




Forum Kapitalmarktinstrumente - Kapitalmarktfinanzierung  
Deutschland | Österreich | Schweiz

# Why Switzerland?! Regulation & Tax

Dr. iur. Alexander Lindemann

16 June 2016, Blockchain: The next financial Revolution?  
SEMINAR-Workshop



*Nothing is  
constant in life  
but change  
Heraklit 540-480 BC*

# Agenda

A. Intro Swiss Fintech Community

B. Swiss Regulatory Rules &  
Upcoming Changes

C. Favourable Tax Treatment

D. Case Study`s No. 1 to 4

E. Summary



# A. Already 120 Swiss Fintech Companies





# A. Prominent Blockchain-Examples



Global marketplace for assets and financial instruments built on Bitcoin blockchain (<https://www.lykkex.com>)



Platform for Smart Contracts built on Blockchain (<https://www.ethereum.org/>)



Bitcoin Storage and first Bitcoin-based Debit Card (<https://xapo.com/>)  
=> see Case Study 1



Wences Casares  
Founder & CEO Xapo

# A. Prominent Blockchain-Examples (continued)



Software development for  
blockchain technology  
(<http://iprotus.com/>)



Cryptofinance platform to make  
transactions with smartphones,  
worldwide. Johann Gevers won  
the Swisscom Startup Challenge  
2015 (<https://monetas.net/>)



Johann Gevers  
Founder Crypto Valley in Zug



Smart contract trading solutions &  
regulated brokerage platform  
(<https://metaco.com/>)

# A. Boost factors for Innovation: Swiss Accelerators & Incubators



<http://www.fintechfusion.ch/>

KICKSTART  
ACCELERATOR

<http://kickstart-accelerator.com/>

nexusquared

<http://www.nexusquared.co/>



<http://www.sllab.ch/>



<http://www.six-group.com/en/site/fintech.html>



<http://www.bluelion.ch/>



Daniel Gasteiger  
Co-Founder nexusquared

# B. Swiss Regulatory

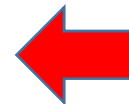
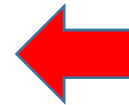
## Existing Rules



1. Use of bitcoins as a means of paying for goods and services:  
=> not regulated in Switzerland

2. Purchase and sale of bitcoins on a commercial basis :  
=> subject to Switzerland's Anti-Money Laundry Act & obligatory SRO membership (unless bank)

3. Acceptance of 20 or more third party deposits to keep on own accounts or relevant marketing :  
=> Full banking license required



FINMA:  
*« Trading  
in Bitcoin  
is associated with  
increased risks  
of money laundry  
and financing of  
terrorism»*





## B. Propositions by FINMA



Marc Branson, CEO FINMA  
17 March 2016

1. FINMA-Fintech-Desk with dedicated experts
2. «Sandbox» without regulation (see UK)  
Startups with max. deposit 200'000 CHF
3. Bank «License Light»
  - ✓ Max. CHF 50 Mio deposits
  - ✓ No lending activity
  - ✓ Min. equity capital: 5% of deposits & at least 300'000 CHF of collateral

## B. Government-Plans

Ueli Maurer, Swiss  
Finance Minister:

*«1. Simplifications for  
Fintech Firms*

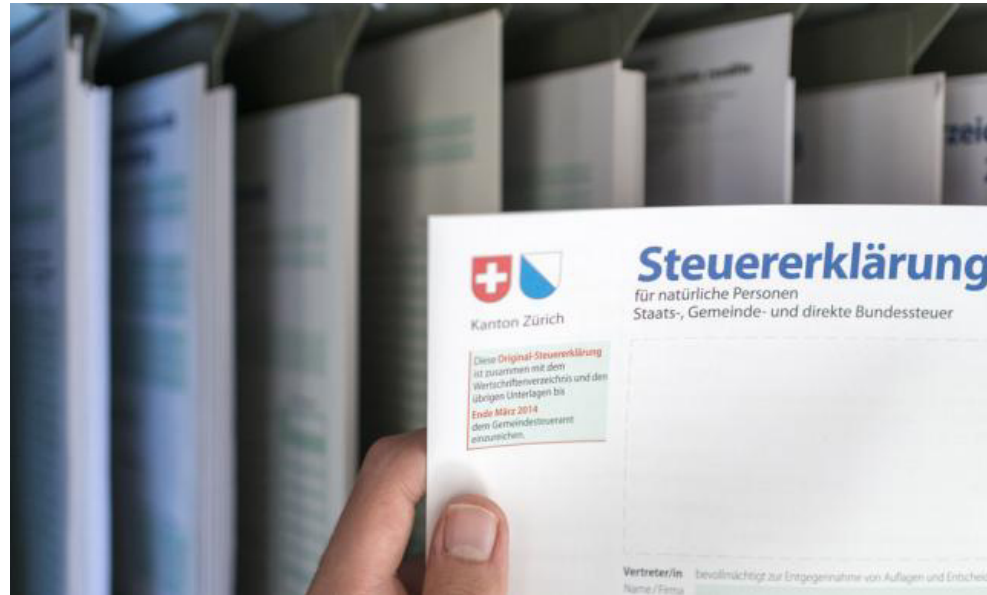
*Review and preparation  
of legal concept until  
autumn 2016 (Bank  
license light & «Sand  
box»)*

*2. Hint on Exception  
for Forwarding Deposits*

*Predefined acc. Art. 5  
par. 3 let. c Banking Act»*



## C. Favourable Tax Treatment



Grey area without official statements – in our experience Swiss tax administration (ESTV) generally views bitcoin as “foreign currency”:

- tax declaration: Bitcoin re-valued in Swiss francs
- Sources for Bitcoin-CHF Currency-Exchange-Rates e.g. [www.finanzen.ch](http://www.finanzen.ch); [www.oanda.com](http://www.oanda.com)
- Exchange of government currency into Bitcoin and vice versa not subject to Swiss or European VAT (see Art. 21 para 2 no 19 Swiss VAT-Act; EuGH-decision of 22 Oct. 2015)

# D. Case Study 1: Xapo\*



- Founded in March 2014 in Palo Alto, California, Wences Casares moved its headquarters to Zurich in 2015
- He named Switzerland's regulatory stability, international neutrality and deep-seated tradition in global finance
- Xapo's secure vaults are housed in military bunker in the Swiss Alps.

*\* based on information from public sources*



## D. Case Study 1: Xapo (continued)\*

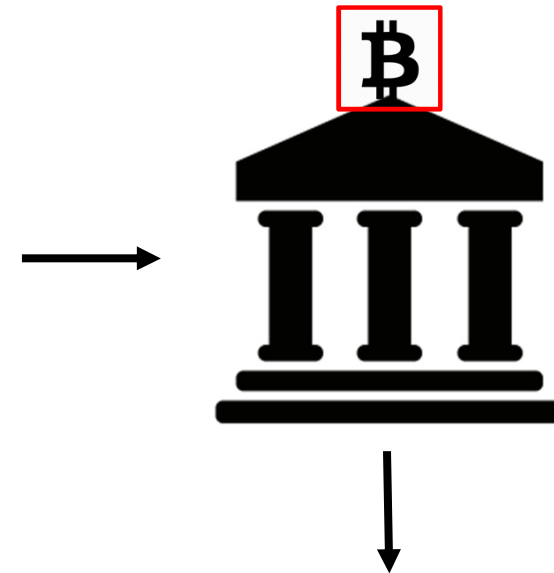


- First to develop bitcoin-based debit card system
- Before moving they applied for tax ruling for mixed company status in Canton Zug & legal opinion on regulatory status ?
- Xapo is backed by Greylock Partners, Pantera Capital and Index Ventures, and has raised a total of US \$40 Mio in funding so far  
⇒ *Shows attractiveness of Switzerland as a Blockchain-Location*

*\* based on information from public sources*



## D. Case Study 2: First Swiss Bitcoin Bank?\*



- ✓ Internet Detective & Bitcoin-Miner Guido Rudolphi & team of 10 (Old powerstation in Linthal Switzerland, *see photo*)
- ✓ Business Plan: Companies with profits in bitcoin + need access to traditional banking?
  - ✓ System of own capital, risk management system etc.?
    - ⇒ *FINMA- Application filed in Autumn 2015*
    - Negotiations ongoing: Approval 2016/17?*

\* based on information from public sources

## D. Case Study 3: City of Zug accepts Bitcoin for payments\*

- ✓ City of Zug accepts Bitcoin as a payment for public services – in a pilot project starting 1 July
  - ✓ Bitcoin payments up to a value of CHF 200 will be accepted
  - ✓ At the end of 2016 a decision shall be made regarding accepting digital currency payments in the future.
- ⇒ *First time ever that Bitcoins have been accepted as a currency on a state level*



*\* based on information from public sources*

## D. Case Study 4: Bitcoin – Suisse or How to provoke a battle with Regulator?!\*



- 4 June 2014: The Swiss Financial Market Supervisory Authority (FINMA) prohibits Bitcoin ATM`s (Bitcoin Suisse) in Zurich
- Threat: i.a. liquidation of the company & criminal prosecution
- Best Practice: Legal Opinion or FINMA no-action letter BEFORE START
- July 2014: Bitcoin Suisse becomes member of the SRO «VQF» → FINMA permits Bitcoin ATMs

⇒ *TODAY 6 ATMs in ZH, Bern, Basel, St. Gallen, Baar & Stein am Rhein*

*\* based on information from public sources*

The image features two glass fishbowls on a light blue gradient background. The bowl on the left is filled with water, and a goldfish is captured mid-jump, splashing water above it. The bowl on the right is also filled with water and contains a single goldfish swimming near the bottom. The text is overlaid on the bowls in a bold, yellow, italicized font.

***E. Summary:***

- 1) Nothing is constant in life but change (Heraklit 540-480 BC)***
- 2) Regulation & Tax are changing according to blockchain life***
- 3) Got Your own Inspiration from Examples of Successful first-movers?***

Questions ? Thank you !

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