

An assessment of the DLT Act

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Five years after its entry into force, the DLT Act can be assessed. Its legal achievements are considerable. It provided a sound basis in private law for tokenised securities, protected clients of custodians in insolvency and created a licence for integrated trading platforms. It did so without disturbing the structure of Swiss financial market law. International observers have praised the Act as a model of technology-neutral legislation, while other jurisdictions, including Liechtenstein and Germany, adopted comparable rules in the same period.¹

The economic results have been more modest. The volume of tokenised securities issued under the Act remains small. The DLT trading facility has attracted only a few licence holders, while the large banks have used the technology mainly in pilots. The reasons lie less in the law than in the market. Traditional securities infrastructure works well and is cheap for large issuers, whereas the benefits of tokenisation are greatest for small issuers and illiquid assets, where volumes are low. The Act has created an option that the market may use more widely as the technology matures and as the costs of the traditional infrastructure rise.

1 Notes

1. Germany: Gesetz über elektronische Wertpapiere (eWpG) of 3 June 2021, in force 10 June 2021 (de.wikipedia.org, "Gesetz über elektronische Wertpapiere"). Liechtenstein: Gesetz vom 3. Oktober 2019 über Token und VT-Dienstleister (TVTG), LGBI. 2019.301, first in force 1 January 2020 (gesetze.li). ↩

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