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SWITZERLAND'S NEW LEGISLATIVE PROPOSAL ON STABLECOINS AND CRYPTO ASSETS

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Introduction

On October 22, 2025, Swiss Federal Council published a new draft for legislative amendments to cover new players and services such as stablecoins and crypto-asset trading platforms. The goal is to apply the principle of "*same business, same risks, same rules*", ensuring a level playing field for traditional institutions and fintech/crypto firms, while maintaining financial stability and customer protection. The draft law aims to create two new categories of financial institutions and to establish a clear regulatory framework for stablecoin issuance, and provision of services related to crypto assets aligning Swiss standards with evolving international best practices.

Two New Categories of Financial Institutions

A centerpiece of the reform is the introduction of two new types of regulated financial institutions in the Federal Act on Financial Institutions ("**FinIA**"):

- Payment Institutions, and
- Institutions for Services related to Crypto Assets.

These categories are intended to tailor regulation to specific crypto-related business models, ensuring appropriate oversight.

Those already authorized under Article 1, paragraph 1, of the FINMASA who carry out activities that, under the new draft, require a specific license, **are not required to obtain a new authorization**. However, they must ensure compliance **within one year** from the entry into force of the new legislation. However, in the case of banks and other financial institutions, not only is a new authorization required, but also the establishment of a separate legal entity[1].

Payment Institutions

Payment Institutions (*Zahlungsmittelinstitute*) are a newly proposed class of financial institution dedicated to handling funds for payment purposes, including the issuance of stablecoins. This category essentially replaces the previous "fintech license" that was available under the Swiss Banking Act. Like the old fintech framework, these institutions will be allowed to accept public deposits (*i.e.* take in customer funds) on a professional basis without offering interest, and they can invest those funds only in secure, highly liquid assets under strict limits. In other words, they operate somewhat similarly to *e-money* or payment institutions.

[1] See, *Amendment to the Financial Institutions Act (Payment Institutions and Institutions for Services Related to Crypto Assets), Explanatory Report for the Consultation Procedure*, p. 39.

However, several important changes are being made to enhance this category:

- **Issuing Stablecoins:** for the first time, such institutions will explicitly be permitted to issue and manage "*crypto assets with stable value*" or "*wertstabile kryptobasierte Zahlungsmittel*" essentially stablecoins pegged to **one fiat currency**. The law reserves the activity of issuing stablecoins exclusively to Payment Institutions. Apparently, no other financial institution can issue stablecoins without obtaining this particular license. The draft bill does not prohibit the issuance of other types of stablecoins that are, for example, pegged to a basket of currencies (e.g. asset-referenced token under MiCAR). However, such kind of stablecoins are **not considered** crypto assets with stable value rather depending on the legal structure, they would instead be classified either as collective investment schemes (and therefore financial instruments) or as Crypto Assets (as defined herein), and would thus fall under the relevant regulatory framework. **For stablecoins issued abroad, even if equivalent to the "crypto-assets with stable value" issued in Switzerland, are not regarded as stable means of payment under the draft bill. They are generally treated as Crypto Assets[2].**
- **No Deposit Cap and Growth Potential:** previously, fintech license holders were capped at accepting CHF 100 million in public deposits. This limit could be **abolished**.
- **Stronger Customer Asset Protection:** to bolster confidence, the new amendments to FinIA will require that customer funds are **strictly segregated** from the institution's own assets. Any client assets received must be kept as a separate pool and would not fall into the institution's bankruptcy estate if it fails. However, this applies solely and exclusively in favor of the clients of the authorized entity that directly holds custody of client assets. In the event of bankruptcy and insufficient coverage for the clients, it is specified that no additional privilege exists, and any outstanding claims will be treated as ordinary claims in the bankruptcy of the entity, thus subject to the relevant insolvency procedure under the Swiss Federal Act on Debt Enforcement and Bankruptcy. Conversely, if the bankruptcy concerns a third-party bank or payment institution where the clients' assets are held, **clients cannot assert any right of segregation against such third parties**, are in no way granted any preferential treatment, and no further remedy is provided[3].
- **Core Activities:** these institutions can provide payment services broadly and hold non-interest-bearing accounts for customers, much like a payment processor or electronic wallet provider.

Institutions for Services Related to Crypto Assets

The second new category is the Institution for Services Related to Crypto Assets (*Krypto-Institute*). This license is designed for companies whose business is to provide various services around cryptocurrencies and other digital assets (apart from stablecoins). It brings under regulation a range of crypto-financial activities that previously fell outside traditional licensing.

[2] See, *Amendment to the Financial Institutions Act (Payment Institutions and Institutions for Services Related to Crypto Assets), Explanatory Report for the Consultation Procedure*, p. 15

[3] See, *Amendment to the Financial Institutions Act (Payment Institutions and Institutions for Services Related to Crypto Assets), Explanatory Report for the Consultation Procedure*, p. 64.

The draft law defines its regulated activity as providing services for "*crypto assets intended for trading*" or "*kryptobasierte Vermögenswerte mit Handelscharakter*" (for the purpose of this article "**Crypto Assets**"). In simpler terms, this refers to all digital assets that are **not traditional securities, nor utility tokens**. This includes the well-known cryptocurrencies like *Bitcoin* or *Ether*, as well as stablecoins issued abroad or not falling under the Swiss stablecoin definition (which would be treated as ordinary crypto assets under Swiss law).

The services envisioned under this category cover the key functions of crypto market intermediaries with respect to crypto assets intended for trading:

- hold, on behalf of clients, stable-value crypto payment instruments;
- trade, in its own name, trading crypto-assets on behalf of clients; or
- trade, for its own account on a short-term basis, trading crypto-assets and publicly and on an ongoing basis, or upon request, set the prices of certain such crypto-assets.

With respect to custody services provided on behalf of clients for crypto-assets with stable value or Crypto Assets, this activity focuses on "custodial wallet" services, where the service provider holds the client's crypto assets, typically by managing the private keys. Conversely, if control over the crypto assets remains with the client, as is the case in "non-custodial wallet" models, no authorization is required. Unlike the existing regulatory framework, under which only the custody of crypto assets in collective custody falls within the scope of Article 1b of the Banking Act ("**BA**"), the new Article 51*r*(*a*) (draft) requires an authorization even when the crypto assets are individually allocated to the depositing client in accordance with Article 16(*1bis*)(*a*) BA. In both cases, the service provider exercises control or disposal power over the client's crypto assets. This justifies the need for authorization and for compliance with specific obligations aimed at protecting client assets in the event of insolvency.

Other Financial Services with Crypto Asset and Initial Coin Offerings (ICO)

As per the other typical financial services that could be provided in Crypto Asset, we could find them as fully regulated under the Swiss Federal Act on Financial Services ("**FinSA**"), namely:

- the purchase or sale of Crypto Assets;
- the receipt and transmission of orders relating to Crypto Assets;
- the management of Crypto Assets;
- the provision of personalized recommendations concerning transactions in Crypto Assets;
- the granting of credit for carrying out transactions in Crypto Assets.

Unlike MiCAR, the new proposal to amend Swiss law aims to modify the FinSA by introducing a specific chapter dedicated to the offering of Crypto Assets and stablecoins.

In particular, any person in Switzerland who offers Crypto Assets, intends to have them admitted to a trading system under Article 73*a* of the Financial Market Infrastructure Act ("**FinMIA**") (that is, a DLT trading facility or a Multilateral Trading Facility), or issues stablecoins, will be required to publish a white paper ("**White Paper**") for the token in advance.

This obligation does not apply where offerings are made exclusively to professional clients, or if a White Paper has already been published, that shall include a summary note as defined under Article 71*f* (draft) FinSA.

Interestingly, and unlike MiCAR, there is **no requirement for notification or approval** of the White Paper by the competent authority (at least as

far as Crypto Assets are concerned), resulting in the absence of strict time limits (for example, the 20-day deadline for notification of the White Paper under Article 8 MiCAR).

Furthermore, one of the main advantages is the inclusion of an equivalence clause for all foreign White Papers whose contents are substantially equivalent to those required under Article 71*e* (draft) FinSA (e.g., details of the issuer, mechanism for determining the value of the Crypto Assets).

In other words, it appears that **EU White Papers prepared in accordance with MiCAR would also be acceptable in Switzerland**, provided that they contain all the information listed under Article 71*e* (draft) FinSA.

Finally, advertising related to an ICO must be clearly recognizable as such, and therefore, all advertising rules contained in new Chapter 3 FinSA under the proposed legislative amendments must be taken into account.

Amendments to the Anti-Money Laundering Act

Payment institutions and institutions providing services related to crypto assets are to be considered financial intermediaries under the Anti-Money Laundering Act ("**AMLA**"). The proposed amendments introduce specific obligations for stablecoin issuers:

1. maintain a list of excluded wallets (e.g., blacklisting);
2. ensure identification of **all stablecoin holders in the secondary market**; and
3. in any case, the issuer must be able to freeze, block, or withdraw stablecoins from the secondary market.

As currently drafted, the law appears ambiguous, leaving open the possibility that issuers may be required to identify every client. The explanatory report, however, clarifies that identification **must occur both for the initial acquirer (on purchase) and the ultimate holder (on redemption)**. Upon redemption, the institution will receive stablecoins in exchange for fiat currency. The explanatory report acknowledges that transfers between users (after the first and before last user) are possible and makes clear that it is the issuer's responsibility to determine the appropriate "technical measures" to be implemented according to its business model and risk level (e.g., client segmentation). This last clarification raises several questions: on the one hand, the legislator does not make it explicit that identification is required between users (after the first and before last user); on the other, it establishes that the issuer is responsible for implementing the technical arrangements necessary to trace transactions.

Consultation

The legislative proposal on *stablecoins* and *crypto assets* represents an important and positive step toward modernizing Switzerland's regulatory framework and aligning it with international standards. However, several aspects remain open to discussion. In particular, the draft does not yet fully address the need to ensure proportional supervision for smaller fintech operators, nor does it clearly define how the new licensing categories will coexist with the current self-regulatory system. Industry associations are therefore expected to use the consultation process to suggest targeted adjustments aimed at improving the framework's practicality and competitiveness — for instance, by refining the scope of the new licenses, clarifying the role of FINMA's oversight, and ensuring that Switzerland retains its distinctive flexibility compared to the EU model.

Lexify will actively participate in the consultation process to contribute to a balanced regulatory outcome and to safeguard the interests and competitiveness of the Swiss financial market.

Conclusions

In conclusion, once this legislative proposal enters into force, it will significantly impact operators within the crypto-asset sector. In particular, entities currently affiliated with a Self-Regulatory Organization ("**SRO**") may become subject to new licensing obligations and will need to comply fully with the applicable regulatory requirements governing the provision of crypto-asset services.

As for token offerings, the new provisions are considerably more straightforward and efficient compared to other regulatory frameworks, such as MiCAR. Consequently, these amendments are expected to provide Switzerland with a competitive advantage over other jurisdictions, while maintaining a balanced alignment with the international regulatory standards adopted in recent years.

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Lexify continuously monitors regulatory developments and assists companies within this sector. For further information or support, our legal team is at your disposal.

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