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PRESS RELEASE

Possible approach for the creation of a trustworthy Distributed Ledger Technology ecosystem in Switzerland

Today, the 4T-DLT initiative, which arose from Leap, digitalswitzerland's innovation programme, publishes a whitepaper. Broken down into the so-called "4 Trusts", the authors provide fundamental information on the technical and legal framework to establish and operate a secure, interoperable, reliable and trusted digital infrastructure. The whitepaper is both a navigation guide and a source of knowledge for users, advisors and authorities. Under the umbrella of digitalswitzerland, the approach of a federative and collaborative innovation is pursued to create an open repository for the technical and legal information, definitions and standards that will enable a secure, interoperable and reliable Swiss Distributed Ledger Technology (DLT) infrastructure.

Zurich, 7 September 2021 – The set-up of a new comprehensive, interoperable and reliable DLT ecosystem based on Swiss quality standards requires cooperation across companies, organizations and experts as well as interactions with policy makers and regulators. This will help citizens leverage the potential of DLT technology, by enabling the independent storage of digital information, values and rights, as well as their straightforward, legally secure and efficient transfer. To achieve this, MME and Swisscom have brought together industry leaders and experts from academia and business to create coherence between the technical and legal spheres and to jointly foster ongoing DLT initiatives.

Johannes Höhener (Swisscom), co-initiator of 4T-DLT: "The world-leading Swiss blockchain ecosystem will be further strengthened with the outlined approach. This takes into account the recent amendments on the Adaptation of Federal Law to Developments in Distributed Electronic Register Technology (DLT Act). Together, they create a solid foundation for further growth."

Luka Müller-Studer (MME), co-initiator of 4T-DLT: "The successful implementation of a new technology requires a common understanding of its fundamentals. The 4T-DLT whitepaper shall help users, advisors and authorities to navigate and find solutions together."

4 Elements of Trust
The whitepaper is divided into four parts, each of which addresses one of the core pillars of a trusted DLT infrastructure to support and promote the adoption of DLT technology:

- **Configuration:** This chapter describes how the authenticity, integrity, confidentiality and availability of information on digital assets may be ensured. The focus is on the synchronisation of on- and off-chain information, i.e. legally relevant data with technical information. The full potential of the new technology can only be exploited by securely and efficiently linking off-chain documents, such as the Registration Agreement, with the respective DLT information.
- **Consensus**: This element defines the requirements for (inter)operability between protocols. Ten principles have been defined, which all DLT interfaces should adhere to in order to achieve effective, secure and flawless communication.
- **Custody**: This section addresses how digital assets may be stored in an easy and reliable manner within the framework of self-custody and third-party custody solutions. It provides an overview on the relevant regulation under current Swiss law

and shows how the integrity of the financial market and investor protection may be ensured.

- **Transaction**: The last part of the document explains how digital assets may be transferred "peer-to-peer" between users of a digital infrastructure in an efficient, legally secure and simple manner (without the use of an intermediary). In particular, it focuses on the new legal concept of ledger-based securities, which has been introduced in the Code of Obligations as part of the DLT-amendments to federal law. It outlines which contractual foundations must be created as a minimum content in order to enable a legally valid transfer of dematerialised, digitalised rights.

With the publication of this whitepaper, the authors aim to contribute to Switzerland's continuous development as one of the world's leading, innovative and sustainable locations for fintech companies and DLT initiatives.

The publication of the whitepaper also marks the next phase of the 4T DLT initiative. Currently, the initiators are working on sharpening the next goals and are looking forward to expanding the collaborative circle. A regular forum will be held to openly discuss innovation, lessons learned, and improvement approaches across industries and academia.

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About digitalswitzerland
digitalswitzerland is a Swiss-wide, cross-industry initiative that aims to strengthen and anchor Switzerland as a global leader in digital innovation. Under the umbrella of digitalswitzerland, more than 230 organisations consisting of Association members and politically neutral Foundation partners work together transversally to achieve this goal. digitalswitzerland is the go-to partner for all digitalisation matters and is committed to solving a wide range of challenges.