

Legal questions raised by the five pillars

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Each pillar touches an area of law in which the municipality's freedom is limited. The tokenization and programmable settlement envisaged in the first and second pillars fall under federal financial market law. Ledger-based securities under Art. 973d et seq. of the Code of Obligations, DLT trading facilities and the stablecoin rules discussed in Chapter I.II determine who may issue, hold, trade and settle tokens and under which licence.¹ A city can provide a testing ground, but the operators of any platform for tokenized commodities or trade documents will need the authorizations that federal law requires. The second pillar also links Plan B to the commodity trading houses of Lugano described in Part F and to trade finance as described in Chapter G.I. Settlement in stablecoins for commodity trades raises the questions of sanctions screening, documentary credit practice and anti-money laundering controls that those chapters treat. A trade hub built on USDT would be exposed to the particular scrutiny that sanctions authorities apply to stablecoins used in cross-border trade.

The third pillar, digital identity, meets a field in which the Confederation has recently legislated. The federal e-ID, a state electronic identity based on a self-sovereign model with wallets held by the user, was approved by the Swiss electorate in a referendum in September 2025 by a narrow margin.² A municipal identity system based on zeroknowledge proofs would have to be compatible with the federal infrastructure and with the cantonal data protection law that governs the processing of personal data by Ticino's municipalities.³ The fourth pillar, artificial intelligence for public services, raises the same data protection questions, together with the rules on automated individual decisions and on outsourcing that Chapter I.III describes. The fifth pillar, resilient infrastructure, is the least specific and probably the least controversial.

For all five pillars the principle stated in the memorandum itself is decisive: the city can only integrate solutions into public services "subject to

approval". Any project that requires municipal expenditure beyond the budget, a municipal regulation or a binding contract of significant value must be approved by the city council. Contracts for the purchase of goods or services by the city are subject to public procurement law, which in Ticino consists of the cantonal law on public contracts of 2001, applicable to the municipalities, and the intercantonal concordat on public procurement in the version of 2001 to which its thresholds refer.⁴ A contribution in kind by Tether does not trigger procurement law, since the city acquires nothing against payment. The moment the city pays for a service from Tether or a company associated with it, the rules on competition and transparency in procurement apply.

Essentials. The memorandum of 3 March 2026 extends Plan B to 2030 and organizes it in five pillars: institutional blockchain infrastructure, a hub for tokenized trade, decentralized digital identity, local artificial intelligence and resilient digital infrastructure. Tether contributes CHF 5 million, primarily in kind. The memorandum is non-binding except for confidentiality and intellectual property, creates no financial obligations for the city without separate implementing agreements and implies no exclusivity. Federal financial market law, data protection law and public procurement law set the conditions for every concrete project.

1 Notes

1. Code of Obligations, SR 220, Art. 973d–973i (ledger-based securities), introduced by the Federal Act on the Adaptation of Federal Law to Developments in Distributed Ledger Technology of 25 September 2020; see Chapter I.II. ↩
2. Wikipedia (used as a last resort), "2025 Swiss referendums", https://en.wikipedia.org/wiki/2025_Swiss_referendums (federal act on electronic identity approved on 28 September 2025 with 50.39 per cent of the votes). ↩
3. Legge sulla protezione dei dati personali (LPDP) del 9 marzo 1987, RL 163.100, Art. 2 para. 2 (the law applies to the canton, the municipalities and other public corporations and institutions), <https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/legge/num/50>. ↩

4. Legge sulle commesse pubbliche (LCPubb) del 20 febbraio 2001, RL 730.100, Art. 2 (applicable to the canton and the municipalities) and Art. 3 (thresholds by reference to the intercantonal concordat), <https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/legge/num/410>; Concordato intercantonale sugli appalti pubblici (CIAP) del 25 novembre 1994, as amended on 15 March 2001, RL 730.500, <https://m3.ti.ch/CAN/RLeggi/public/index.php/raccolta-leggi/legge/num/411> (the cantonal collection lists this version and no accession to the revised agreement of 15 November 2019). ↩

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