

Plan B: A City Adopts Bitcoin — overview and summary

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

On 3 March 2022 the City of Lugano and Tether, the issuer of the most widely used dollar stablecoin, announced a joint programme under the name "Plan B". The mayor, Michele Foletti, presented it as an answer to the long decline of the city's banking model, and Tether's chief technology officer, Paolo Ardoino, as the start of one of the "five or six blockchain hubs in the world" that his company expected to emerge.¹ Four years later, on 3 March 2026, the two parties signed a second memorandum of understanding that extends the cooperation to 2030 and widens it from payments in bitcoin to digital identity, local artificial intelligence and the tokenization of commodity trade.² In between lie a payment system that allows every invoice of the city to be settled in bitcoin or USDT, a municipal loyalty token called LVGA, an annual conference that brings several thousand participants to the shores of Lake Lugano, a foundation chaired by the mayor, a co-working hub for Bitcoin companies and a statue of the pseudonymous inventor of bitcoin that was twice vandalized.

This chapter asks what Plan B is in legal and economic terms, what it has achieved and where the law sets its limits. Its argument is that Plan B is best understood as a municipal marketing and location-promotion programme carried out under a nonbinding cooperation framework with a private issuer. Its legal core is modest: the city accepts payment of its own claims through a supervised intermediary that converts every incoming payment into Swiss francs on the same or the following day, so that the municipality never holds bitcoin or USDT. Federal currency law, the Ticino law on municipal finances, anti-money laundering law and the tax laws remain untouched and would not permit much more. The economic and reputational effects are larger than the legal ones and cut in both directions. The programme has given Lugano an international visibility among Bitcoin advocates that no other Swiss city enjoys, but it has also tied the

city's name to a company whose past dealings with regulators and whose reserves remain controversial.

The chapter begins with the situation of Lugano and Ticino before 2022 and the earlier experiments in Chiasso and at cantonal level. It then describes the launch and the memorandum of 2022, the payment system for municipal invoices, the LVGA token and the merchant network, the forum, foundation, education programmes and the statue, and Phase II from 2026. Three sections deal with the legal limits: the Swiss franc as the only legal tender, municipal and treasury law with the rules on money laundering and taxation, and the reputational questions raised by Tether. A comparison with Zug, Zermatt, Chiasso and El Salvador and a sober assessment of the programme's effect on the financial centre close the chapter. Chapter I.II sets out the federal law on Kryptowerte und Digital Assets, including FINMA's token classification, the DLT Act and the stablecoin guidance, and Chapter I.III treats the fintech and research environment of the Università della Svizzera italiana, SUPSI and IDSIA. The present chapter refers to both and does not repeat them.

1 Conclusion

Plan B is the most visible attempt by a Swiss city to position itself in the field of Kryptowerte und Digital Assets. Its legal substance is narrower than its public image. The two memorandums of 2022 and 2026 with Tether are declarations of intent that bind the city to nothing except confidentiality and the protection of intellectual property. The payment system introduced for all municipal invoices in December 2023 allows citizens to pay in bitcoin and USDT, but the city itself receives only Swiss francs, because Bitcoin Suisse collects and converts every payment and the city's claims are discharged only when the francs arrive. The LVGA token is a municipal loyalty scheme for local merchants. The forum, the foundation, the statue and the co-working hub are instruments of promotion and education.

The design of the programme follows from the law. Under Art. 99 of the Federal Constitution, confirmed in March 2026 by the new rule that the Swiss monetary unit is the franc, and under Art. 2 and 3 CPIA, only federal coins, banknotes of the National Bank and sight deposits at the National Bank are legal tender. A municipality can neither change this nor hold volatile assets in a treasury governed by the principles of thrift and economy and by annual revaluation at fair value. Anti-money laundering law requires a supervised intermediary between the payer and the city. Tax law fixes the amount of every tax in francs and leaves the cantonal and

federal taxes outside the city's reach. Within these limits Lugano has built a careful structure that respects the law and protects its finances. The description of bitcoin and USDT as "de facto legal tender" belongs to the language of promotion and has no legal content.

The economic and reputational balance is less clear. The programme has brought international attention at very low public cost. The city reports more than 100 companies and more than 400 merchants in its orbit. Published data on payment volumes, jobs and tax revenue are lacking, and the connection with the banks, asset managers and trading houses that form the core of Lugano's financial centre remains thin. The partnership with Tether gives the programme its resources and its controversy alike. Phase II to 2030, with its pillars on tokenized trade, digital identity and local artificial intelligence, will show whether Plan B can become part of the financial centre's own development. The next chapter sets out the federal law on Kryptowerte und Digital Assets within which any such development must take place.

2 In five sentences

On 3 March 2022 the City of Lugano and Tether launched Plan B, a non-binding cooperation renewed on 3 March 2026 until 2030, with Tether bearing most of the costs and contributing CHF 5 million, mainly in kind, to Phase II. Since 5 December 2023 every invoice of the city, including the municipal tax, can be paid in bitcoin or USDT through Bitcoin Suisse, which converts each payment into Swiss francs, so that the city never holds Kryptowerte und Digital Assets and its claims remain claims in francs. Federal law sets the limits, since Art. 99 of the Federal Constitution and Art. 2 and 3 CPIA make the franc the only legal tender, while municipal accounting law, antimoney laundering law and tax law exclude a municipal treasury in bitcoin and keep the cantonal and federal taxes outside the programme. The LVGA loyalty token, the annual Plan B Forum, the foundation chaired by the mayor, the PoW.space hub and the twice-vandalized statue of Satoshi Nakamoto have given Lugano international visibility among Bitcoin advocates at low public cost. The programme's economic effect on the financial centre remains unmeasured, its link with the established banks and trading houses is thin, and its dependence on Tether, whose reserve statements were found false by United States authorities in 2021, is its main reputational risk.

3 Notes

1. Matthew Allen, "Death, taxes and crypto: Lugano tethers ambitions to stablecoin", [swissinfo.ch](https://www.swissinfo.ch/eng/business/death--taxes-and-crypto--lugano-tethers-ambitions-to-stablecoin/47409252), 7 March 2022, <https://www.swissinfo.ch/eng/business/death--taxes-and-crypto--lugano-tethers-ambitions-to-stablecoin/47409252> (quotations from Foletti and Ardoino at the launch). ↩
2. City of Lugano and Tether, Memorandum of Understanding: City of Lugano and Tether – Plan B | Phase II, signed 3 March 2026, https://planb.lugano.ch/wp-content/uploads/2026/06/LVGA_Tether_Mou_EN.pdf; "Lugano, il Plan B entra nella seconda fase", laRegione, 3 March 2026, <https://www.laregione.ch/cantone/luganese/1908626/servizi>. ↩

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