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CMTA Tokenized Debt

Certification Guide

Certification Guide

This guide will provide you with an introduction to the CMTA Tokenized Debt certification scheme and an overview of the process to obtaining the label.

It provides a summary of information included in the following documents available from <https://cmta.ch/certification/cmta-tokenized-debt>:

1. Certification Mark Regulations
2. Standard for the tokenization of debt instruments using distributed ledger technology ("CMTA Debt Tokenization Standard")
3. Logo usage guidelines
4. Fee Schedule

Before applying for certification, you must also read and agree to the documents listed above.

1. ABOUT THE CMTA TOKENIZED DEBT LABELS

The CMTA Tokenized Debt certification scheme provides certification labels that can be used by issuers of tokenized debt securities such as digital bonds, notes, or tokenized structured products in the form of ledger-based securities under Swiss law. The CMTA Tokenized Debt certification provides assurance to holders, operators of trading systems, and other business partners that a debt instrument has been tokenized in accordance with Swiss law and CMTA's industry standards. The certification marks are registered with the Swiss Federal Institute of Intellectual Property.

Who can apply for certification?

Companies that have issued tokenized debt instruments and followed standards set out by the CMTA can apply for certification. The CMTA Tokenized Debt scheme covers all forms of financial instruments that incorporate rights or claims that are contractual in nature, and have been issued as ledger-based securities under Swiss law. The scheme provides assurance, based on the confirmations of recognized experts, that a specific instrument or a series of multiple instruments has been tokenized in accordance with Swiss law and follows the recommendations and requirements set out in CMTA's Standard for the Tokenization of Debt Securities.

To certify a **specific instrument** --> Apply for "CMTA Tokenized Debt" certification

To certify a **series of multiple instruments** --> Apply for "CMTA Tokenized Debt (Program)" certification

Is certification only for Swiss companies?

No. Companies applying for certification can be based in any jurisdiction, and the instruments being certified can be governed by any law, as long as the tokenization process of the instruments is carried out under Swiss law and the law that governs the issuer permits that process (see section 2.3 of the CMTA Debt Tokenization Standard).

Why certify?

The label “CMTA Tokenized Debt” or “CMTA Tokenized Debt (Program)” reduces the due diligence requirements by third parties by certifying:

- **Compliance with Swiss law:** The “CMTA Tokenized Debt” certification mark evidences that debt instruments issued in the form of ledger-based securities comply with the requirements of Article 973d of the Swiss Code of Obligations (CO) and therefore have the legal effects provided for in Article 973f CO. The “CMTA Tokenized Debt (Program)” certification mark evidences that, once issued under a particular debt issuance program, debt instruments will comply with such requirements and have those legal effects.
- **Adherence to industry standards:** CMTA’s Debt Tokenization Standard was published following consultation of CMTA’s membership of leading actors from Switzerland’s financial, technological and legal sectors.
- **Use of the open-source CMTAT smart contract** (or equivalent functionality): the CMTAT framework has been developed specifically for the tokenization of financial instruments. Other smart contracts are, for the purpose of certification, approved by a CMTA Expert Committee.
- **Completion of due diligence by legal and technical experts:** As part of the certification process, CMTA-recognized experts must verify aspects relating to the tokenized instruments and smart contract.

2. BECOMING CERTIFIED

What are the criteria for certification?

To be certified, the criteria outlined in section 1.4.2 of the CMTA Debt Tokenization Standard must be fulfilled.

For a **specific instrument** (standalone certification) an issuer must:

1. tick the requirements and recommendations in the CMTA Debt Tokenization Standard;
2. retain a technology service provider recognized by CMTA (from [this list](#)) to deploy the smart contract and allocate the tokens to their owners;
3. obtain an opinion from a legal expert recognized by CMTA (from [this list](#)) confirming compliance with the CMTA Debt Tokenization Standard (the legal expert will review certain documents and request some information from the technology service provider); and
4. pay the [certification fees](#) to CMTA (if applicable).

For **multiple instruments** (program certification) an issuer must:

1. tick the requirements and recommendations in the CMTA Debt Tokenization Standard;
2. retain a technology service provider recognized by CMTA (from [this list](#)) to verify the issuers' technological procedures (such as those relating to smart contract deployment or the use of the distributed ledger);
3. obtain an opinion from a legal expert recognized by CMTA (from [this list](#)) confirming that the issuance will be compliant with the CMTA Debt Tokenization Standard (the legal expert will review certain documents and request some information from the technology service provider); and
4. pay the [certification fees](#) to CMTA (if applicable).

Timing and certification process:

Certification timings vary depending on the complexity of the issuance (e.g. if cross-border, existence of a guarantor) or technology choices. The certification process can be quite quick, and really depends on the time that the chosen legal expert and tech provider take to supply the opinion to the CMTA.

The main steps to becoming certified are:

- Step 1 Application: [Choose](#) a CMTA-recognized legal expert and tech provider to accompany you in the tokenization process and certification application, then complete the [Application Form](#)
- Step 2 Verification: Legal expert and tech provider verify and confirm certain facts to the CMTA
- Step 3 Certification: Company is [listed as certified](#) and authorized to use the logo
- Step 4 Monitoring: CMTA monitors ongoing compliance

Additional certification steps for specific situations

Using a smart contract that is not the CMTAT

If the smart contract used to create the security tokens is not the CMTAT, the code of the smart contract will need to be reviewed by the CMTA in order to confirm that it includes the features outlined in Appendix 2 of the CMTA Tokenized Debt Standard. To be reviewed, the smart contract functions will need to be properly documented and made publicly available (e.g., via blockchain explorer services or on a software development service). The code must have been audited and the report provided to the CMTA. This review process may be subject to a fee.

Issuers based outside of Switzerland

CMTA's certification scheme is available to issuers domiciled in any jurisdiction as long as the tokenization process of the instruments is carried out under Swiss law and jurisdiction is granted to Swiss courts for matters related to it (see section 2.3 of the CMTA Debt Tokenization Standard).

CMTA has commissioned a legal opinion confirming that, where permitted by their own governing law, foreign companies may choose Swiss law to govern the tokenization process and grant jurisdiction to Swiss courts for matters related to it.

As part of the certification process it may be necessary for foreign companies to obtain a legal confirmation from within their home jurisdiction confirming that it is possible to tokenize their securities under the CMTA standards and Swiss law).

Non-Swiss issuers will also need to retain a legal expert in their home jurisdiction to confirm certain points relating to themselves (such as valid existence and capacity to issue securities).

3. AFTER CERTIFICATION

Using the CMTA Tokenized Debt label and logo

Once certified, information about the issuance will be added to CMTA's [Register of Certification Mark users](#). In the case of programmes of multiple issuances, self-reported issuances will also be added to the register, once notified to the CMTA.

After certification, you can add the CMTA Tokenized Debt logo to documents, website, printed materials and more. Please refer to the [logo usage guidelines](#) for more information.

The logo should be used with the QR code directing to CMTA's register of users so that the public can easily verify the use of the logo.

Monitoring and recertification

CMTA will monitor ongoing compliance with CMTA Tokenized Debt certification regulations and will ask you at least once a year to confirm that you still comply with the regulations.

Program certifications: self-reporting of issuances

If a certification mark is being used to certify a program of multiple issuances, the issuer must report any issuances when they happen to the CMTA and self-certify that those issuances comply with the CMTA Debt Tokenization Standard.

Renewal of the certification

At least three months before the certification is due to expire, you will be contacted to see if you wish to continue using the certification label. If you do, you will need to confirm that the issuance still complies with the regulations and pay the renewal fee.

If a certification is not renewed, it will still be listed in CMTA's register of certification mark users, indicating the expiry date.

For complete information on the CMTA Tokenized Debt certification process, please read the following documents available here: <https://cmta.ch/certification/cmta-tokenized-debt>:

1. Certification Mark Regulations
2. CMTA Debt Tokenization Standard
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Questions?

Please contact info@cmta.ch