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Guide to Swiss Ledger-Based Securities

Tokenised Stocks, Debt and RWAs

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Introduction

Swiss ledger-based securities are one of Switzerland's most practical legal tools for tokenised securities, including tokenized stocks, tracker certificates, debt instruments, structured products and other RWA-style claims. Switzerland gives domestic and foreign issuers a private-law route for linking certain securities-style rights to an electronic securities ledger. The framework answers a narrow question: how a right can be embodied, exercised and transferred through a ledger under Swiss private law. It does not make a product "Swiss-approved" and does not decide whether the instrument can be publicly offered, distributed, marketed or sold to any category of investor in Switzerland, the EU, the UK or elsewhere.

Swiss law calls this legal form a ledger-based security, known in German as a Registerwertrecht and in French as a droit-valeur inscrit. It was introduced through Switzerland's DLT reforms. The Federal Council brought the ledger-based securities provisions into force on 1 February 2021, and the broader DLT Act package entered fully into force on 1 August 2021. The State Secretariat for International Finance describes the DLT Act as creating legal certainty for tokenised assets and trading venues, while enabling securities to be issued on blockchain under Swiss law.

For tokenisation projects, the framework is attractive because it connects legal title with technical transfer mechanics. Where the relevant legal requirements and on-chain conditions are satisfied, the distributed ledger itself can operate as the authoritative record of ownership and transfer. In practice, this means that the acquisition, holding, and transfer of rights may occur directly through ledger operations, reducing the disconnect between the legal title and the technical state of the asset.

The framework is gaining market adoption. xStocks uses it for tokenised tracker certificates that give economic exposure to listed equities and ETFs. A Swiss Bank Cité Gestion used it to issue its own shares in tokenised form.

This guide does not analyse Swiss DLT trading facilities, exchange or CSD licensing, custody rules, or AML obligations except where those topics help separate private-law form from regulation.

02

What Are Swiss Ledger-Based Securities / Article 973d?

Under Article 973d of the Swiss Code of Obligations, a ledger-based security is a right that is registered in a securities ledger under an agreement between the parties and may be exercised and transferred only through that ledger. The definition has three components: the legal right, the registration agreement and the technical implementation of the securities ledger.

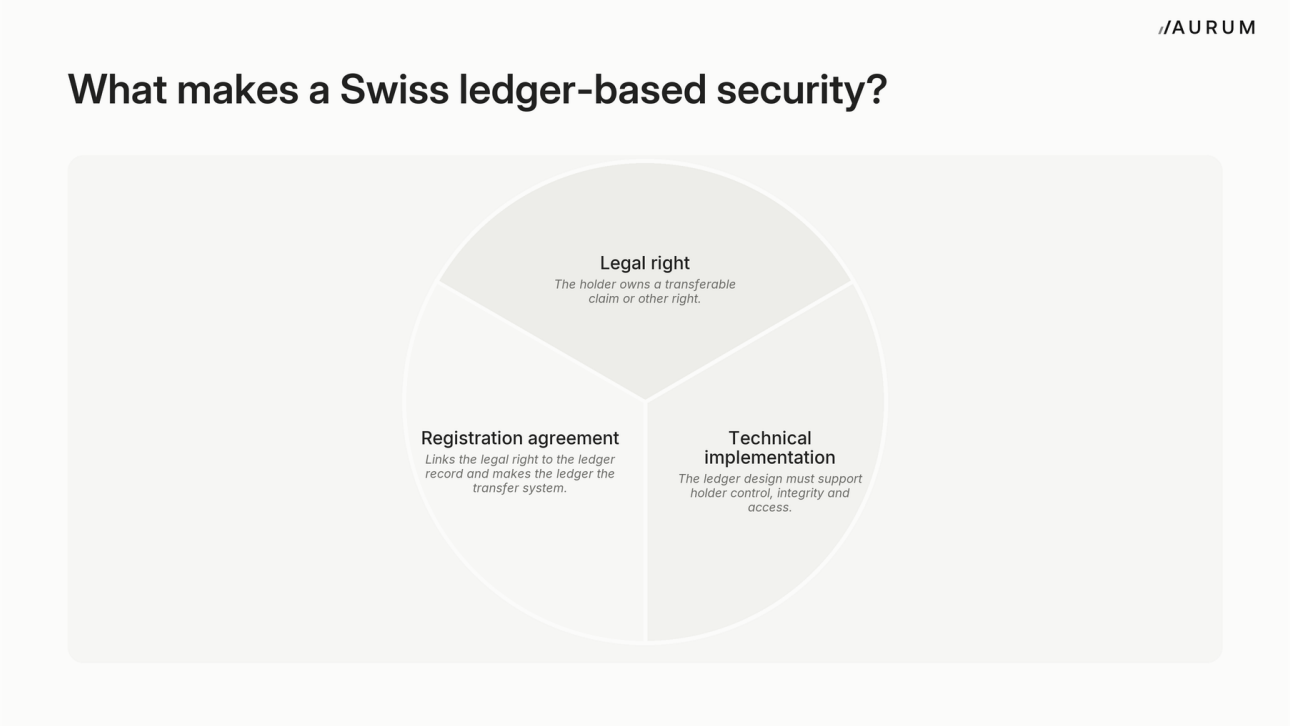
The legal right is what the holder owns. It may be a debt claim, certificate, note, structured product, share or another transferable claim that can be validly issued and embodied in this form. The obligor is the person or entity that must perform that right, usually the issuer or debtor under the tokenised instrument.

The registration agreement links the legal right to the ledger record and makes the ledger the transfer system. It is the contractual bridge between the obligor and the holders: the right can be exercised and transferred only through the securities ledger, rather than through a paper certificate or ordinary assignment mechanics.

The technical implementation must then make that legal arrangement work in practice. The securities ledger must give creditors, but not the obligor, power of disposal over their rights through technological processes. It must protect integrity against unauthorised modification, record the content of the right and the registration agreement, and allow creditors to view relevant entries and check integrity without relying on a third party.

The law is technology-neutral. It does not require a specific blockchain, token standard, consensus model or provider. The obligor must ensure that the securities ledger is organised according to its intended purpose and operates in accordance with the registration agreement at all times. A label in a term sheet is insufficient. The legal documentation and the technical system have to match.

> **Key takeaway**
>
> A Swiss ledger-based security is a private-law method for linking a transferable right to a qualifying securities ledger.



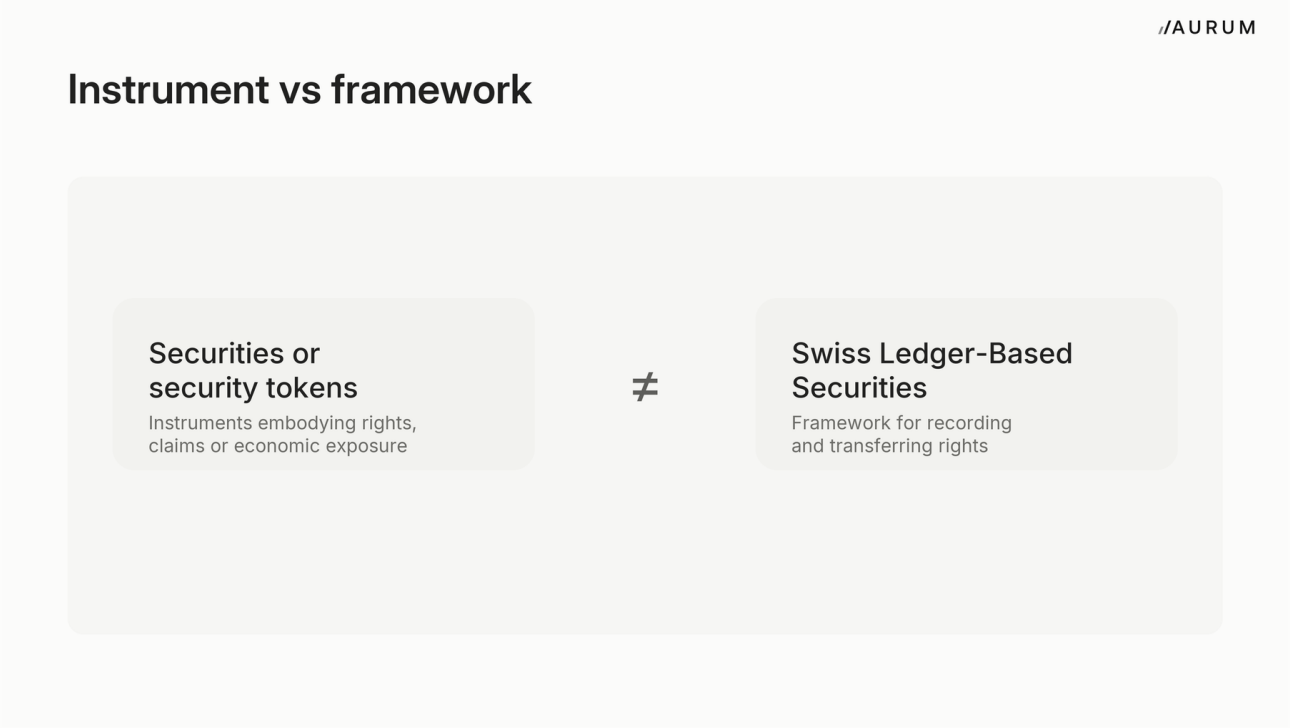
Three conditions for a Swiss ledger-based security

03

Ledger-Based Securities vs Security Tokens and Other Securities

Ledger-based securities are easy to misunderstand if they are treated as a separate class or type of securities. They are not a separate category like shares, bonds, notes, fund interests or derivatives. The Swiss framework is better understood as a private-law mechanism for recording an underlying right in a securities ledger and making that ledger the legally relevant system for exercising and transferring the right.

A project first needs to identify the actual right being issued: a share, debt claim, derivative or another transferable right. The ledger-based securities framework then answers a narrower question: can that right be recorded, exercised and transferred through a qualifying securities ledger under Swiss law?



Ledger-based securities framework versus securities and tokens

04

Does a Swiss Ledger-Based Security Mean FINMA Approval?

A Swiss ledger-based security is not an offering approval. It does not mean that FINMA or any Swiss authority has reviewed the product, approved the issuer, confirmed the collateral, endorsed the marketing materials, or allowed the product to be sold.

It is also not a substitute for a prospectus, an exemption or a distribution analysis. Under the Swiss Financial Services Act, a public offer of securities in Switzerland or admission to trading on a Swiss trading venue can trigger prospectus requirements unless an exemption applies.

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Which Rights Can be Tokenised Using the Swiss Ledger-Based Securities Framework?

Ledger-based securities can be used for rights that can be validly embodied in a security and transferred through a securities ledger. In practice, this can include bonds, notes, tracker certificates, structured products, debt claims, certain fund interests and other transferable claims. For Swiss companies, corporate shares can also be issued as ledger-based securities where corporate law and the company's constitutional documents support that form.

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Why Tokenisation Projects Use Swiss Ledger-Based Securities

The main benefit is legal certainty around transfer. Traditional uncertificated or book-entry rights may still require assignment or register-update mechanics outside the token record. Ledger-based securities are designed so that transfer can occur through the ledger according to the registration agreement. For a tokenised product, this is a major practical improvement because secondary transfers can be aligned with blockchain-native settlement rather than paper-style transfer mechanics.

The securities ledger also tells the issuer or debtor who is legally recognised as the holder. Under Article 973e of the Code of Obligations, the obligor under a ledger-based security is entitled and obliged to perform only to the creditor indicated in the securities ledger, once the ledger has been modified as required. A bona fide acquirer can also receive protection when acquiring from the creditor shown in the ledger, unless the acquirer acted in bad faith or with gross negligence.

Swiss law also deals with collateral. Article 973g allows collateral to be posted over ledger-based securities without transferring the security, provided the collateral is visible in the securities ledger and only the collateral recipient can dispose of the security in an event of default. For tokenised products, this means the ledger can support a pledge or security interest directly at the record level, rather than relying only on an off-chain collateral document. The technical design still needs to match the legal arrangement: if the documents say that a lender has enforcement rights after default, the ledger or smart contract should support the required restriction, visibility and disposal mechanics.

The framework also has a route for loss of control. Under Article 973h, a beneficiary may ask a court to cancel a ledger-based security if it can show original power of disposal and the loss of that power. After cancellation, the beneficiary may exercise the right outside the ledger or demand that the obligor allocate a new ledger-based security at the beneficiary's expense. This matters where private keys are lost, a wallet is compromised, or access to the relevant ledger position becomes technically impossible. It is not an automatic recovery function, but it gives the legal documents and the technical system a recognised fallback scenario.

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Article 973d and 973i Requirements: Legal and Technical Readiness

A project cannot simply state in the terms that the tokens are Swiss ledger-based securities if the technical and legal architecture does not support that statement. The legal baseline comes from Articles 973d and 973i of the Code of Obligations. The Swiss standards then help translate that baseline into implementation practice.

Article 973d sets the core requirements for the securities ledger. The ledger must give creditors, but not the obligor, power of disposal over their rights through technological

processes. It must protect integrity against unauthorised modification through adequate technical and organisational measures. The content of the right, the functioning of the ledger and the registration agreement must be recorded in the ledger or in linked accompanying data. Creditors must be able to view relevant entries and check the integrity of the ledger contents relating to themselves without relying on a third party.

Article 973d also makes the obligor responsible for the organisation of the ledger. The obligor must ensure that the securities ledger is organised according to its intended purpose and operates in accordance with the registration agreement at all times. A label in the terms is not enough if the ledger, smart contract and operational procedures do not match the registration agreement.

Article 973i adds the information and liability layer. The obligor under a ledger-based security, or a right offered as such, must inform each acquirer about the content of the right, the mode of operation of the securities ledger, and the measures used to protect the operation and integrity of the ledger. If an acquirer suffers damage because that information was inaccurate, misleading or legally deficient, the obligor is liable under Swiss private law unless it proves that it acted with due diligence. The terms cannot exclude or limit that liability.

The Swiss Blockchain Federation published Circular 2021/01 on ledger-based securities as practical guidance on Article 973d. It covers power of disposal, ledger integrity, transparency obligations, inspection and verification rights, public notice, organisational responsibility, issuer intervention rights, the registration agreement, collateral and token cancellation.

In addition, the Swiss Capital Markets and Technology Association (CMTA) has developed several relevant standards. Its share tokenisation standard covers tokenised shares of Swiss corporations, its debt tokenisation standard covers bonds, notes, structured products and other debt instruments, and the CMTA Token framework provides an open smart contract standard for tokenising financial instruments such as equity, debt and structured products. For debt instruments, the CMTA standard covers valid issuance, allocation of tokens to holder addresses, transfer restrictions, whitelisting or conditional transfers, ex post holder controls, issuer functions such as minting, burning, pausing and freezing, and information to be embedded in or linked to the smart contract.

For tokenisation projects, the practical standard is alignment. If the instrument terms restrict transfer, the smart contract should support that restriction. If the registration agreement points to a particular ledger record, the record should be technically identifiable and linked to the terms through a stable link, hash or unique identifier. If the project relies on issuer intervention rights, lost-token recovery, migration, hard-fork procedures or token cancellation, those functions should be disclosed and governed in the documents.

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Technical + operational readiness

Holder control	Creditors, not the obligor, have power of disposal through technological processes.
Ledger integrity	Technical and organisational measures protect the record from unauthorised modification.
Terms link	Terms, ledger mechanics and registration agreement are recorded or linked by URL/hash.
Holder verification	Creditors can inspect entries and verify code/ledger integrity without issuer intervention.
Information accuracy	Issuer disclosures must be complete, consistent, understandable and permanently accessible.
Public notice	Ownership, pledges and limited rights must be recognisable to third parties.
Smart contract functions	Transfers, restrictions, minting, burning, freezes and migrations match the documents.
Failure procedures	Lost keys, hard forks, malfunction, migration and cancellation are covered.

Swiss ledger-based securities technical and operational readiness

The registration agreement is the legal bridge between the right and the ledger. It should not be treated as boilerplate. It needs to describe the instrument, the ledger, the transfer mechanics, the role of smart contracts, the consequences of lost keys or compromised wallets, any restrictions on holders or transfers, and the hierarchy between on-chain records and off-chain documents.

08

Can Foreign Issuers Issue Swiss Ledger-Based Securities?

Swiss ledger-based securities law does not, by itself, require the issuer to be a Swiss company or to maintain Swiss operational substance. A Cayman Islands, British Virgin Islands, Jersey or other non-Swiss issuer can potentially issue a Swiss-law governed transferable claim and provide that the claim is embodied as a ledger-based security. The issuer still needs capacity under its own law, a valid instrument, a defensible governing-law and conflict-of-laws analysis. Swiss law can govern the ledger-based form and transfer mechanics, but it does not override the issuer's corporate law. If the product is a corporate share of a foreign company, the law of the company's place of incorporation may determine whether that share can exist, be transferred or be recognised in tokenised form. Foreign issuers therefore often use debt instruments, certificates, notes, tracker products or other contractual claims rather than trying to turn foreign corporate shares themselves into Swiss ledger-based securities.

09

Does Swiss Law Govern the Whole Issuance?

Using Swiss ledger-based securities does not make the whole issuance Swiss. It creates a narrower Swiss private-law connection. Where the instrument terms designate Swiss law, that law may govern whether the right is validly embodied in the ledger, how it is transferred, who is recognised as holder, and how the registration agreement operates.

Article 145a of the Swiss Private International Law Act supports that approach for claims represented by an instrument in paper or equivalent form. It looks first to the law designated in the instrument. If no law is designated, it points to the issuer's seat or habitual residence. That is why the governing-law clause and the registration agreement matter.

That private-law connection does not give Switzerland full regulatory jurisdiction over the issuance. Usually for Swiss regulator to get a jurisdiction a separate Swiss nexus is required, such as an offer made in Switzerland, Swiss investors being targeted, Swiss financial intermediaries performing regulated activities, admission to a Swiss trading venue, or the issuer itself being Swiss-regulated.

For a foreign issuer, other laws can still govern other parts of the structure. The issuer's home law may govern capacity, corporate approvals, insolvency and corporate shares. The law of the offering jurisdictions governs who can be sold the product and under what offering regime – prospectus, exempt offering, licensing route or other distribution rule. "Issued as Swiss-law ledger-based securities" is therefore a statement about private-law form. It should not be marketed as "approved in Switzerland", "regulated by Switzerland" or "available in Switzerland" unless those statements are independently true.

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FAQ

Are Swiss ledger-based securities the same as security tokens?

No. “Ledger-based security” is a Swiss private-law form under the Code of Obligations. “Security token” is a broader market term. A token may be a security under financial market law because of its economic function, even if it is not structured as a Swiss ledger-based security. A Swiss ledger-based security still needs separate regulatory classification for offering, trading and distribution.

Does using Swiss ledger-based securities mean the offering is approved in Switzerland?

No. The framework does not approve the issuer, product, collateral, prospectus or marketing. If the product is offered in Switzerland, admitted to a Swiss venue, traded through Swiss infrastructure, or distributed by Swiss intermediaries, Swiss financial services, prospectus, AML, trading venue or licensing rules may apply separately.

Can a Cayman, BVI or Jersey issuer use the framework?

Generally yes, for a Swiss-law governed transferable claim, if the issuer has capacity, the instrument is validly created, the governing law is properly chosen, and the ledger satisfies Article 973d. The analysis is more complex for corporate shares, because the corporate law of the issuer’s place of incorporation may determine whether the shares themselves can be tokenised or transferred in that form.

Does using Swiss ledger-based securities give Switzerland jurisdiction over the whole issuance?

No. Swiss law may govern the private-law form, transfer mechanics, holder recognition and registration agreement if the instrument terms designate Swiss law. Other laws may still govern the issuer’s capacity, corporate approvals, insolvency, offering regime, licensing route and distribution rules. Swiss regulatory law usually requires a separate Swiss nexus, such as an offer in Switzerland, Swiss investors being targeted, Swiss intermediaries or Swiss trading or custody infrastructure.

Can a project just say in the terms that the token is a Swiss ledger-based security?

No. The statement must be supported by the registration agreement and the ledger’s actual operation. The ledger must give holders power of disposal, preserve integrity against unauthorised modification, disclose the content and mechanics of the right, and allow holders to view relevant information and verify ledger integrity.

Are tokenized stocks the same as owning shares?

Not necessarily. Some tokenized stock products give economic exposure to underlying shares without making the holder a shareholder. Others may be structured to preserve shareholder rights. The answer depends on the product terms, issuer, custody structure, governing law and corporate-action mechanics.

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How Aurum Assists Tokenisation and On-Chain Capital Markets Projects

Swiss ledger-based securities link the underlying legal right to the ledger through which that right is recorded, exercised and transferred. They are not a shortcut around product classification, prospectus rules, custody, trading venue licensing, AML or distribution analysis. For teams building tokenized stocks, debt instruments, tracker products or other RWA structures, the practical question is not whether the token can be labelled “Swiss”, but whether the claim, governing law, registration agreement and ledger controls produce the legal result described to investors.

Aurum assists on-chain capital markets and tokenisation projects with rights analysis, issuer and governing-law structuring, Article 973d and 973i readiness, registration agreements, foreign-issuer questions, distribution perimeter analysis and review of product language so that the legal structure, technical design and market-facing claims remain aligned.

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Legal for borderless business

Founded in 2011, Aurum works primarily under English law, with EU, US and offshore capabilities – giving clients legal coverage that matches the way they actually operate: across borders, at speed, and under pressure. Where clients need regulated paths, we structure them. Where they need to move without a regulatory framework, we find the way. Less briefing. Faster decisions.