

Swiss national blockchain and cryptocurrency

SWISS CRYPTO FRANC 2018

Exposé by fintechrockers.com



Purpose

This exposé aims to motivate a broader dialogue in establishing a Swiss decentralized, robust, and energy-efficient blockchain infrastructure as the underlying foundation for a strong, growing Swiss digital economy. Such blockchain infrastructure, carried jointly by all Swiss cantons, will have an equivalent catalyst effect as the initial introduction of the railway system or the creation of the Gotthard tunnel during the age of industrialization. The Swiss national blockchain will enable local as well as foreign entities and all people with an interest and/or business relation with Switzerland to hold genuine Swiss cryptocurrency and/or execute transactions via legal compliant smart-contracts. The introduction of Swiss cryptocurrency "Crypto Franc", bound to the issued fiat Swiss Franc by the Swiss National Bank (SNB), revolutionizing digital payment capabilities. The national blockchain will enable and bring the Swiss industry(s) to the international forefront of the digital age.

Benefits for Switzerland

The introduction of a national blockchain and corresponding cryptocurrency brings significant and multifaceted benefits required for a modern digital economy. Switzerland will become part of a group of leading digital nations, with blockchain and cryptocurrency bringing the Swiss market to new efficiency levels. This initiative will attract knowledge and engineering skills further strengthening the position of Switzerland as a leading innovation economy. Blockchain technology will become a game changer and a catalyst to future phase(s) of digital financial and business product innovation via stable, legal, and economical technology facilitated by smart contracts.

Suggested Set-up

„Crypto Franc“ will be implemented as a cryptocurrency on a hybrid blockchain. While the chain is open for all to participate there will be permissioned nodes federated via all Swiss Cantons using the consensus mechanism, which guarantees adherence to the rules and regulations defined by the Swiss regulator. The Blockchain protocol will focus on low energy usage, high throughput, security and stability. It allows deployment of smart contracts that can be used for a large variety of business and e-government purposes. In addition, the Swiss National Bank (SNB) guarantees the exchange of Swiss Francs against „Crypto Francs“ 1-to-1, i.e. the „Crypto Franc“ is pegged to the Swiss Franc.



Exhibit 1: Blockchain nodes in Switzerland for the Swiss "Crypto Franc"

Governance

The SNB is the only “mining” node on the Blockchain which can create new „Crypto Francs” or retract them from the markets, therefore having full control to the liquidity of „Crypto Francs”. The protocol to sustain the Blockchain is created by a dedicated working group, comprising of a specialist team from EPFL and ETHZ. The code is open but owned and governed by the SNB, in collaboration with the dedicated developer team. FINMA will continue to safeguard required regulatory and prudential measures, e.g., on onboarding and preventing market abuse. These measures will be implemented directly by the blockchain. This hinders the execution of business violating the rules and regulations simplifying market oversight and reporting.

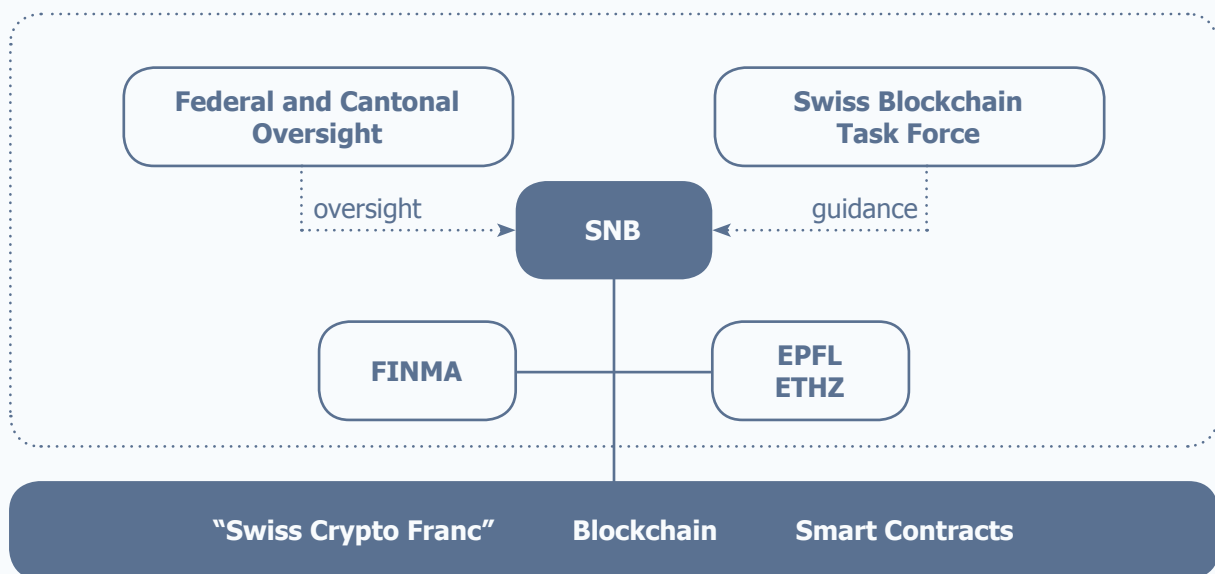


Exhibit 2: Governance framework for the Swiss national Blockchain and the “Crypto Franc”

A national task force (e.g., the Blockchain Task Force recently initiated by BR Schneider-Ammann and BR Maurer) with representatives from government, business and industry and technical associations will provide advisory and guidance during the deployment of the Blockchain and national cryptocurrency. Federal and cantonal political entities will continue to monitor progress and provide the required political framework and stability around the blockchain.

Summary and Outlook

As railways and electricity were the base for the age of industrialization, the Swiss, centrally governed, but federated blockchain is the foundation for the information age. It will – with minimal effort – accelerate the Swiss economy and bring our innovation capabilities to the forefront. The “Crypto Franc” and the Swiss Blockchain will serve as the enablement for a prosperous healthy financial industry with advanced governmental systems, incl. e-Government, national digital identities and distributed ledgers, helping our nation to adapt to the challenges of the digital age.

