

# capital markets and technology association.

## **CMTA issues open industry standards for custody and management of digital assets**

First initiative by the Swiss financial industry to agree on a common standard  
in the path to digitalization

**Geneva, 30 April 2020.** The Capital Markets and Technology Association (CMTA), an independent Swiss association bringing together actors from the financial, technological and legal sectors, releases today the “Digital Assets Custody Standard” (DACCS), a set of requirements and recommendations for technology solutions enabling the custody and management of digital assets. This document aims to fill in a gap, as digital asset custody is not yet subject to clear minimum security and operational requirements, contrary to traditional asset custody.

Fedor Poskriakov, General Secretary at the CMTA and Partner at Lenz & Staehelin, explains: *“The digitalization of the capital markets infrastructures is accelerating. In that context, the launch of the “Digital Assets Custody Standard” represents a key milestone, as it is the first initiative of the Swiss financial industry to agree on a common standard for custody and management of digital assets. This will greatly contribute to the emergence of fully digital capital market infrastructures, including integrated custody and secondary trading venues. The benefits of the digitalization of the financial industry are such that the evolution towards decentralized infrastructures seems inevitable.”*

### **Filling in a void in custody standards of digital assets**

The CMTA enables the Swiss financial industry to adopt common principles that facilitate the use of digital assets. The proposed standard addresses the manner in which custodians control clients' digital assets on a distributed ledger. It also provides baseline requirements and recommendations for the procedures in which the private keys can be generated, stored and recovered in a secure manner.

### **Securing private keys is essential for investors interested in digital assets**

Control of digital assets is secured by private keys, *i.e.* digital information used to cryptographically protect and validate transactions issued on the relevant distributed ledger infrastructure. Storage of such private keys is particularly sensitive, as storage devices can be lost, stolen or even hacked. For investors, the availability of high-assurance safekeeping solutions for private keys is essential. Those solutions significantly differ from those used for traditional financial assets, for which systems are heavily centralized and do not rely on cryptographic mechanisms. Digital assets are not kept at a single place, but

are recorded on distributed ledgers maintained by a community of participants.

### **A simplified access to capital markets**

The distributed ledger technology contributes to simplifying the financing of companies and democratizing their access to financial markets, which was before essentially reserved for large companies. It notably enables smaller companies, including SMEs, to issue and trade securities on decentralized platforms, leveraging benefits of digitalization and disintermediation. At a time where the balance sheets of SMEs are under heavy pressure, allowing them to broaden their investor base may be more important than ever.

Dr. Jean-Philippe Aumasson, Tech Committee Chair at the CMTA and co-Founder at Taurus Group, concludes: *"The DACS will contribute to a greater maturity in the technological and procedural aspects of digital assets custody. Leading auditing firms, custody solutions suppliers, and regulated financial firms have joined forces to accelerate the evolution of the financial industry towards decentralized infrastructures."*

The CMTA's standard for the safe custody of digital assets has been published after consulting members, including Lenz & Staehelin, Swissquote Bank, Temenos Group, Altcoinomy, AtonRâ Partners, Bank Vontobel, Banque Lombard Odier & Cie, Banque Pâris Bertrand, Banque Pictet, ChainSecurity, Chambre Vaudoise du Commerce et de l'Industrie, Crypto Finance, Diginex, Eidoo, HDC, Hermance Capital Partners, Jacquemoud Stanislas, Lonza, Mt Pelerin, Niederer Kraft Frey, Ochsner & Associés, PKB Privatbank, REYL & Cie, SEBA Bank, Sygnum Bank, Taurus Group, Tavernier Tschanz, Tokenestate and UBP. [www.cmta.ch/members](http://www.cmta.ch/members)

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### **About the Capital Markets and Technology Association**

The CMTA is an independent association aiming to create common standards around issuing, distributing and trading securities in the form of tokens using the distributed ledger technology. Established in 2018 by Lenz & Staehelin, Swissquote Bank and Temenos with the support of EPFL, the association is now composed of 29 leading actors from Switzerland's financial, technological, and legal sectors.

For more information, please visit: [www.cmta.ch](http://www.cmta.ch).