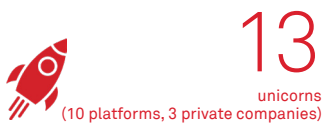
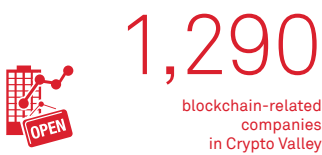


**THE FUTURE OF DIGITAL WORLDS:
Blockchain**

KEY FIGURES



Sources: CV VC Top 50 Report 2023; Coin-Desk, 2022; INSEAD, 2023

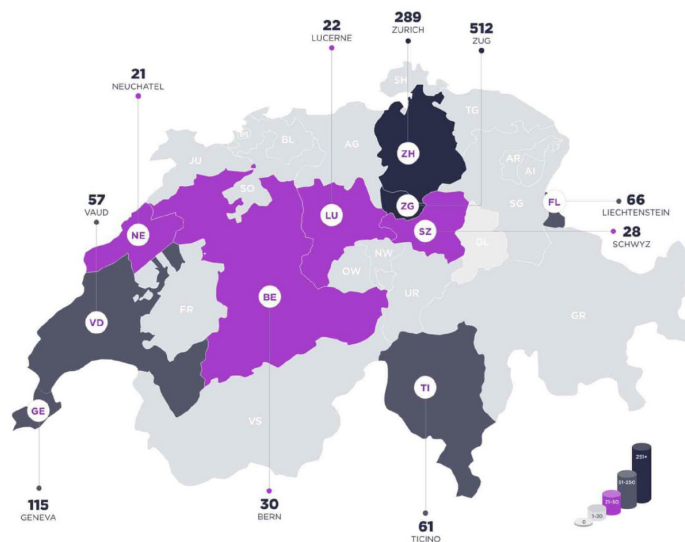
AT A GLANCE

Its rich heritage of financial security, strong privacy laws, and a pragmatic regulatory approach have made Switzerland a vibrant hub for the blockchain and distributed ledger technology (DLT) behind crypto assets. The country both fosters innovation and offers a reliable regulatory framework. Initiated in the city of Zug, “Crypto Valley” has established a worldwide reputation as a catalyst for new blockchain business ventures, with early movers such as Ethereum and Bitcoin Suisse paving the way. Meanwhile, Crypto Valley has spread far beyond the borders of Zug, now comprising leading blockchain ecosystems in Zurich, Geneva, Neuchâtel, Ticino, Basel, Vaud, Lucerne, Schwyz, and Bern.

In 2021, the new DLT Framework came into force, giving Switzerland one of the world’s most forward-looking legislation by creating space for innovative projects and entirely new business models in the digital and decentralized world.

Crypto Valley Companies by Region

Number of startups per canton. The darker the color, the more companies are registered.



Source: CV VC Top 50 Report 2023

THE ADVANTAGES OF SWITZERLAND

1. Legal Certainty

The Swiss authorities take a **bottom-up and technology-neutral approach** to emerging technologies such as DLT. Step by step, the Swiss government has been integrating new technologies into existing legislation to ensure **legal certainty** early on. With the new DLT Framework coming into force in August 2021, Switzerland became one of the first countries in the world to deliver **advanced regulatory solutions** and specific amendments for fintech, blockchain, and DLT.

A brief history:

- Swiss authorities began to remove barriers to entry for fintech back in 2016, introducing a **sandbox** regime in 2017.
- In 2018, the Swiss Financial Market Supervisory Authority FINMA became the **first regulator in the world to publish clear guidelines** on ICOs and classifications for tokens. Later that year, the Geneva cantonal authorities released the very first guide dedicated to supporting ICO project promoters.
- Since the beginning of 2019, it has been possible to obtain a **fintech license**, allowing public deposits of up to 100 million Swiss francs to be accepted. This simplifies blockchain and crypto companies' access to the Swiss market.
- In 2019, FINMA granted banking licenses to Swiss-based SEBA and Sygnum, making them the **world's first crypto banks**.
- In 2021, **SIX Digital Exchange (SDX)**, was authorized by the Swiss Financial Market Supervisory Authority – FINMA – to commence operations. This authorization enabled SDX to go live with the **world's first regulated, fully integrated digital trading, settlement, and custody infrastructure for digital assets**.



“We had a good feeling about Switzerland right from the start. In addition to its long history of national sovereignty, neutrality, and professional excellence, it has been a pleasure to work with forward-thinking regulators and other partners who are passionately committed to making the crypto-nation vision a reality.”

HANY RASHWAN
CEO 21Shares

- In 2021, the new **DLT Framework** came into force. Among other things, this legislation:
 - **introduces security rights** registered on a blockchain thus improving the conditions for companies using blockchain in Switzerland,
 - increases **legal certainty** in the event of bankruptcy through segregation of crypto assets,
 - creates a **new license category** for DLT/blockchain-based trading systems within the framework of financial market supervision,
 - and provides a proportionate response to the risks identified in **money laundering** and terrorist financing.

2. Trust and Integrity

The Federal Council attaches great importance to preserving the integrity and **strong reputation** of the Swiss financial center. The new DLT Framework ensures that the same rules apply to cryptocurrencies as to real monetary assets, also in combating money laundering.

Why Switzerland

- Historically, Switzerland prides itself on a high level of trust, legal certainty, and a **well-developed privacy culture**. These characteristics originate not only from the Swiss banking tradition, but also from factors such as direct democracy, reliable institutions, and effective checks and balances.
- Switzerland has been implementing pioneering anti-money laundering standards. Its federal **Anti-Money Laundering Act** applies to financial intermediary activities involving crypto assets. It governs the combating of money laundering and ensures the exercise of due diligence in the conduct of financial transactions. A Swiss financial intermediary that holds or helps to transfer cryptocurrencies for third parties is subject to the same obligations as if the currency used were fiat money.
- Switzerland is actively involved in international work on the taxation of cryptoassets (taxation, automatic exchange of information). The Federal Tax Administration regularly publishes information on Swiss practice in this area.

BUSINESS-FRIENDLY REGULATOR

The financial regulator, FINMA (www.finma.ch), is in close exchange with the industry to understand technological innovations and its impact on the crypto and blockchain world. It supervises the implementation of financial market regulation by financial intermediaries. It also holds regular roundtables with the industry and actively engages in a dialogue to facilitate business.

Since 2019, it has published, among other things, a practical guide for authorization enquiries and a position statement on stable coins. The legal certainty provided by the country's pragmatic regulations also enabled it to grant a banking license to financial service providers specializing in DLT/blockchain in 2019, and to approve the first Swiss crypto fund in 2021.

3. Highly Developed Ecosystem











Innovation-friendly framework conditions and the legal certainty provided by the authorities have allowed the emergence of a unique and globally connected ecosystem. Early movers, such as the **Ethereum Foundation** who settled in Zug in 2014, were likewise decisive and attracted many more companies to the so-called “**Crypto Valley**”. Other regions in Switzerland soon contributed to this development. Nowadays, Crypto Valley stretches from Zurich via Zug to Ticino, and from Geneva all the way to Liechtenstein.

Why Switzerland

- What sets Switzerland apart is the vibrant **support ecosystem** blockchain companies can benefit from. When foreign companies settle in a new country, they often underestimate the significance of **reliable partners with in-depth know-how** of the subject matter. Besides universities, venture capital firms, and various solution providers focusing on blockchain, many Swiss law firms now offer specialized support.
- Switzerland offers both a collaborative network and legal certainty for introducing blockchain-based applications across industries. International tech companies such as **Meta, Microsoft, Disney Research, Magic Leap**, and others do their research out of Switzerland, which provides the ecosystem with access to highly-skilled talent and state-of-the-art innovations.
- Home to leading international organizations and to the world’s most advanced blockchain ecosystem, Switzerland is the logical choice for industry bodies involved in **shaping the future of blockchain**. These include the Swiss Blockchain Federation (SBF) in Bern, the Capital Markets and Technology Association (CMTA) and the Global Blockchain Business Council (GBBC) in Geneva, the Crypto Valley Association (CVA) in Zug, as well as the Ticino Blockchain Technologies Association (TBTA) in Lugano.

The Top Universities for Blockchain

Ranking of 240 global schools by CoinDesk 2022

Country	School	Ranking
 Hong Kong	Hong Kong Polytechnic University	1
 Singapore	National University of Singapore	2
 Switzerland	University of Zurich	3
 USA	University of California Berkeley	4
 USA	Cornell University	5
 China	Tsinghua University	6
 United Kingdom	University College London	7
 USA	Stanford University	8
 Australia	The University of New South Wales	9
 Singapore	Nanyang Technological University	10

Source: CoinDesk, 2022

4. Talent is Available

Switzerland is renowned for its **highly skilled and international** workforce (ranked first in INSEAD Global Talent Competitiveness Index for many years). Companies can draw on a large pool of talent and profit from proximity to renowned research institutes.

Why Switzerland

- The two federal science and technology institutions in Lausanne and Zurich (**EPFL and ETH Zurich**) have been recognized as **global leaders in crypto education** (Coinbase, 2019).
- The **Center for Digital Trust (C4DT)** in Lausanne combines EPFL’s renowned expertise in cybersecurity, sensitive data protection as well as blockchain and smart-contracting technology with the capabilities of 19 institutional and industrial partners.
- The **first university blockchain professorship** in the world was created at the University of Basel in 2018.
- The **University of Zurich** was ranked as **third best blockchain university** by industry magazine CoinDesk in 2022. Its Blockchain Center was founded in 2017 and is led by more than 20 professors who investigate blockchain topics from a multidisciplinary perspective.
- Around 20 higher education establishments in all language areas of Switzerland offer courses on blockchain and technology, creating a steady influx of blockchain-savvy talent into the workforce. The **University of Basel** was an early adopter, with 500 students enrolled at bachelor’s, master’s, and PhD level.
- The Lucerne University of Applied Sciences and Arts joined forces with the University College London, the Frankfurt School of Finance and Management, the International Institute of Information Technology in Hyderabad, the Politecnico Di Milano, and the National University of Singapore to create the **DEC Institute in Rotkreuz**. Its focus is on blockchain research and education.
- The blockchain-enabled platform **Tether and the City of Lugano** together offer up to 500 scholarships for students interested in the topic.
- The **LexTech Institute** of the University of Neuchâtel conducts legal research on new technologies, particularly around the global regulation of Smart Contracts and DAOs.

Case Studies

- The digital asset provider **21Shares** evaluated over 25 jurisdictions before opening its global headquarters in Switzerland due to the beneficial regulatory conditions. In 2018, it pioneered the world's first cryptocurrency index listing on the SIX Swiss Exchange. 21Shares has a large office in downtown **Zurich** and over 110 employees worldwide.
- The blockchain public ledger platform **Hedera Hashgraph** with headquarters in Texas, USA, has established the Swiss Hashgraph Association in the Greater Zurich Area, in **Pfäffikon**, and earmarked US\$16.3 million worth of grant funding. Its purpose is the delivery of a global Hashgraph Innovation Program in a strategic partnership with the Swiss Digital Assets Institute (SDAI), a professional training and education company.
- The **Basel**-based pharma multinational **Novartis** has set up the **PharmaLedger project** to explore potential applications of blockchain technology in the medical industry. PharmaLedger was initiated under the EU's Horizon Europe program with 30 partners from 13 countries. When the project ended in December 2022, the not-for-profit PharmaLedger Association inherited the project's use cases and now continues the work of digital transformation in healthcare.
- In recent years, the administration of the **City of Lugano** has implemented blockchain-based solutions including the "**LVGA**" payment token to support local SMEs and the non-profit **3Achain** blockchain infrastructure. In 2022, it launched "**Lugano's Plan B**" in collaboration with stable coin leader Tether (USDT).
- In 2019, **Provenance Proof** was proud to announce the very first blockchain-based platform that aims to unveil the journey of every gemstone from rough to finished to the industry. In the same year later, Provenance Proof was established as an independent subsidiary under the House of Gübelin in the canton of **Lucerne** to serve as a neutral party providing the third-party confirmed transparency within the gems and jewelry industry.
- A vivid and committed ecosystem has been growing in the canton of **Neuchâtel** since 2014, particularly aiming at fostering solutions for the industry while relying on the canton's core manufacturing capabilities in the production of reliable products. Some flagship companies include **NYM Technologies** (a blockchain allowing real privacy on Internet networks), **Origyn** (NFTs solutions for the authentication of luxury products, watchmaking, and art), or **Dfinity** with its operational headquarters in Neuchâtel.
- **Wecan Group** is a blockchain company based in **Geneva** with strong international growth. A leader in decentralized network to enhance regulatory processes, the company has more than 100 clients, among them renowned financial institutions, private banks, and external asset managers.

CONTACTS AND FURTHER INFORMATION

Authorities and Regulators

[State Secretariat for International](#)

[Finance SIF](#)

[www.sif.admin.ch](#)

> [Blockchain / DLT](#)

[Swiss Financial Market Supervisory](#)

[Authority FINMA](#)

[Fintech Desk](#)

[www.finma.ch](#)

Associations and Networks

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[swissparks.ch](#)

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Publications and Tools

[CV VC Top 50 Report 2023](#)

[Digital Token Generations in the](#)

[Canton of Geneva/DLT](#)

[\(Overview of ecosystem\)](#)

[SIF Crypto factsheet](#)

[Swiss Digital Asset Market Report](#)

[2023](#)

S-GE Resources

[The Future of Digital Worlds](#)

[s-ge.com/invest/digital-worlds](#)

[Handbook for Investors](#)

[s-ge.com/handbookforinvestors](#)

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