The CMTA Token (CMTAT)

A framework to design digital tokens suitable for the digitalization of financial instruments

About the CMTAT

The CMTA Token (CMTAT) is an open standard for smart contracts to design digital tokens suited specifically for the tokenization of financial instruments. The CMTAT is a framework that defines both necessary and optional functions that a digital token can implement when tokenizing financial instruments such as equity and debt securities, including structured products. It is not a token that can be bought and sold but rather a set of definitions to create such tokens. Some key aspects of the CMTAT include:

1. **Blockchain agnosticity:** CMTAT is blockchain agnostic, meaning that it is not bound to a particular Blockchain and can be fine-tuned for each use case. Reference implementations currently exist for Ethereum and Tezos, and the framework has the potential to be implemented on other blockchains.

2. **Open source:** The Tezos and Ethereum reference implementations of CMTAT are available as open-source code on GitHub. The code can be used in its original or modified form by anyone, without requiring permission from CMTA, as it is distributed under a permissive public license. The code is free to use by anyone and publicly available.

3. **Modularity:** CMTAT's modular design allows it to be adapted for different jurisdictions and different assets. CMTAT's reference implementation consists of a number of modules. The core modules must remain in place to ensure compliance with Swiss law. A specific module is available for the support of debt instruments, for example. The CMTAT is more flexible than an ERC standard, as it is not bound to a technical specification, only to initial functional requirements, which can be implemented in various ways.

4. **Careful alignment with legal requirements:** for a token standard to be apt, the functions need to be aligned with the legal terms that govern the underlying instrument. The CMTAT was initially optimized for Swiss law following careful examination of the legal requirements applicable to equity and debt securities and how they translate into technical requirements. The same process can be applied in different jurisdictions.

5. **Neutrality:** The CMTAT is not managed by a single company, but by a not-for-profit association representative of the financial industry. It is thus unlikely to be abandoned, tied to a private company's interest or blocked behind software dependencies.

6. **Certification label:** One of the benefits of using a standardized, open-source token is that investors or partners are not required to carry out their own due diligence on the code. They can be reassured by the fact that it has been developed by industry-leading experts and has been used in multiple projects to date. In addition, to reassure third parties that a project and token are CMTAT-compliant, CMTA has created a certification scheme in which CMTA experts review a project and confirm its alignment with the CMTA standard.

Functional specifications

The CMTAT is developed by a working group of CMTA's members, comprising both technical and legal experts. The functions of the CMTAT are detailed in the functional specifications document.

Complete information and reference implementations can be found on CMTA's Github account:

> **Ethereum reference implementation**

> **Tezos reference implementation**

Licence

The code for the CMTA's reference implementation for Ethereum is copyright (c) Capital Market and Technology Association, 2018-2024, and is released under Mozilla Public License 2.0.

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