

Resources



**See our videos on
Youtube** ↗

www.youtube.com/channel/UCkgbMFb68N3a7Uc18Q



**Read our blog on
Medium** ↗

[\(https://medium.com/token-estate/\)](https://medium.com/token-estate/)



**Tokenestate Demo
Platform** ↗

[\(https://demo.tokenestate.io/\)](https://demo.tokenestate.io/)

Publications

Overview of Swiss Security Tokens.
(https://www.tokenestate.io/resources/overview-of-swiss-security-tokens)

By Vincent Trouche. August 2019

What are security tokens? The notion of financial securities is a large one and can refer to a wide range of

investment products. Besides the technicalities of associating a financial security with a blockchain token, the regulatory treatment and rights attached to a given security are of crucial importance. In this publication, we cover the security tokens which Tokenestate is helping to issue, and delve into the legal, regulatory & technical aspects surrounding Swiss security tokens.

[Read the full publication →](#)

<https://www.tokenestate.io/resources/overview-of-swiss-security-tokens>

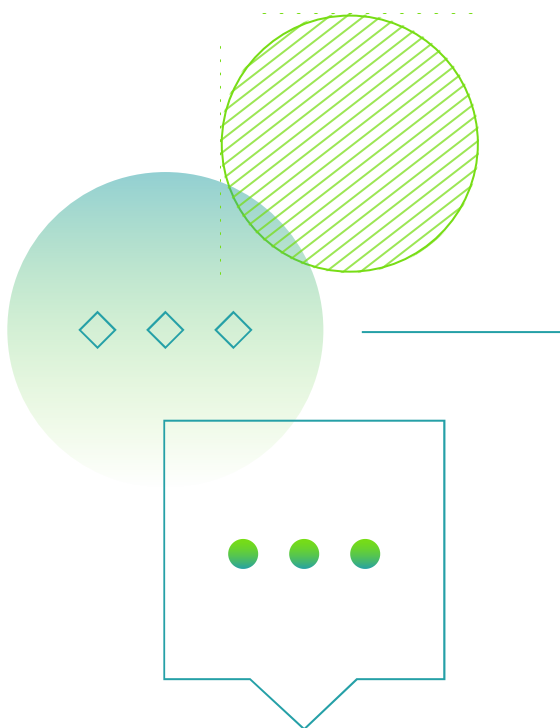
FAQ

What are blockchain tokens, public and private keys?

A blockchain is a distributed register of the creation and transactions of tokens. For example, the native token of the Bitcoin Blockchain is the Bitcoin. Users of a given blockchain are using public keys and private keys to perform transactions. Public keys are like accounts numbers and are associated with a balance of tokens. A private key is required to sign transactions involving tokens held by a given public key. There's a private key for each public key, and both can easily be generated independently by users at no cost using a variety of 'wallets' applications.

What blockchain is Tokenestate using?

Tokenestate is blockchain agnostic. Our aim is to create transparent, portable, financial



instruments which are supported by a wide ecosystem of service providers, such as wallets, exchanges and custodianship solutions. Today, we're using the ERC-20 token standard on the public Ethereum blockchain, which currently is the most widely supported token format. We remain open to using alternative blockchains in the future should they be supported by large ecosystems.

What are security tokens?

Security tokens are associating financial securities, such as Swiss ordinary shares, with a blockchain token. Each token being associated with a public key, whoever owns the corresponding private key is the owner of the financial security. By blending the efficiency of blockchain tokens with the regulatory protection associated with financial securities, security tokens are widely seen as major evolution in the world of finance.

What is the Tokenestate Platform?

The Tokenestate Platform is an interface enabling companies to self-issue security tokens, and to interact with investors during and following the issuance of the token. We conceive our solution as the medium to digitize the relationship between companies and investors over the long term. The Tokenestate Platform is enabling issuing companies to efficiently execute time-consuming and repetitive processes, and

maintain relation with investors at scale.

What is securities regulation?

Securities regulation designates the field of law which covers transactions and other dealings with financial securities. Security tokens typically fall under the securities regulation of the country in which the issuing company is based, and in the country where the investor is located. National financial market authorities, such as FINMA in Switzerland, are tasked with the supervision of financial markets participants in order to maintain financial stability and to protect investors.

Why are you operating from Switzerland?

Also known as the 'Crypto Nation' Switzerland has been at the forefront of the adoption of tokenized securities, by hosting a number of Initial Coin Offerings (ICOs) and now Security Token Offerings (STOs).

Such achievements have been possible thanks to the support of FINMA, the Swiss financial market authority, along with Swiss banks, financial intermediaries, legal and auditing firms. Switzerland has a long tradition of financial innovation and is renowned for the stability of its institutions.

Trillions of dollars of private wealth are today managed by Swiss financial institutions.

Switzerland has signed over 120 Bilateral Investment Promotion and Protection Agreements, the world's third largest network of such agreements after Germany and China. Such treaties protect foreign investors against discrimination by local courts, unlawful expropriation or unjustified restrictions.

What is a Know Your Customer (KYC) and Anti-Money Laundering (AML)?

KYC & AML refers of the process of verifying the identity of investors and the origin of the funds contributed to security offerings. The objective is to prevent issuers from, intentionally or unintentionally, receiving funds of illicit origin. The Tokenestate Platform is enabling issuing companies to process funds in compliance with Swiss KYC & AML regulation.

What are retail and qualified investor?

Investors are treated differently by national financial market authorities depending on their wealth and level of sophistication. Qualified, or professional, investors are individuals or companies which, given their fortune or experience, are deemed sophisticated enough to 'fend for themselves'. The definition of what a qualified or professional investor is differs between

jurisdictions. It is particularly complex for issuing companies to interpret and implement

such checks, which is the reason why the Tokenestate platform is integrating them natively. Retail investors are the most protected category. Typically, issuing companies willing to raise funds from retail investors are required to file and publish a prospectus.

What is a prospectus?

A prospectus is a formal document that provides details about the investment offering, and about the company proceeding to the offering. Prospectuses are typically time consuming and expensive to issue. However, several prospectus exemptions have been implemented to facilitate fundraising operations. Such exemptions are based on the total amount of funds being raised, or the number of individuals an investment offer has been made. By taking advantage of such prospectus exemptions, it is possible to grant issuing companies access to a very large pool of investors without filing a prospectus in each and every jurisdiction.

What are ordinary share and participation certificate?

Such instruments are simple, 'plain vanilla' products widely issued by companies around the world. Ordinary shareholders are granted 4 main rights: dividend & liquidation rights, information rights, voting rights and preferential subscription rights. Swiss participation certificates, as defined in the Art. 656 CO, are akin to non-voting shares.

They grant the same dividend and liquidations rights as shares, but don't enable to vote during general assemblies. Compared with lightly regulated cryptocurrencies, Swiss tokenized shares and participation certificates issued using the Tokenestate Platform are providing investors with strong and enforceable protections.

Keep in touch!

Subscribe to our newsletter

Email*

protected by reCAPTCHA

[Privacy](#) - [Terms](#)

Submit

