PANORAMIC

CRYPTOASSETS & BLOCKCHAIN

Switzerland

LEXOLOGY

Cryptoassets & Blockchain

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Generated on: December 19, 2024

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GENERAL LEGAL AND REGULATORY FRAMEWORK

Legal framework

What legal framework governs cryptoassets? Is there specific legislation governing cryptoassets and businesses transacting with cryptoassets?

At present, no crypto-specific regulation exists in Switzerland. Existing laws are applied following a technology-neutral approach. The Swiss Financial Market Supervisory Authority (FINMA) has issued practical guidance to categorise cryptoassets based on the underlying economic function and applies existing financial market regulations to the cryptoasset itself, its issuance and transfer.

From a regulatory point of view, FINMA differentiates between three distinct types of cryptoassets and refers to these as:

- asset tokens (representing a claim or legal position such as debt, or equity against an issuer and qualifying as financial instrument or security),
- payment tokens (usually referred to as cryptocurrencies such as bitcoin or ether and not entailing any claim against the issuer); and
- utility tokens (which confer digital access rights to an application or service and do not function as an investment in economic terms),
- as well as hybrids thereof.

Depending on the nature of a cryptoasset, different financial market laws must be observed for the issuance, offer, custody, management and transfer of cryptoassets. Accordingly, depending on the activity and qualification of the cryptoasset in question, different licensing duties may apply, such as, for instance, the banking licence in case of entering liabilities towards the public (collecting public deposits), the securities firm licence in case of trading in securities in its own name for the account of clients, or the asset or fund management licence in case of managing clients or fund's assets, respectively. Further, a code of conduct and registration duties for provision of financial services or the AML regulations for financial intermediary activities may become relevant.

In particular, non-fungible tokens (NFTs), protocol tokens or stablecoins must also be assessed under the above-mentioned regulations, even if in some cases the typical three token categories of FINMA do not really fit such token types.

NFTs are cryptoassets that are unique and not fungible with other cryptoassets, including digital art and collectables. While unique and non-fungible cryptoassets might be traded on the marketplace and be accumulated speculatively, they are not readily interchangeable and the relative value of one such cryptoasset in relation to another, each being unique, cannot be ascertained by means of comparison to an existing market or equivalent asset.

However, NFTs must be assessed for potential circumventions in particular of being a security token; the fractional parts of a unique and non-fungible cryptoasset should not be considered unique and non-fungible. The issuance of cryptoassets as non-fungible tokens in a large series or collection should be considered an indicator of their fungibility. The mere attribution of a unique identifier to a cryptoasset is not, in and of itself, sufficient to classify it as unique and non-fungible. The assets or rights represented should also be unique and non-fungible in order for the cryptoasset to be considered unique and non-fungible.

From a civil law standpoint, two types of tokens can be distinguished:

- tokens that primarily represent a value within the blockchain context (eg, cryptocurrencies such as bitcoins). According to the prevailing view, these 'payment tokens' represent purely factual, intangible assets; and
- tokens that represent a legal position (ie, claim and membership), fulfilling a similar function as securities do (also referred to as 'I-owe-you tokens').

By passing the DLT Bill in 2020, Switzerland integrated cryptoassets and digital ledger technologies (DLT) into Swiss law, making the Swiss crypto regulatory framework one of the most advanced worldwide. This eliminated doubts on how essential transactional and structural aspects of the law apply to cryptoassets, enhancing legal certainty. Accordingly, (1) ledger-based securities are considered as a new form of uncertificated securities in addition to uncertificated rights, certificated securities (or paper-based securities) and book-entry securities (or intermediated securities) if they are created and transferred on a register, such as DLT (no further transfer requirements); (2) crypto-based assets can be mainly segregated in the event of insolvency of the custodian; and (3) in the Financial Markets Infrastructure Act, a new authorisation category for 'DLT trading facilities' was introduced, functioning similarly to the existing multilateral trading facilities but allowing for direct access of retail participants and comprising services such as clearing, settlement and custody.

The State Secretariat for International Finance has announced a regulatory project in March 2024, according to which the financial market legislation will be amended to optimise the regulatory framework with regard to innovative business models of financial institutions. The bill is expected to cover payment service providers using stablecoins as well as other cryptoasset service providers. The bill is expected to be submitted for consultation in 2025.

Law stated - 7 November 2024

Government policy

How would you describe the government's general approach to the regulation of cryptoassets in your jurisdiction?

The government's general approach is to create the best possible framework conditions so that Switzerland can establish itself and evolve as a leading, innovative and sustainable location for fintech and DLT companies. Moreover, its goal is to consistently combat abuse, particularly in the fields of money laundering and terrorist financing, and to ensure the integrity and good reputation of Switzerland as a financial centre and business location.

Thus, Switzerland, with its principle-based laws and regulations and being technology neutral, is very flexible towards new technologies and business models and has established as a prominent player in cryptoassets. Further, the federal and cantonal legislative and governmental bodies are willing to accommodate these innovative approaches.

Canton Zug, also known as the 'cryptovalley', has attracted numerous international players in the fintech sector due to its business-friendly environment and competitive tax system.

Law stated - 7 November 2024

Regulatory authorities

Which government authorities regulate cryptoassets and businesses transacting with cryptoassets?

FINMA is competent for issuing licences and for market supervision, including market players that become potentially regulated when dealing with cryptoassets. FINMA is also responsible for enforcing the financial market regulations and investigating related infringements. The basis of the regulation is set up in federal laws issued by the parliament, which are developed or specified by ordinances issued by the Federal Council and, in certain cases, further specified by FINMA ordinances. Regulatory practice of FINMA is reflected in circulars, guidelines and guidances. In the field of cryptoassets, the FINMA ICO Guidelines and the FINMA stablecoin Guidance are of particular importance.

For anti-money laundering-only supervision, financial intermediaries must affiliate and be supervised by a private self-regulatory organisation that is recognised and supervised by FINMA. Further, portfolio managers are authorised by FINMA but supervised by a private supervisory organisation that is authorised by FINMA.

Law stated - 7 November 2024

Regulatory penalties

What penalties can regulators impose for violations relating to cryptoassets?

If the regulatory requirements are not observed, FINMA may impose sanctions (eg, initiate enforcement proceedings) stated in the Federal Act on the Swiss Financial Market Supervisory Authority. Possible measures include:

- an obligation to restore compliance with the law;
- the issuing of a declaratory ruling;
- prohibition from practising a profession;
- the publication of the supervisory ruling;
- the confiscation of an unlawful profit;
- the appointment of investigating agents;
- the taking of precautionary measures;
- licence revocation or approval; and
- the liquidation of a company.

Acting without a licence is a criminal act prosecuted by the criminal prosecution authorities and subject to fines and criminal sanctions.

Not publishing or publishing an incomplete, misleading or false prospectus for a public security token offering is not prosecuted by FINMA but is subject to criminal law (fines) and triggers civil liability of the offeror towards the investors.

Law stated - 7 November 2024

Court jurisdiction

Which courts have jurisdiction over disputes involving cryptoassets?

There is no specialised court with jurisdiction over cryptoassets. Depending on the infringed law, the existing civil, criminal or administrative courts may have jurisdiction on a federal or cantonal level.

In purely civil matters, parties may also agree on arbitration, subject to any mandatory jurisdiction requirements.

Law stated - 7 November 2024

Legal status of cryptocurrency

Is it legal to own or possess cryptocurrency, use cryptocurrency in commercial transactions and exchange cryptocurrency for local fiat currency in your jurisdiction?

Cryptocurrencies do not qualify as legal tender in Switzerland. However, there are no restrictions regarding legal ownership, transactions and exchange of cryptocurrency. In some cases, anti-money laundering provisions or licence requirements may apply.

Law stated - 7 November 2024

Fiat currencies

What fiat currencies are commonly used in your jurisdiction?

In Switzerland, the official fiat currency (legal tender) is the Swiss franc (CHF), which is issued by the Swiss National Bank.

Law stated - 7 November 2024

Industry associations

What are the leading industry associations addressing legal and policy issues relating to cryptoassets?

The Swiss Blockchain Federation, Crypto Valley Association and the Capital Markets and Technology Association lead in this field. Further associations are the Swiss Fintech Association, the Swiss Finance and Technology Association and Swiss Fintech Innovations.

Law stated - 7 November 2024

CRYPTOASSETS FOR INVESTMENT AND FINANCING

Regulatory threshold

What attributes do the regulators consider in determining whether a cryptoasset is subject to regulation under the laws in your jurisdiction?

The applicable regulation depends, on the one hand, on the qualification of cryptoassets and, on the other hand, on the relevant activity:

- payment tokens: synonymous with cryptocurrencies, these are tokens intended to be used, now or in the future, as a means of payment for acquiring goods or services or as a means of money, value storage or transfer. Cryptocurrencies give rise to no claims on their issuer. Payment tokens do not qualify neither as securities nor as financial instruments. However, collecting or transferring these cryptocurrencies or even the support in transferring cryptocurrencies in a permanent business relationship will usually be subject to the Anti-Money Laundering Act (the AMLA);
- utility tokens: intended to provide access (digitally) to applications or services through a blockchain-based infrastructure. If a utility token functions solely or partially as an investment in economic terms, the Swiss Financial Market Supervisory Authority (FINMA) will treat them as securities (ie, in the same way as asset tokens); and
- asset tokens: represent assets such as a debt or equity claim against or in the issuer. These tokens qualify as equities, bonds, derivatives or structured products. Generally, tokens that enable physical assets to be traded on the blockchain also fall into this category. FINMA regards asset tokens mainly as securities, meaning that there are securities law requirements in connection with their offering (the Financial Services Act, their trading under certain circumstances (the Financial Market Infrastructure Act) and their management on behalf of third parties (Financial Institutions Act), as well as specific civil law requirements for their valid issuance and transfer under the Swiss Code of Obligations.

The individual token classifications are not mutually exclusive (eg, both asset and utility tokens can be classified as payment tokens (hybrid tokens)).

In particular, the Banking Act (BA) introduced the term cryptoasset (which is, in this case, mainly equivalent with the term of payment token defined above) and defines in which cases a fintech licence or even a banking licence is required for custody of such assets. Accordingly, 'cryptoassets' as defined by the BA which custody requires a licence are crypto-based assets that are collectively pooled and are no longer individually assignable to an individual client. These cryptoassets intend to serve as a means of payment for the purchase of goods or services or the transfer of money or value.

Custody of this type of cryptoassets does not require a banking licence if they are booked as credit balances on the customer accounts of securities or precious metal dealers, asset managers, a DLT trading facility or similar companies and serve solely to process customer transactions, if:

- no interest is paid for it; and
- in the case of accounts other than those of securities dealers, settlement shall take place within 60 days.

Law stated - 7 November 2024

Investor classification

How are investors in cryptoassets classified and treated differently?

According to the Financial Services Act (the FinSA), there are three main types of investors connected with financial services:

- institutional clients, such as banks, securities houses or asset managers;
- professional clients, such as companies with professional treasury operations or large undertakings; and
- retail clients, who essentially fall outside the previous two categories.

High net worth individuals may declare to be treated as professional clients for investment purposes.

The Collective Investment Schemes Act differentiates between qualified and non-qualified investors, whereby the definition of qualified investors references back to the professional client according to the FinSA but adds clients with a permanent investment management or investment advisory relationship with a prudentially supervised and licensed financial institution.

Law stated - 7 November 2024

Initial coin offerings

What rules and restrictions govern the conduct of, and investment in, initial coin offerings (ICOs)?

There is no uniform law governing ICOs in Switzerland. Depending on the qualification of the cryptoasset, different provisions may apply. There is no FINMA authorisation requirement for conducting an ICO, unless a cryptoasset is deemed as being derivative or if there is a repayment obligation of the issuer. In these cases, authorisation as a securities firm or a banking licence may be necessary, with exceptions.

An ICO of a payment token triggers, in principle, obligations under the AMLA. Issuers of payment means are, however, not subject to the AMLA if the issuer is a party to the purchase agreements for which the payment means are conceived. The same concept applies to the operators of payment systems. However, tokens issued with the intention to be used as payment means may also qualify as asset tokens as long as they are not issued in a decentralised manner (without any claim or right attached to the issuer), and may trigger regulations applicable to the issuance of financial instruments or securities.

An ICO of a utility token is not subject to the AMLA if the functionality of the token pertains to access to the blockchain for mainly non-financial purposes.

An ICO of an asset token may, according to the FinSA, lead to the obligatory publication of a prospectus or information sheet. Further, a person acquiring the asset tokens from the issuer and publicly offering them in the primary market (underwriting) will require a licence as a securities firm.

Issuing NFTs is generally not subject to financial market regulations provided that it does not circumvent regulations.

Generally, in Switzerland, four stages in an ICO can be distinguished:

- the pre-financing stage: investors are only offered the prospect that they will receive tokens at some point in the future and the tokens or the underlying blockchain remain to be developed. There are no transferable tokens on a blockchain at this stage;
- the pre-sale (voucher) stage: investors receive tokens entitling them to acquire or receive different tokens at a later stage (conversion or exchange is required). These tokens may qualify as derivatives (options);
- the pre-operational stage: the tokens' main functionality is ready, but it cannot be used yet at the point of issuance because the application, platform or underlying blockchain remains to be developed or requires completion. No token conversion is necessary once the development of the platform or underlying blockchain is completed. Different actions may trigger regulations, especially at the time of the offer of asset tokens; and
- the operational stage: the tokens' main functionalities are ready and can be used in the intended way on a functional blockchain, application or platform at the point of issuance.

Law stated - 7 November 2024

Security token offerings

What rules and restrictions govern the conduct of, and investment in, security token offerings (STOs)?

Offering cryptoassets qualifying as securities only leads to an authorisation requirement if the cryptoassets in question qualify as derivatives, collective investment scheme units or if an intermediary places the securities on behalf of the issuer in the primary market (securities firm licence). Further, there are strict regulatory requirements for issuing and offering structured products to retail clients.

Regarding a public offering, issuers of securities must, according to the FinSA, publish a prospectus to be reviewed and approved by a reviewing body authorised by FINMA. Exceptions to this rule are specified in the FinSA and include:

- offerings to professional investors;
- offerings to fewer than 500 investors;
- offerings to investors who invest more than 100,000 Swiss francs;
- offerings of securities with a minimum denomination of 100,000 Swiss francs; and
- offerings that are limited to a total amount of 8 million Swiss francs.

The publication of the prospectus also eliminates the banking licensing requirement that otherwise would apply to the issuance of debt qualifying as public deposits.

Further, if complex securities such as derivatives or structured products are offered to retail investors, the issuer is generally required to draft a key information document (KID).

Law stated - 7 November 2024

Stablecoins

What rules and restrictions govern the issue of, and investment in, stablecoins?

For stablecoins, FINMA follows the rules based on the stablecoin supplement to the ICO Guidelines, which takes the same approach as blockchain-based tokens by mainly focusing on the economic function and the purpose of a token (substance over form). Depending on the case, FINMA will follow the 'same risks, same rules' principle and the relevant features of each case.

Since stablecoins can be variable in substance, the requirements under supervisory law may differ depending on which assets (eg, currencies, commodities, securities and real estate) the stablecoin is backed by or pegged to and the legal rights of its holders. FINMA has published an overview table in the ICO Guidlines supplement with the regulatory qualification depending on the underlying assets or features of the stablecoin. Regulations of banking, fund management, financial infrastructure, anti-money laundering and securities trading can all become relevant.

In July 2024, FINMA published Guidance 06/2024 on stablecoins, suggesting a change of regulatory practice that would require the application of anti-money laundering provisions to secondary market transactions by the issuer.

Further, a review of the existing regulatory framework has been announced by the State Secretariat for International Finance in March 2024, according to which the fintech licence regulatory framework will be amended regarding payment service providers using stablecoins as well as other cryptoassets.

Law stated - 7 November 2024

Airdrops

Are cryptoassets distributed by airdrop treated differently than other types of offering mechanisms?

Generally, no, but in certain cases, anti-money laundering provisions may apply. If the airdrop distributes cryptoassets for free without any consideration including (personal) data, there is no offer and generally no prospectus or code of conduct requirements apply. Also, if no funds or deposits are collected from the public, in principle, no banking licensing requirement applies.

Law stated - 7 November 2024

Advertising and marketing

What laws and regulations govern the advertising and marketing of cryptoassets used for investment and financing?

Cryptoassets used for investment or financing usually qualify as financial instruments and, if issued for mass standardised trading, as securities, triggering the FinSA prospectus and KID requirements with the issuer and FinSA code of conduct at the point of sale with the financial services provider (advisor, asset manager or potentially the distributor as well). In addition, individuals providing a financial service must be registered with a client advisor register, with certain exceptions. Financial service providers must affiliate with an ombudsman if providing financial services to retail clients.

In addition, advertising for financial instruments according to the FinSA must be clearly recognisable as such and refer to the prospectus and the basic information sheet, if applicable. Advertising for accepting cryptocurrencies as public deposits according to the Banking Act to Swiss residents requires a banking licence, except if conducted on a full cross-border basis from abroad.

In all other cases, there are no strict provisions regarding advertising. However, laws regarding unfair competition and criminal statutes concerning fraud must be observed.

Law stated - 7 November 2024

Trading restrictions

Are investors in an ICO/STO/stablecoin subject to any restrictions on their trading after the initial offering?

Generally, no, except, for example, potential transfer restrictions or disclosure requirements based on securities laws or derivatives trading obligations. Further, Swiss or other sanctions regulations may prohibit transfers in crypto assets. Further, trading facilities may be subject to the licensing as financial market infrastructure.

Law stated - 7 November 2024

Crowdfunding

How are crowdfunding and cryptoasset offerings treated differently under the law?

Four crowdfunding categories must be differentiated regardless of involving fiat or crypto:

- crowd donating, which is not relevant from a regulatory perspective as no claims or rights are created;
- supporting;
- lending (debt); and
- investing equity.

Generally, only the debt-based crowdlending and the equity-based crowd-investing platforms are currently subject to the AMLA.

Crowdlending may lead to the requirement of a banking licence according to the BA if funds are pooled within an entity (with certain exceptions) or if one entity receives as borrower deposits from the public. However, depending on the amount of funds raised, certain

exemptions and reliefs may apply. In particular, the fintech licence is available for projects not collecting more than 100 million Swiss francs from the public or pooling unlimited crypto-based assets and neither investing those funds nor paying interest. This licence provides for many reliefs regarding capital and organisational requirements, compared with the fully fledged banking licence. Depending on the structure, crowd investing may trigger collective investment-scheme regulations.

Law stated - 7 November 2024

Transfer agents and share registrars

What laws and regulations govern cryptoasset transfer agents and share registrars?

No specific laws govern these services. Generally, the Anti-Money Laundering Act must be observed for transferring on a professional basis any kind of cryptoasset qualifying as a financial instrument or means of payment and even for supporting the transfer of cryptocurrencies in a permanent business relationship. In particular, changing cryptocurrency into another cryptocurrency or fiat currency is considered to be money exchange or remittance; therefore, it is subject to the AMLA. Also, the provision of cryptoasset transfer services will trigger anti-money laundering obligations if the service provider conveys over or safekeeps the private key of its clients.

Law stated - 7 November 2024

Anti-money laundering and know-your-customer compliance

What anti-money laundering (AML) and know-your-customer (KYC) requirements and guidelines apply to the offering of cryptoassets?

The AMLA, and the corresponding ordinance, stipulate the obligations that must be performed by financial intermediaries subject to those laws.

Generally, only an ICO regarding payment token or a hybrid token with payment functions is subject to the AMLA for the issuer. AML and KYC requirements are also often triggered if a financial intermediary is involved in a transaction with payment tokens.

Natural or legal persons offering services regarding cryptoassets within the scope of the AMLA must join a self-regulatory organisation (SRO) recognised by FINMA. SROs impose, based on Federal law, their own more specific rules and supervision regarding AML compliance on their members.

Within the scope of the AMLA, the following typical duties apply:

- client identification;
- the verification of beneficial ownership;
- politically exposed persons and sanctions checks;
- the sourcing of funds and wealth;
-

enhanced due diligence in the case of high risks or red flags within the client relationship;

- documentation duties;
- notification duties; and
- the freezing of assets in case of suspicion of money laundering or terrorist financing.

Further, the Travel Rule applies to transactions in cryptocurrencies similarly to wire transfers in fiat currencies.

The extent of the aforementioned obligation may vary depending on the services or activities and the number of Swiss francs collected or transferred.

Law stated - 7 November 2024

Sanctions and Financial Action Task Force compliance

What laws and regulations apply in the context of cryptoassets to enforce government sanctions, anti-terrorism financing principles, and Financial Action Task Force (FATF) standards?

Sanctions are implemented in Switzerland by the Embargo Act (the EmbA) and the corresponding ordinances of the Federal Council regarding specific sanctions towards certain countries, individuals, entities or organisations, which are continuously updated. International UN sanctions are directly applicable in Switzerland and must be regularly observed, particularly when providing financial services. Further, Switzerland usually implements EU sanctions and sanctions of Switzerland's most significant trading partners. However, the Swiss government is not allowed to impose its own sanctions or stricter sanctions than the EU.

In Switzerland, sanctions regulations are separate from AML regulations. The main competent authority for sanctions regulations implementation and supervision is the Swiss State Secretariat for Economic Affairs (SECO), while supervision of AML regulations is with the regulator FINMA in case of FINMA-licensed institutions and with the self regulatory organisations (SROs, supervised by FINMA) in the case of non-licensed financial intermediaries.

The UN and the FATF anti-terrorism financing principles are implemented by the EmbA sanction's legislation and the AMLA, particularly the enhanced due diligence and notification duties.

In particular, the Travel Rule is implemented as part of the AML framework. The FATF VASP-requirements are implemented by the AMLA and VASPs are required to obtain originator and beneficiary information in case of transfers from an to external wallets.

Law stated - 7 November 2024

CRYPTOASSET TRADING

Fiat currency transactions

What rules and restrictions govern the exchange of fiat currency and cryptoassets?

The professional purchase and sale of cryptoassets against fiat currencies (eg, Swiss francs) but also between different cryptoassets, constitute a currency exchange (a two-party transaction) or money remittance (a three-party transaction) activity subject to the Anti-Money Laundering Act (the AMLA) unless they qualify as securities or pure utility tokens.

In the case of spot money exchange transactions operated by regulated institutions that apply the AMLA with parties with which there is no permanent business relationship, for example, the contracting party must be identified if there is a minimum of 5,000 Swiss francs or 1,000 Swiss francs respectively in transactions with virtual currencies and its beneficial owner must be identified if there is a minimum of 15,000 Swiss francs. The changer must take appropriate measures to ensure that the wallet is that of the customer (a two-party transaction) and not that of a third party; otherwise, it would be a money remittance activity and the identification obligation would apply to zero Swiss francs for outbound transactions and 1,000 Swiss francs for inbound transactions. An intensified duty to monitor transactions with virtual assets exists, whereby the changer must implement suitable technical precautions to prevent any transactions from exceeding the threshold of 1,000 Swiss francs within a period of 30 days.

In cases of money exchange transactions with virtual currencies that entail a permanent business relationship, the AMLA duties apply in full.

Concerning transactions of payment tokens, financial intermediaries must apply the Travel Rule on every transaction, including transactions to wallets held with unregulated wallet providers (ie, stating the name, address and wallet address of the sending party and the name and wallet address of the receiving party).

Trading on a commercial basis in crypotassets, which are securities, either on behalf of clients or on one's own account, generally requires a securities firm licence. The licensing requirements also apply to the entity's public issuing of derivatives or the placing of securities for issuers. The bilateral systematic internalisation of cryptoassets and related derivatives or financial instruments is subject to additional regulatory requirements under the Financial Market Infrastructure Act.

Accepting client deposits in cryptocurrencies (for instance, as wallet service provider or as custodian) generally requires a banking licence, except in case of segregation at insolvency (mainly in case of individual custody or in case of collective custody if it is clearly viewable which part of the assets belongs to which customer).

Professional foreign exchange dealers may not accept public deposits unless they have a banking licence. The same applies to cryptoasset dealers, who convey over or safekeep the private keys of their clients. However, depending on the number of funds collected, a fintech licence may be obtained.

Law stated - 7 November 2024

Exchanges and secondary markets

Where are investors allowed to trade cryptoassets? How are exchanges, alternative trading systems and secondary markets for cryptoassets regulated?

Bilateral trading (broker or dealer activities)

Licence requirements and duties of conduct

Professional trading in securities (ie, asset tokens) typically requires an authorisation according to the Financial Institutions Act as a securities firm granted by the Swiss Financial Market Supervisory Authority (FINMA). A securities firm professionally sells or buys securities:

- on its own account on the secondary market with the intent of reselling them within a short time (eg, own-account dealers and market makers);
- on behalf of third parties (eg, client dealers);
- by publicly offering securities to the public on the primary market (eg, issuing houses); or
- by professionally creating derivatives and offering them publicly on the primary market (eg, derivatives houses).

Undertakings that acquire or dispose of asset tokens in secondary trading on behalf of clients qualify also as financial service providers according to the Financial Services Act (the FinSA) and are subject to the duties of conduct at the point of sale.

Derivatives trading obligations

Trading in cryptoassets that are derivatives may be subject to multiple derivatives trading obligations under the Financial Market Infrastructure Act (the FMIA) depending on the status of the counterparties involved, such as reporting, clearing and risk mitigation (eg, trade confirmation, portfolio reconciliation, portfolio compression, dispute resolution and valuation, including initial and variation margins).

Trading platforms – order matching

Centralised or decentralised trading platforms on which cryptoassets qualified as securities are traded usually require an authorisation as a financial market infrastructure (FMI) of the category of a stock exchange or multilateral trading facility. Only regulated participants may trade on such an FMI (ie, no retail clients).

An authorised bank or securities firm may run an organised trading facility on which financial instruments other than securities may be traded. Organised trading facilities are also directly accessible to retail clients. Trading platforms for payment tokens are not subject to an FMI licence, which is only applicable in the case of trading of securities (ie, asset tokens).

Trading platforms – clearing and settlement

Providing clearing and settlement services involving the power to dispose of private keys usually triggers (1) banking regulations in connection with payment tokens and fiat currencies or (2) securities firm regulations in connection with asset tokens. Further, an entity that clears and settles payment obligations based on uniform rules and procedures could even require an FMI licence.

If an organised trading facility provides transaction settlement in connection with payment tokens or fiat currencies, it must keep client assets on settlement accounts for no longer than 60 calendar days to avoid the banking licensing requirement and limit regulatory requirements to anti-money laundering duties. Insofar as such platforms also offer their customers the management of accounts (eg, for the settlement of margins) and thereby keep the cryptoassets in pooled accounts on the blockchain, a subordination under the Banking Act must also be examined. The fintech licence can be an attractive option for these ventures.

DLT trading facility licence

Since many distributed ledger technology (DLT) based infrastructures have an integrated approach to exchange and post-trade services, Switzerland has introduced, as of 1 August 2021, a new category of FMI tailored to the specifics of a DLT-based multilateral exchange of ledger-based securities with direct access by retail clients that allows for operating matching, execution, clearing, settlement and custody within the same legal entity. Additionally, cryptocurrencies are allowed to be traded on a DLT trading facility.

Law stated - 7 November 2024

Custody

How are cryptoasset custodians regulated?

Custody services in connection with utility tokens only are not regulated.

Normal custody of payment and asset tokens

Simple custody of asset tokens with the power to dispose of private keys is only subject to the AMLA. In contrast, the custody of a payment token can also be subject to a banking or fintech licence if the custody wallet provider maintains the private keys and does not fully segregate the tokens per individual client on a technical level or on a book-record level and is not contractually obligated to keep the payment tokens ready at all times for the client.

The custody of assets, whether cryptoassets or assets from the analogue world, does not in itself constitute a financial service within the meaning of article 3(c) of the FinSA. This activity lacks, as a minimum, the requirement of the activity carried out for customers concerning the acquisition or sale of financial instruments or the acceptance and transmission of orders relating to financial instruments (execution-only) or asset management activity. In particular, if the sole purpose of the transfer of the assets is safe custody and there is no power of attorney to transfer them, there is no financial service.

Accordingly, a custody service provider is not covered by the FinSA as long as its service is limited to custody per se. However, if a sale of cryptoassets considered to be financial

instruments is only possible via an account with the provider of custody services, for example, because the private key is located therein, a financial service (acceptance and transmission of orders) under the FinSA is likely to exist.

Central securities depository of asset tokens

A central securities depository is a category of FMI subject to a FINMA licence. It is the operator of a central custodian (ie, an entity for the central custody of securities and other financial instruments based on uniform rules and procedures) or a securities settlement system (ie, an entity for the clearing and settlement of transactions in securities and other financial instruments based on uniform rules and procedures). According to our view, the pure issuance of asset tokens (securities) or payment tokens does not qualify as a securities settlement system or a payment system, provided that the respective blockchain or DLT is actually operated in a decentralised manner.

Since a fully-fledged security cryptoasset exchange usually intends to offer post-trading services requiring a licence as a central securities depository, attention is needed that one legal entity is not allowed to hold two different FMI licences. Thus, two legal entities would be required for these projects.

All custody providers with any means to convey over the cryptoassets of their clients, are subject to the AML provisions. This does not only include the power to dispose of the private keys but also any means to influence or control the smart contract enacting transfers provided that there is a permanent business relationship with the client (such as registration, account, login and contractual agreement).

Law stated - 7 November 2024

Broker-dealers

How are cryptoasset broker-dealers regulated?

Licence requirements and duties of conduct

Professional trading in securities (ie, asset tokens) typically requires an authorisation as a securities firm under the Financial Institutions Act from FINMA. A securities firm professionally sells or buys securities:

- on its own account on the secondary market with the intent of reselling them within a short time (eg, own-account dealers and market makers);
- on behalf of third parties (eg, client dealers);
- by offering securities to the public on the primary market (eg, issuing houses); or
- by professionally creating derivatives and offering them publicly on the primary market (eg, derivatives houses).

Entities that acquire or dispose of asset tokens on behalf of clients in secondary trading qualify as financial services providers according to the FinSA, and are subject to duties of conduct at the point of sale.

Derivatives trading obligations

Trading in cryptoassets that are derivatives may be subject to multiple FINMA derivatives trading obligations depending on the status of the counterparties involved, such as reporting, clearing and risk mitigation (eg, trade confirmation, portfolio reconciliation, portfolio compression, dispute resolution and valuation and initial and variation margins).

Law stated - 7 November 2024

Decentralised exchanges

What is the legal status of decentralised cryptoasset exchanges?

The scope of regulation depends on the level of decentralisation of the different value-chain services involved.

Trading and order matching

Usually, order-matching mechanisms are organised centrally, which often triggers a licence as a stock exchange, multilateral trading facility or organised trading facility (all being financial market infrastructures). In the case of completely decentralised solutions, no FMI licence would be required.

Since 1 August 2021, a new category of FMI, the DLT trading facility for the trading of ledger-based securities that, according to FINMA, qualify as asset tokens (securities), has been introduced. It allows for multilateral trading with direct retail access.

Clearing and settlement

Often, decentralisation refers to decentralised clearing and settlement processes (ie, peer-to-peer transaction clearing or settlement without trading platform involvement). Therefore, if the trading platform neither operates a smart contract involved in the transaction nor has any power to dispose over the private keys during these transactions, generally, neither AML regulations nor banking or securities-house licence requirements are triggered.

However, if the smart contract is operated by the corresponding trading platform and provides technical control and influence options, these decentralised trading platforms are, under FINMA practice, generally at least subject to the AMLA, because they have control over third-party assets through the confirmation, release or blocking of orders. In particular, decentralised finance structures often come into the scope of the AMLA because it covers also support in transacting in cryptocurrencies within permanent business relationships.

Law stated - 7 November 2024

Peer-to-peer exchanges

What is the legal status of peer-to-peer (person-to-person) transfers of cryptoassets?

Peer-to-peer transactions generally do not fall under the scope of the AMLA if the wallet service provider has neither the power to dispose over the private keys nor any other influence on the transaction or the smart contract conducting the transaction. However, if a wallet service provider can assert control over the assets of the participants or influence these transactions or the smart contract conducting these transactions, the AMLA will apply. Even non-custody wallet providers can be in scope of the AMLA if they are considered supporting transactions in cryptocurrencies within permanent business relationships.

The FMIA derivatives trading obligations mainly apply to (counter) parties of transactions with asset tokens qualifying as derivatives, with certain exceptions.

Law stated - 7 November 2024

Trading with anonymous parties

Does the law permit trading cryptoassets with anonymous parties?

Generally, the law does not prohibit trading with anonymous parties. However, FINMA Guidance of February 2019, 'Payments on the blockchain', clarified that financial intermediaries doing orders with payment tokens must fully comply with the Travel Rule according to FINMA's Anti-Money Laundering Ordinance and there is – contrary to the Financial Action Task Force recommendations – no exception in Swiss AML regulations for payments involving unregulated wallet providers. Finally, sanctions regulations according to the Embargo Act must be considered.

Law stated - 7 November 2024

Foreign exchanges

Are foreign cryptocurrency exchanges subject to your jurisdiction's laws and regulations governing cryptoasset exchanges?

If a foreign stock exchange or multilateral trading facility enables trading of cryptoassets qualified as securities (asset tokens), it requires the FMIA recognition before it can grant access to Swiss-regulated participants.

Depending on the specific business model and structure, foreign trading platforms directly addressing unregulated Swiss clients must check whether:

- they provide a financial service and are therefore subject to the FINSA rules of conduct;
- they publicly offer financial instruments and are therefore subject to the FINSA prospectus and basic information sheet obligations; or
- the FMIA derivatives trading obligations apply in connection with derivatives transactions.

Law stated - 7 November 2024

Foreign exchanges

Under what circumstances may a citizen of your jurisdiction lawfully exchange cryptoassets on a foreign exchange?

There are no restrictions in Swiss law in this regard, except that:

- the Swiss client must check if the derivatives-trading obligations apply in connection with derivatives transactions;
- in official FINMA-practice in connection with decentralised exchanges for payment tokens, every user is considered to be a money exchange service provider under the AMLA if he or she acts on a professional basis; and
- every individual can be subject to conducting anti-money laundering or terrorist financing, which is a criminal offence.

Law stated - 7 November 2024

Taxes

Do any tax liabilities arise in the exchange of cryptoassets (for both other cryptoassets and fiat currencies)?

Generally, all types of cryptoassets and corresponding transactions are subject to federal, cantonal and communal taxes, such as income, wealth and profit tax, stamp duty and withholding tax or value added tax.

The Federal Tax Administration has introduced the following:

- on 27 August 2019, it published a working paper on cryptocurrencies and initial coin offerings and initial token offerings in connection with wealth, income and profit tax, withholding tax and stamp duty, in which they particularly state that they are guided by the token classification of the FINMA ICO Guidelines (lastly amended on 3 August 2022); and
- it amended its 'VAT Information 04' brochure on 1 January 2018 with a section on services in connection with blockchain and distributed ledger technology.

All federal, cantonal and communal tax authorities allow for the filing of tax rulings and have collected considerable experience over many years.

Law stated - 7 November 2024

CRYPTOASSETS USED FOR PAYMENTS

Government-recognised assets

Has the government recognised any cryptoassets as a lawful form of payment or issued its own cryptoassets?

The Swiss government has neither declared any cryptocurrency as legal tender nor issued its own cryptocurrency (yet). However, every person is free to accept cryptoassets as a lawful form of payment and it can also be agreed to pay in cryptoassets on a contractual basis.

The canton of Zug has been dubbed 'Crypto Valley', as in the Silicon Valley of cryptocurrencies, and accepts cryptocurrencies Bitcoin and Ether as means of payment since 2017 for defined fees and 2020 for tax payments. At the Commercial Register Office of the canton of Zug, fees can be paid using Bitcoin and Ether cryptocurrencies. The Swiss National Bank assessed in a project with SIX Group if SIX Group's digital exchange could use a digital currency issued by the Swiss National Bank for internal transaction settlement purposes (Project Helvetia).

Law stated - 7 November 2024

Bitcoin
Does Bitcoin have any special status among cryptoassets?

No, it is not recognised as legal tender and falls within the (normal) token category of payment tokens.

Law stated - 7 November 2024

Banks and other financial institutions
Do any banks or other financial institutions allow cryptocurrency accounts?

Generally, Swiss banks or other financial institutions are allowed to provide cryptocurrency accounts. On the one hand, many banks and other financial institutions still refuse to do so because they, in particular, assume the regulatory risks to be too high and because they often do not have the required know-how (yet). However, this is changing slowly. On the other hand, the Financial Market Supervisory Authority (FINMA) has, in particular, already granted two full-bank and securities firm licences to Swiss institutions mainly focused on crypto-based financial services, including providing cryptocurrency accounts. Several bank licence, securities dealer licence and fintech licence applications are still pending with the FINMA. There are also further crypto storage service providers in the market being structured in a way that does not require a banking and securities firm licence.

Law stated - 7 November 2024

CRYPTOCURRENCY MINING

Legal status
What is the legal status of cryptocurrency mining activities?

Mining (proof-of-work blockchains)

The mining of tokens in itself does not constitute a financial service within the meaning of article 3(c) of the Financial Services Act (FinSA). It does not fulfil the requirement of an activity performed for clients concerning the acquisition or the sale of financial instruments, or the acceptance and brokering of orders involving financial instruments, at least in cases where the mined tokens do not constitute financial instruments under the FinSA. If, for example, cryptoassets with the sole function of a cryptocurrency are mined, the miner is not a financial service provider under article 3(d) of the FinSA.

By contrast, if cryptoassets are mined that constitute financial instruments within the meaning of the FinSA, the classification of a miner as a financial service provider depends on how close and concrete the client relationship is in terms of a contractual relationship. The mandate must focus on the practical terms of the purchase or sale of financial instruments or the acceptance and brokering of orders that involve financial instruments.

The earnings from token mining (in tokens or transactions fees) are generally not subject to AML regulations provided that they are used for non-commercial purposes.

Staking (proof-of-stake blockchains)

If someone operates a staking node with its own assets, it neither constitutes a financial service nor is it subject to AML or banking regulations.

However, if someone acts as a staking service provider for 'staking clients', it is subject to AML regulations and depending on the type of wallet structure – fully segregated per client or pooled – also to the banking regulations with fintech or even banking licence requirements. Further, the payouts of staking rewards are not considered interest payments under Swiss banking regulations as they are paid by the protocol and not the staking service provider.

These general explanations relate exclusively to staking services relating to proof-of-stake-based blockchains and the provision of validations services. All other forms of staking, in particular the common or untechnical use of the term staking for blocking assets for receiving a yield without any further requirements, usually qualify as securities under Swiss law and are, therefore, subject to securities regulations.

Law stated - 7 November 2024

Government views

What views have been expressed by government officials regarding cryptocurrency mining?

The Federal Counsel has explicitly addressed mining in its Digital Ledger Technologies Report published on 14 December 2018 and in its Report on Virtual Currencies published on 25 June 2014 regarding AML provisions and the offering of financial services under the FinSA. Apart from that, no additional official comments have been made so far.

With regard to staking in proof-of-stake-based blockchains by providing validation services, the Swiss Financial Market Supervisory Authority (FINMA) published its Guidance 08/2023 'Staking' clarifying the regulatory requirements for providing custodial staking services in Switzerland. FINMA clarified that staking service providers operating in Switzerland do not necessarily need to obtain a banking licence provided that the staked assets of each client

are held on separate and assignable addresses (wallets at the levels of the original custody address, staking address and withdrawal address) and that the provider holds the withdrawal keys to return the staked assets itself. However, the Anti-Money Laundering Act is applicable and, therefore, a membership with a self-regulatory organisation is required.

For banks that offer staking services, FINMA outlined criteria for an off-balance sheet treatment of staked cryptoassets held for clients. In this regard, FINMA distinguishes two basic set-ups for custodial staking:

- direct staking where the customer bank performs the staking itself and has the power to dispose over the withdrawal keys to return the staked assets; and
- staking chains where the customer bank uses a staking service provider for staking services and passes on the cryptoassets to be staked so that the service provider has the power to dispose over the withdrawal keys.

According to FINMA, staking chains are only permissible with staking service providers that are subject to prudential supervision with a good credit standing and the staking service provider must hold the withdrawal keys itself, which limits the staking length. In direct staking models, the customer bank can record the staked assets that it holds for customers off-balance sheet under certain requirements that are relatively easy to meet. The requirements aim to ensure that the customer requested the staking, that the customer understands the risks associated with this activity and that the bank mitigates any operational risks. In staking chains the customer bank can record the relevant cryptoassets as off-balance sheet by structuring the transfer of assets to the staking service provider as a fiduciary claim in its own name but on the account of the customer in accordance with the directive of Swiss Banking on fiduciary investment.

Law stated - 7 November 2024

Cryptocurrency mining licences

Are any licences required to engage in cryptocurrency mining?

In Switzerland, cryptocurrency mining is generally not subject to authorisation under financial market legislation.

With regard to staking for third persons in proof-of-stake-based blockchains by providing validation services, AML regulations apply and depending on the wallet structure if not allowing segregation of cryptocurrencies for each individual customer, a fintech or banking licence may be required.

Law stated - 7 November 2024

Taxes

How is the acquisition of cryptocurrency by cryptocurrency mining taxed?

If the mining activity qualifies in the specific case of a commercial or gainful activity, earnings stemming from mining fall within the scope of income or profit tax, so the income or profit

generated by mining is taxable on a federal, cantonal and communal level. Further, holding cryptocurrency is subject to wealth tax.

Law stated - 7 November 2024

BLOCKCHAIN AND OTHER DISTRIBUTED LEDGER TECHNOLOGIES

Node licensing
Are any licences required to operate a blockchain/DLT node?

The operation of a node within a distributed, decentralised blockchain or distributed ledger is generally not subject to any authorisation requirements. However, in certain specific cases, an authorisation as a central security depository or as a DLT trading facility can be necessary if a central node is operated within a permissioned DLT-based platform. Further, if nodes are operated within centralised networks, a careful assessment of Swiss financial market regulation requirements is necessary.

Law stated - 7 November 2024

Restrictions on node operations
Is the operation of a blockchain/DLT node subject to any restrictions?

There are generally no specific restrictions for node operations within distributed, decentralised blockchains or distributed ledgers. Node operations within the new DLT trading facility are, however, regulated but the practice of the Swiss Financial Market Supervisory Authority is still unknown. Finally, Swiss sanctions regulations (in particular, the Embargo Act) apply also to Swiss-based operators of blockchain/DLT nodes.

Law stated - 7 November 2024

DAO liabilities
What legal liabilities do the participants in a decentralised autonomous organisation (DAO) have?

A DAO is an example of a smart contract that can autonomously dispose of the resources and funds of an organisation. The governance of the organisation is programmed into the smart contract, guaranteeing that the organisation behaves as described.

However, DAO is neither a fixed term in Swiss law nor has it a defined structure. Therefore, it must be analysed in detail based on specific characteristics on a case-by-case basis.

In many cases, especially when an asset is raised from several users to finance the DAO and its activities and if these users have voting rights, a DAO often qualifies as a collective investment scheme. In other cases, a DAO would at least be qualified as a simple partnership according to the CO, since it is a catch-all provision. Other forms of DAO can be an association that follows a specific non-profit purpose, even if they can engage in commercial activities to achieve their non-profit goals.

Law stated - 7 November 2024

DAO assets
Who owns the assets of a DAO?

Since DAO are neither explicitly defined in Swiss Law nor have a specific structure, an assessment on the ownership of assets has to be made on a case-to-case basis, taking the applicable laws, entity and activity into account.

Law stated - 7 November 2024

Open source
Is DLT based on open-source protocols or software treated differently under the law than private DLT?

Concerning financial market regulations, there is no distinction between those two scenarios. In practice, open-source protocols may generally lead to less regulated DLT structures (such as bitcoin), based on the reduced control and lack of rights towards the issuer, as well as the impossibility to supervise operations. However, in the case of AI, the risks are being assessed and the Federal Council is examining regulatory approaches that will expectedly also cover open-source AI.

Law stated - 7 November 2024

Smart contracts
Are smart contracts legally enforceable?

The application of classical private law to smart contracts raises questions due to the automated and unchangeable nature of contract fulfilment technology. First, the exchange of mutual expressions of the parties does not conventionally take place. Each party expresses a will, and the system serves as an intermediary. Thus, the computer system plays an important role in the contract formation process and the will formation of the parties but is not a contracting party. According to prevailing doctrine, neither party can conclude a contract with the computer system only, because this has no legal personality within the meaning of the Swiss Civil Code. However, a smart contract could also be seen as the execution of the predefined will of the parties. The applicable provisions on the performance of the contract to a smart contract that directly concerns this area also raises questions. Especially, it is questionable to which extent a party can in advance limit its freedom to define its will for the future execution of a contract.

Thus, in the event of defective performance of the contract, the liability issues may arise; for example, liability for programming errors or machine errors despite correct programming. The question also arises as to whether the application of articles 197 of the Code of Obligations (CO) (warranty for defects in the purchased item) and 367 of the CO (liability for defects in connection with carried out work) are possible in certain cases of technical program defects.

Finally, the inherent anonymity of the parties in blockchain technology constitutes a major obstacle to the implementation of the existing contractual provisions. If a contracting party wishes to assert its rights, it must know its counterparty. As of today, the doctrine recommends that parties enter into a smart contract with suitable mechanisms for possible changing circumstances and for settling disputes. There will certainly be further developments in the area of smart contracts, but these have only just begun.

If a smart contract is deployed within the new DLT trading facility, the enforceability of said contract has to be ensured by the platform according to the Financial Market Infrastructure Act provisions.

Law stated - 7 November 2024

Patents
Can blockchain/DLT technology be patented?

According to Swiss law, software (with a certain complexity) is automatically protected by Swiss copyright law, without the need for registration. Generally, most software will be protected by copyright law.

Patents protect technical inventions, namely, novel and non-obvious solutions of technical problems. By principle, however, computer programs or software as such may not be patented. However, if computer programs are used to implement technical solutions for technical problems, a 'computer-implemented invention' may be eligible for patent protection under certain circumstances.

The registration of a software patent is usually not possible and, in light of the aforementioned facts, often not necessary to gain adequate protection.

Law stated - 7 November 2024

UPDATE AND TRENDS

Recent developments
Are there any emerging trends, notable rulings or hot topics related to cryptoassets or blockchain in your jurisdiction?

Switzerland is often chosen as a stable and business-friendly jurisdiction with a political system that is fit to quickly adapt to technology innovations. Also, the long tradition in high-quality services and level of professionalism in all sectors attract investments, projects and talent around the globe.

Since the enactment of the digital ledger technologies (DLT) Bill on 1 February and 1 August 2021, Switzerland is still waiting for the Swiss Financial Market Supervisory Authority (FINMA) to grant the first licence for a DLT trading facility. It will be interesting to see if this will kick-off a bigger trend towards tokenisation and asset tokens (ie, securities). In the meantime and even if not as a proper DLT trading facility, the SIX Group created the SDX digital exchange allowing tokenised bonds and shares to be traded on a stock exchange and settled in a central securities depository.

As the Swiss people rejected in a public vote the partial abolition of the Swiss withholding tax on notes in September 2022, Switzerland will continue not to be a favourable product issuance place. However, there are interesting equity-based certificate structures still possible and the introduction of ledger-based rights will certainly boost this industry.

NFTs are still popular and are, in most cases, not subject to Swiss financial market regulations, which makes Switzerland an interesting issuing place.

In December 2023, FINMA published its new guidance on staking, clarifying the regulatory requirements for providing custodial staking services in Switzerland by operating validator nodes on proof-of-stake blockchains. The guidance comes after FINMA communicated in summer 2023 that staking-as-a-service for Ether and other cryptocurrencies could require a banking licence and that banks offering the service may be required to include the staked cryptoassets on their balance sheet, which would trigger hefty capital adequacy requirements. FINMA has now clarified that staking service providers operating in Switzerland do not necessarily need to obtain a banking licence provided that the staked assets of each client are held on separate and assignable addresses (wallets at the levels of the original custody address, staking address and withdrawal address) and that the provider holds the withdrawal keys to return the staked assets itself. However, the Anti-Money Laundering Act (the AMLA) is applicable and, therefore, a membership with a self-regulatory organisation is required.

Swiss crypto companies that offer their products or services to EU countries will need to assess whether their business activities are subject to the European Union regulation on markets in crypto assets (MiCA) or – with regards to cryptoassets that constitute financial instruments, such as securities – the EU Directive on markets in financial instruments. Since MiCA aims at covering the range of cryptoassets in the broadest way possible, it is likely that MiCA will have an impact despite being out of scope of Swiss financial market regulation. This is especially the case for pure utility tokens. Furthermore, Swiss cryptoasset service providers that wish to provide their services in the EU must be registered and authorised in the EU. The reverse solicitation exemption is applicable to Swiss and other third-country cryptoasset service providers that provide their services at the own exclusive initiative of a client in the EU. The definition and scope of the reverse solicitation is however restrictive.

Recently, in December 2023, Switzerland and the United Kingdom signed the Berne Financial Services Agreement on mutual recognition in the area of financial services, enhancing competitiveness and cooperation between the two financial centres.

In March 2024, the State Secretariat for International Finance announced a review of the regulatory framework with regard to innovative business models of financial institutions. The bill is expected to cover payment service providers using stablecoins as well as other cryptoasset service providers. The fintech licence will be reconsidered due to potential risks of insolvency of licence holders as a result of the lower capital requirements and the simplified audit. The bill is expected to be submitted for consultation in 2025.

In July 2024, FINMA issued the Stablecoin Guidance, which clarifies the regulatory practice in connection with the application of the AMLA to stablecoin secondary market trades. This practice may still need further clarification due to certain inconsistencies with prevailing legal provisions.

Finally, linking decentralised autonomous organisations (DAOs) to Swiss associations has become very popular as Swiss associations have no interests or shares that are controllable and associations are very flexible legal instruments.

Law stated - 7 November 2024