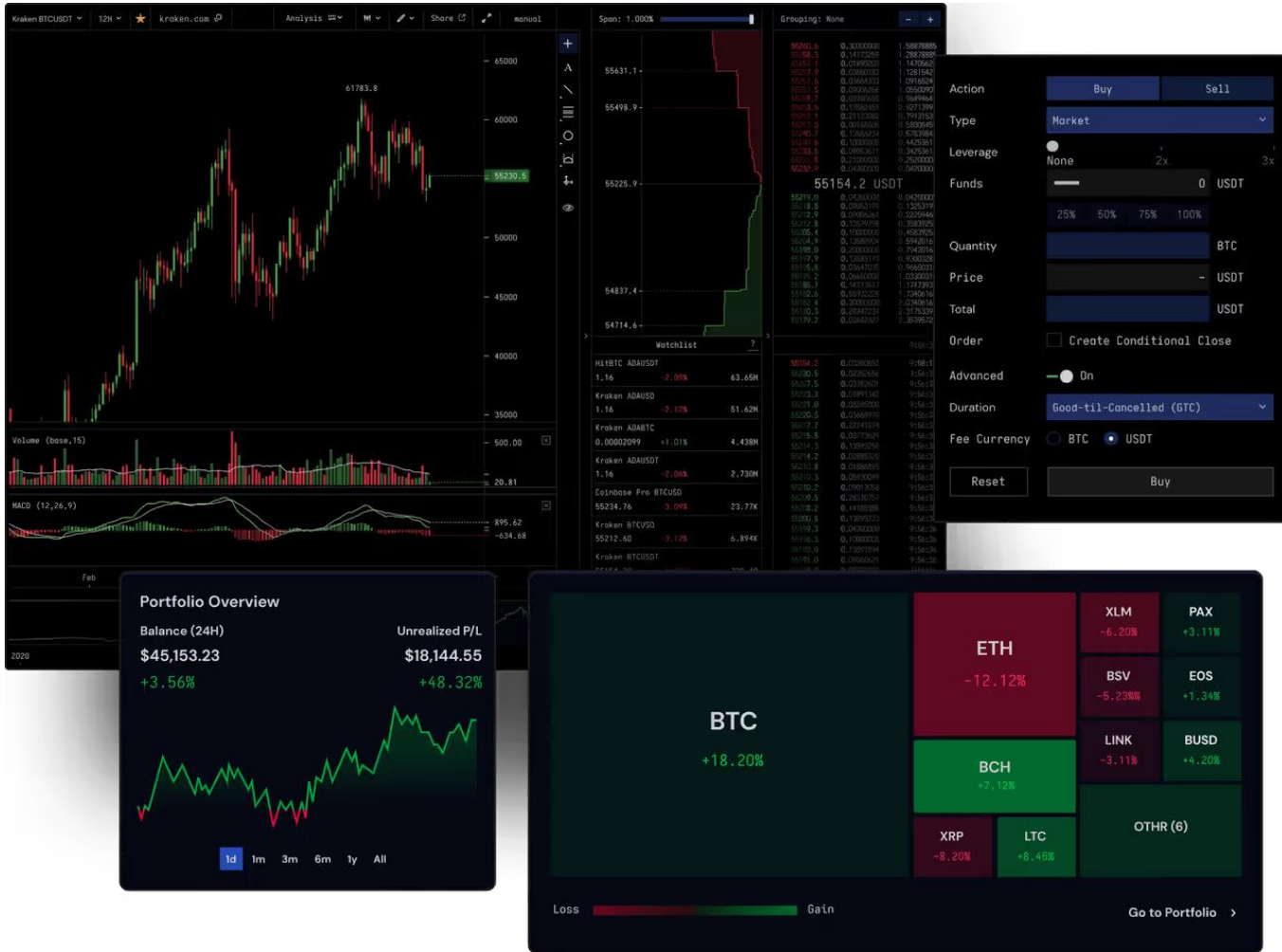
Dec 2019 - Mar 2022 · 2 yrs 4 mos
Zürich Area, Switzerland

YAPEAL is the first FINMA licensed Fintech startup in Switzerland offering a digital wallet with a Swiss payment account and international banking solutions.

We make financial services simple, intuitive, transparent and challenge the way one handles money.

Skills: FinTech · Consumer Ecosystem · Embedded Finance

CRYPTO IN THE FINANCIAL INDUSTRY



● Cryptocurrencies

Trading, custody, staking, lending of digital currencies.



● Financial Tokenization

Tokenization of crypto assets (ETPs), stocks, bonds, and derivatives.



● Decentralized Finance

DeFi as emerging financial P2P instruments without relying on centralized intermediaries.

• THE ONGOING WAVE OF INSTITUTIONAL INVESTORS

- ▶ Professionalism
- ▶ Big Money
- ▶ Regulation
- ▶ Standardisation
- ▶ High-End Partnerships

coinbase + BlackRock

PostFinance 

 SYGNUM



THE EVOLUTION OF DIGITAL MONEY AS STABLECOINS

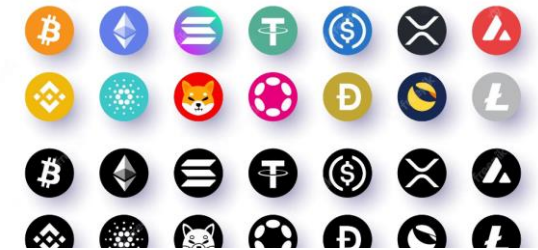
• Swiss Banking

The Deposit Token

New money for digital Switzerland



Fiat-backed



Crypto-backed



Commodity-backed



Algorithmic

<https://www.swissbanking.ch/en/news-and-positions/news/the-deposit-token-sba-white-paper-on-a-digital-swiss-franc>

● THE FIGHT OF SWISS STABLECOINS

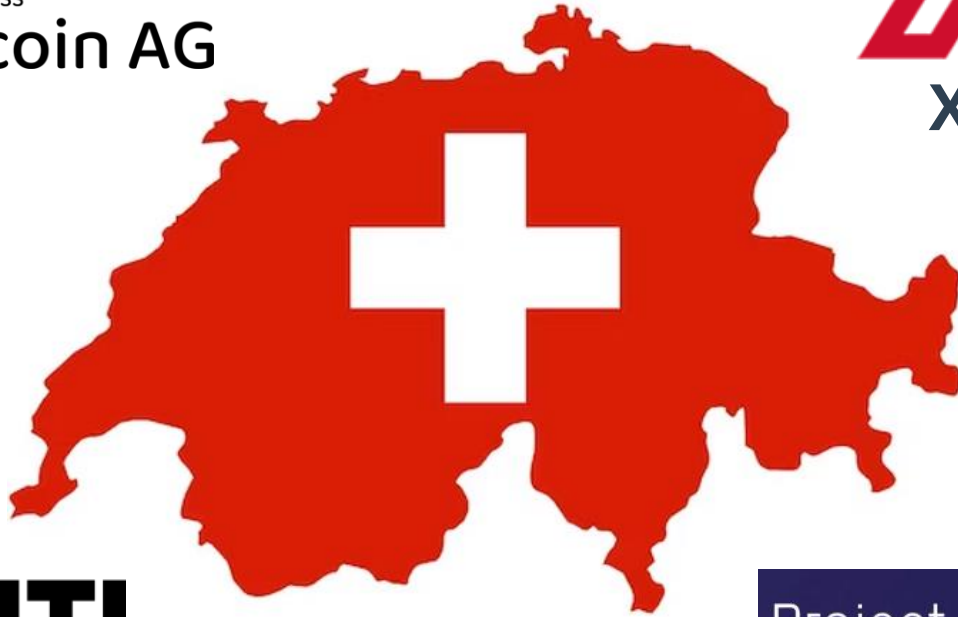


SWISS

Stablecoin AG



XCHF



CENTI

Project Helvetia



FRANKENCOIN



Issuer



(De-)centralization



Underlying Collateral



Client Segment

● THE TOKENIZATION OF EVERYTHING

Revolutionizing
Ownership, Access,
and Value Exchange
in the Digital Age.



Increased
Accessibility

Enhanced
Liquidity

Immutable &
Transparent Records

Streamlined Process
Efficiency

...EVERYTHING

Real Estate



Commercial Property

4.0% Est. return

crowdlitoken.com

Art & Music



vpbank.com

Collectibles



Phygital Asset Coin of cryptovreneli.ch

...Intellectual Property (Royalties and Licensing)

● NON-FUNGIBLE TOKENS (NFTs)

Digital Collectibles

Collection of art, moments, photos, ...

Digital Products

Digital wearables, gaming items, goods, ...

Token Gated Access

Access to content, events, communities, ...

Digital Real Estate

Location of properties, experiences, ...

Digital Identity

Identity of avatars, usernames, domains, ...

Proof-of-X

Proof of attendance, ownership, action, ...

A UNIQUE DIGITAL IDENTIFIER



toleo.ch



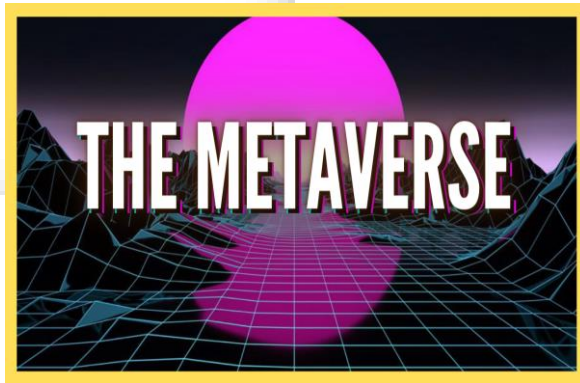
THE METAVERSE MIX

COMMUNITIES

proximity
influencers
artists

GAMIFICATION

gamers
challenges
e-sports



Cloud
Innovation
Realities

BIG TECH

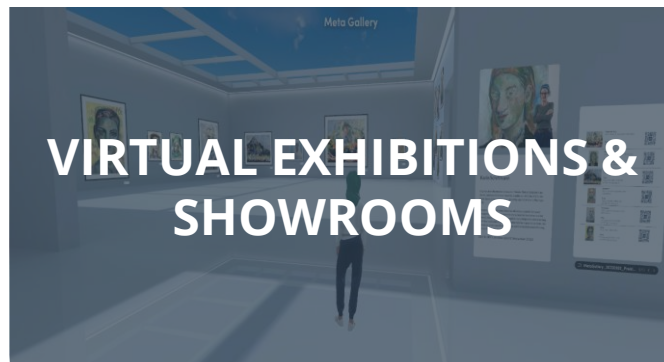
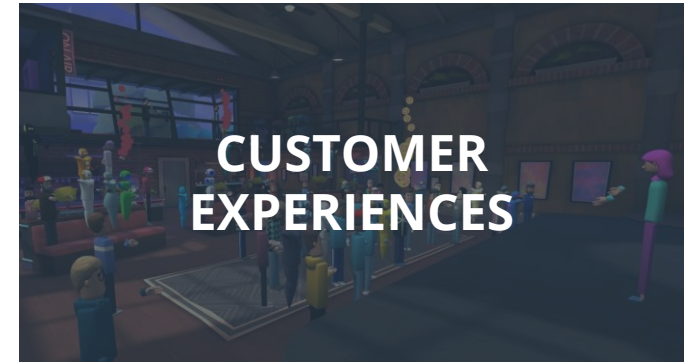
NFT

Crypto
Tokens

BLOCKCHAIN



BUSINESS IN THE METAVERSE



● THE INFAMOUS WEB3

DECENTRALISED WWW

BLOCKCHAIN
TECHNOLOGY



TOKEN-BASED
ECONOMICS

MARKETING

Your Contact

WHERE INNOVATION MEETS EXPERIENCE

PATRICK SCHÖNI

Patrick is a fintech and crypto entrepreneur with a Master's degree in Digital Business. He has over 20 years of professional experience in the financial industry and is passionate about combining business innovation with the latest technologies. Most recently, he served as Head of Platform & Digital Channels at Bitcoin Suisse AG. Previously, Patrick was involved in various entrepreneurial roles, including Head of Business Development & Ecosystem at fintech Yapeal and co-founder of the Fintechrockers Association. As a proud patchwork father of three, Patrick balances his family life with his interests in travel, football and digital trends.

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Nomica™

Tokenized ESG Action

Tokenized Assets for a Living Planet

CMS Tokenized Asset Roundtable

20 April 2023

Christoph Ebell, Founder and CEO

What is Nomic and what's the Asset we are Talking about?

- Nomic is a platform that allows ESG actions to be tokenized (supply side) – Impact Projects and
- It is a Marketplace for aggregated and valued ESG actions, i.e., Certificates
- Nomic is project agnostic and provides the infrastructure for ESG to be tokenized and traded
- Global market opportunity: 30tn dollars need to be moved towards sustainable economic growth by 2030 – Nomic provides a reliable transparent infrastructure for this historic capital transfer and asset repricing.

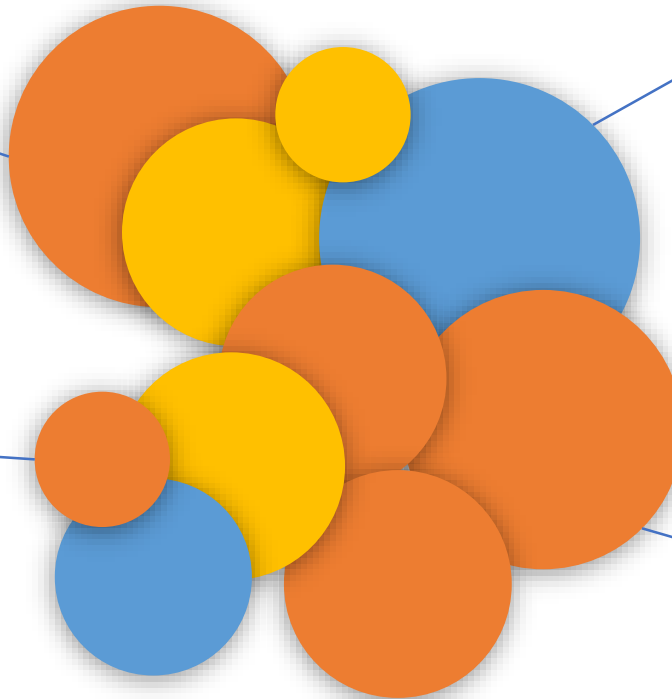
Project Actions (sample)

Cycle to work (move to earn)
> employee gets reward

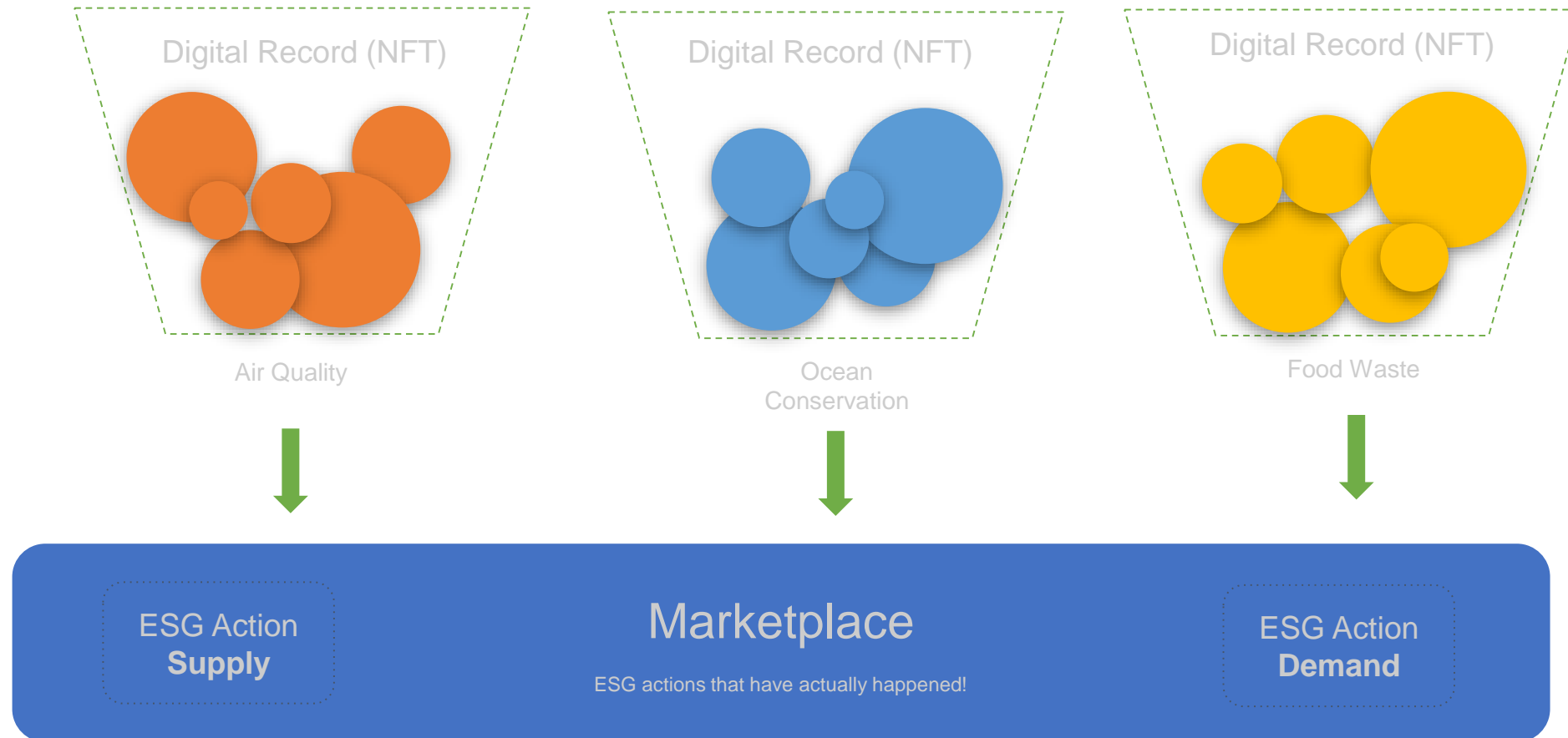
Whale collision avoided
> captain gets reward

A bag of unsold food saved
> merchant & buyer gets
reward

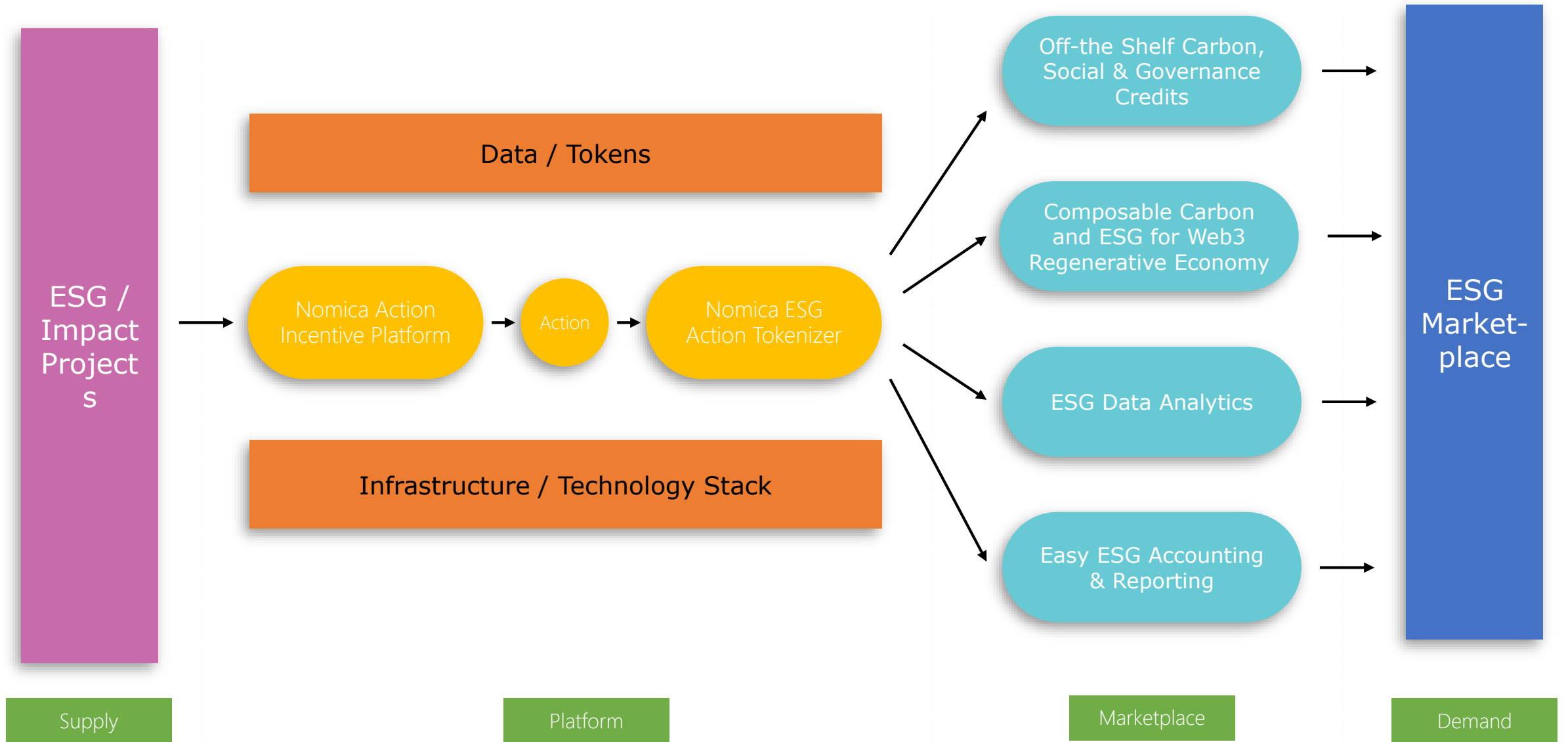
One tree planted
> local farmer gets reward



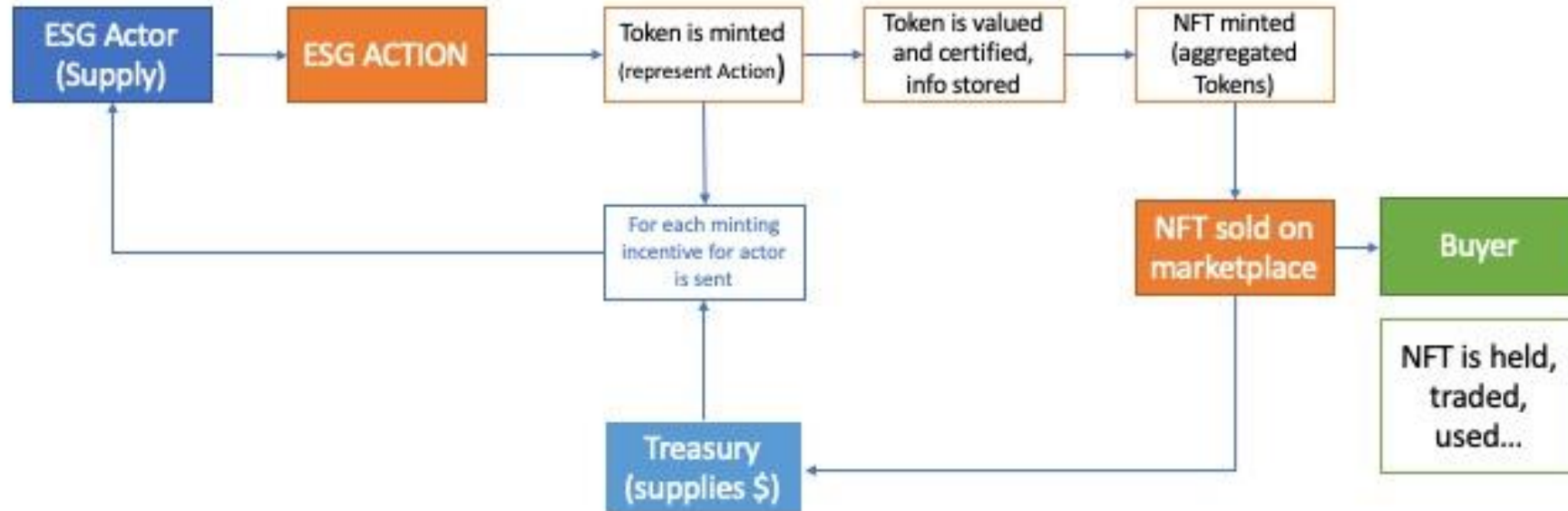
ESG actions market products



Tech flow



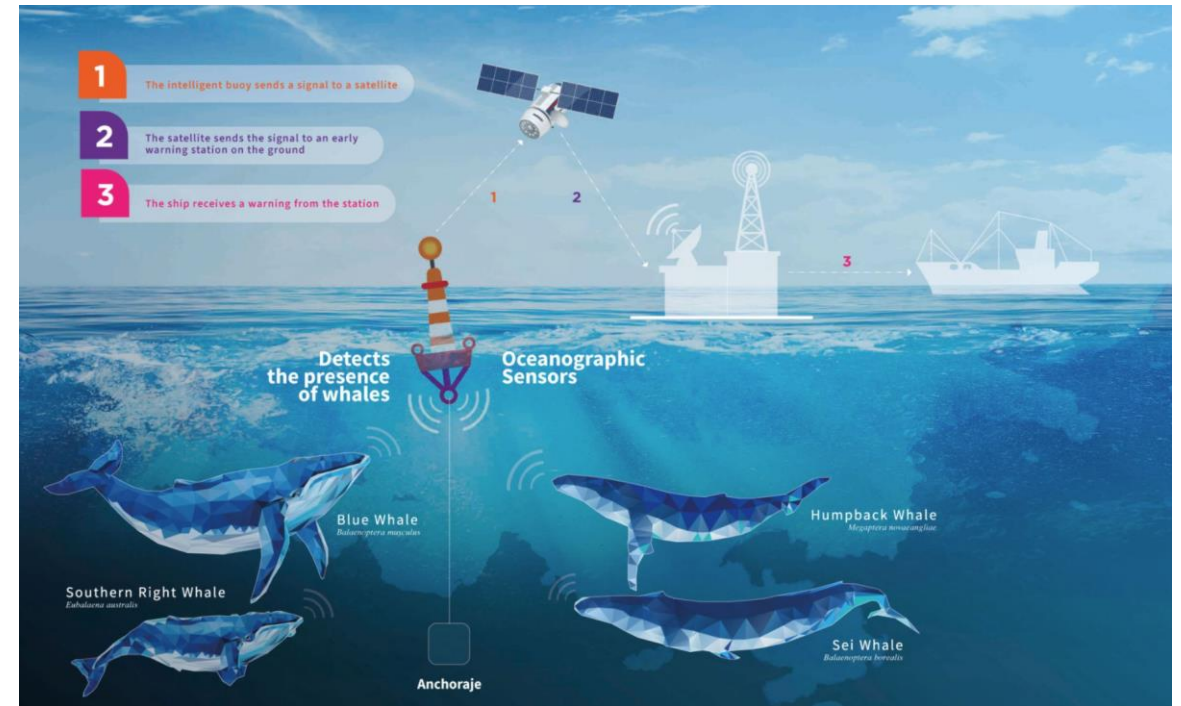
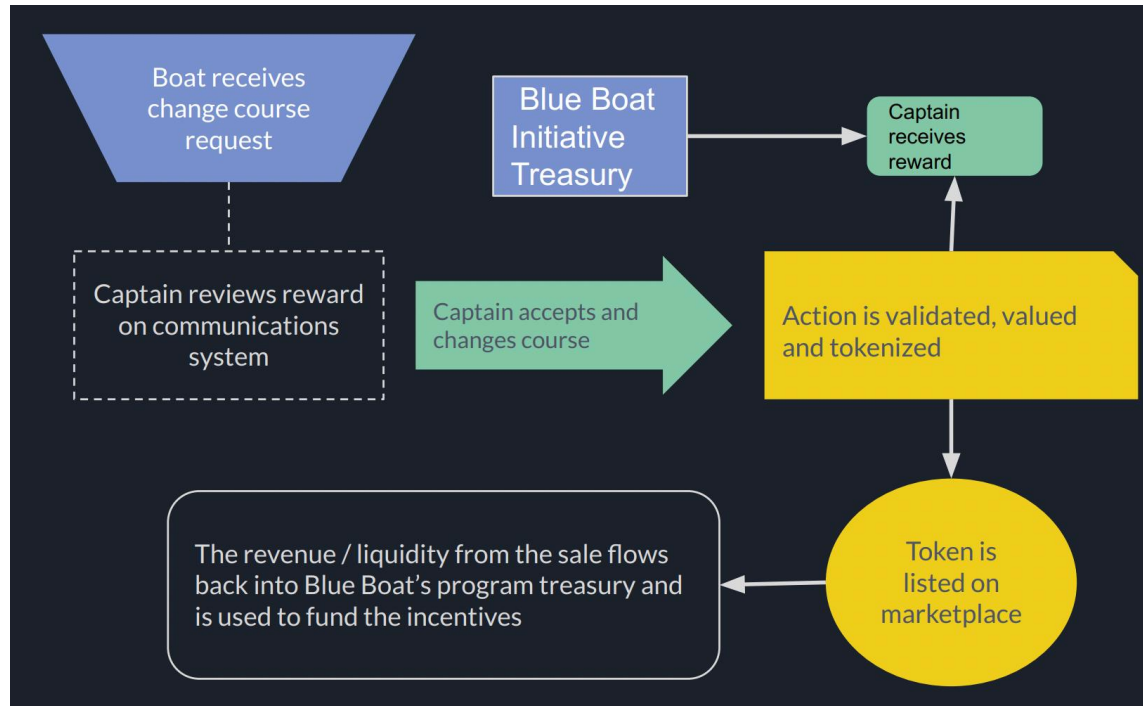
NOMICA Architecture (Universal ESG Platform)



(c) Arcades Digital LLC / Urbanomica / Confidential

Nomica™

Case Study: Endangered Whale Protection



Tokenization as a First Principle

- Tokenization can be seen as a way to create a Polaroid Snapshot of the transition between two states of the world, before and after
- Tokens carry time stamps and metadata
- As such they can represent the action and its implied (intrinsic) value
- A new asset is created that has value
- Value is always contextual

Project Funding Types (non-exclusive)

- Nature Based Solutions (NBS)
- Ecosystem Services & Nature Capital
- Impact projects with existing or planned MRV solution
- Green Bonds / Launchpad / Incubator / Fundraiser
- Voluntary Carbon, VCM (e.g., REDD+)
- Regulated Carbon (2024)
- Paris Article 6.2 and Article 6.4 trading (2024-2026)
- Hybrid and Composable Projects

Traction / Pipeline

- Blue Boat Initiative (April launch on Marketplace – **SOLD OUT**)
- Indonesia (negotiation - learning)
- UNDP (6 Projects+ across multiple departments) (discussion)
- Mongolia (1bn trees - Lol)
- EasyEnergy USA (May launch on Marketplace)
- Madagascar (new)
- Kenya (new)
- Sylvera projects (partner integration)
- Swiss Consumer Project
- French Solar
- French Move-to-Earn with Paris Mayor
- German solar
- USA Recycling Reverse Vending Machines

Web3 Context: RWA Narrative

- Decentralized finance (DeFi) yields have dried up, inching closer to traditional finance (TradFi) yields.
- Increased tokenization of real world assets, including real estate and loans, is a new source of yield in DeFi, providing opportunities for higher yield and portfolio diversification.
- One concern around real world assets is the default risks faced by real world assets protocols due to undercollateralized loans.
- Example: Centrifuge

(part of source Coingecko)

The Future of Tokenization

- Narratives are chasing each other
- Fundamentals are still valid – there is no magic, no free lunch
- Megatrends to watch
- Utility is king
- Crypto waves can obfuscate the big picture

Nomica™

Thank you!

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Nomica AG, 6300 Zug

Follow us on Twitter and Instagram: Nomica_ch

LinkedIn: Nomica

Tokenization of financial instruments in Switzerland

Status update

Tokenized Assets Roundtable Vol. 4

20 April 2023

I. Introduction

1

In 2021, new blockchain/DLT laws entered into effect

3

(Probably) main addressees

- Companies: Smaller private companies
- Investors: Retail investors

2

Two of the main topics were:

- Creation of uncertificated register securities
- Creation of a new license category for DLT trading venues

4

Expectations vs. reality

- Only a few issuances of tokenized financial instruments by Swiss issuers until now
- Reasons?

II. Uncertificated Register Securities (1/2)

- Private law rules, provided for in the Code of Obligations (in the securities law section; art. 973d et seqq. CO)
 - Pre-requisites for the creation of uncertificated register securities:
 - Register Agreement
 - Register that meets the requirements provided for in art. 973d para. 2 CO (see below)
 - Register Agreement:
 - Main content:
 - Clause that the right to be tokenized shall be entered into and can only be claimed and transferred through a register
 - Description of the applicable requirements to transfer such right
 - Form: "Text form" (no wet signatures required; can be contained in general terms and conditions, e.g. the issuing conditions; etc.)
- > *No particular issues*

II. Uncertificated Register Securities (2/2)

- Requirements concerning the register (art. 973d para. 2 CO)
 - The creditor, but not the debtor, has the power to dispose of the right secured through technical means
 - Security standards providing protection against unauthorized changes by way of appropriate technical and organizational means
 - The features of the tokenized rights, the Registration Agreement, and the operating principles of the register must be made available through the Register
 - The creditors must be in a position to view the register entries and further information concerning them and to verify the integrity of the register, without the cooperation of the debtor
- > *Private initiatives to assure compliance (e.g. CMTA); Ethereum is e.g. considered sufficiently secure*

III. Use cases: Tokenization of Equity (1/2)

– Regulatory issues

- Collective investment scheme

- Definition: Assets raised from investors for collective investment purposes, managed for the account of such investors (cf. legal definition in art. 7 para. 1 Collective Investment Scheme Act)
- Main exceptions:
 - Operating companies
 - Holding companies
 - Stock corporation for qualified investors

> *No issue for operating companies*

III. Use case: Tokenization of Equity (2/2)

– Regulatory issues (continued)

- Marketing of tokens

- Prospectus – and respective exceptions (cf. art. 36 para. 1 Financial Services Act)

1 A prospectus does not need to be published if the public offer:

a. is addressed solely at investors classified as professional clients;

b. is addressed at fewer than 500 investors;

c. is addressed at investors acquiring securities to the value of at least CHF 100,000;

d. has a minimum denomination per unit of CHF 100,000;

e. does not exceed a total value of CHF 8 million over a 12-month period.

- Marketing abroad

> Considerable exceptions available (in particular if less than CHF 8 Mio shall be raised)

IV. Use case: Tokenization of Debt (1/2)

– Regulatory issues

- Marketing of Tokens

- Cf. above
- If public offer, but prospectus exception: "Mini prospectus" in order to not qualify as bank (art. 6 para. 3 letter b Banking Ordinance):

Bonds and other unified and mass-issued debt securities or non-certificated rights with the same function (uncertificated securities) if, at the time of the offer, the creditors receive information in one of the forms referred to in Article 64(3) of the Financial Services Act on:

- 1. the name, registered office and purpose of the issuer set out in a brief description,*
- 2. the interest rate, the issue price, the subscription period, the payment date, the term and the repayment terms,*
- 3. the latest annual financial statements and consolidated financial statements with the auditor's report and, if the balance sheet date is older than six months, the interim financial statements, if available, of the issuer and the collateral provider,*
- 4. the collateral provided,*
- 5. the representation of the bondholders, if contained in the terms of investment.*

> To be taken into account

IV. Use case: Tokenization of Debt (2/2)

– Private law requirements

- In case of public offering art. 1157 et seqq. CO apply
 - In particular: Appointment of bond representative
- > *May largely be accommodated by appointment of service providers*

V. Secondary Markets

- DLT Trading Facilities: New license category allowing for trading, in particular, uncertificated register securities on the secondary market, including direct access for retail clients
 - > *No license issued yet*
- Up and running systems have "limitations"
 - Limited investor population, i.e. only restricted customer base (e.g. Daura; Taurus)
 - Strict listing requirements (SDX)

VI. Conclusion

- Friendly legal environment
- No particular regulatory pitfalls for operating companies
- However: Currently no "limitless" secondary markets





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Thank you!



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