Minutes of the 2nd SMAG meeting

23rd September 2025 14:00 – 17:00
SDX SMAG Meeting
(Board Room at Banque J. Safra Sarasin office
in Rue de la Corraterie 4, CH-1204 Genève)

Overview of Activities

During the SMAG meeting held on September 23, 2025, several key topics were discussed and updates shared. Rafael Moral Santiago (Head of SIX Security Services), confirmed the integration of SDX into the Security Services Business Unit, highlighting the benefits of streamlined processes and enhanced service delivery. Todd McDonald (R3) presented the R3-Solana strategic partnership, emphasizing the future of on-chain capital markets. Citi and Pictet presented live use cases on innovative Securities solutions and fractionalization of traditional assets, respectively. AMAS shared their perspective on fractional trading and investment fund evolution, supporting the SPA Project. SDX introduced plans for Phase Two of the fractionalization use case and explored Member interest in alternative settlement assets including stablecoins and deposit tokens. SDX provided an overview of its current Crypto Products and Services as well as the current project of Crypto as an ancillary service in the CSD and potential next roadmap for the Helvetia pilot project with SNB. The meeting concluded with a discussion on CARF regulatory reporting and its implications for digital bonds.

Agenda

Theme	Activity	Actors	Status / Deadline
P1 – Welcome and Agenda overview	Opening remarks and agenda overview	Carlo Mondani, Benjamin Anderegg, Claudio Caiata	
P2 – SDX Integration Update	Integration of SDX into SIX Security Services	Rafael Moral Santiago	
P3 – Public Blockchain Strategy	Presentation on R3 and Solana partnership	Todd McDonald	
P4 – Innovative security solution	Citibank's overview and pilot plans for innovative security solution	Artem Korenyuk (Citi)	Pilot planned before end of 2025
P5 – Fractionalization Pilot	Presentation of Pictet's pilot project	Olivier Monti (Pictet)	Phase 1 completed
P6 – AMAS Perspective	Industry view on fractional trading	Adrian Schatzmann (AMAS)	
P7 – Fractionalization Phase 2	Roadmap and goals for next phase	Alex Smith (SIX), Olivier Monti (Pictet)	Kickoff planned Q4 2025
P8 – Crypto Custody Integration	Plans to integrate crypto custody into CSD as ancillary service	Niamh Lane (SIX)	FINMA application submitted
P9 – Helvetia Pilot Update	ISO messaging and corporate actions in wCBDC	Nathalie Torrent (SIX)	ISO messaging live October 2025
P10 – Settlement Assets	Exploration of stablecoins and deposit tokens	Niamh Lane (SIX)	
P11 – CARF Regulation	Overview and implications of CARF	Tim Burkhalter (SIX)	Ongoing discussions with authorities
P12 – Open forum	AOB and Q&A	Everyone	
P13 – Closing Remarks	Summary and next steps	Carlo Mondani	

Points discussed

1. **Welcome and Agenda overview**
    - Carlo Mondani and Benjamin Anderegg welcomed participants to the second SMAG session, hosted at Banque J. Safra Sarasin in Geneva.
    - Claudio Caiata, (Banque J. Safra Sarasin), welcomed the delegation at the bank premises.
    - Carlo Mondani and Benjamin Anderegg continued, acknowledging the presence of both in-person and remote attendees, including representatives from New York and Frankfurt. The agenda was introduced referencing updates from SIX, live use cases, industry perspectives, and regulatory topics.
    - Carlo Mondani highlighted the onboarding of four new Banks – Banque J. Safra Sarasin, Banque Pictet, Aargauische Kantonalbank, and CIM Banque – bringing the total number of voting members to eight. He also noted the continued participation of Citi, BNP Paribas, Standard Chartered, and Liechtensteinische Landesbank, along with associations such as AMAS and Swiss ACT.
2. **Integration of SDX into SIX Security Services**
    - Rafael Moral Santiago (Head of SIX Security Services), joined remotely to provide an update on SIX Securities Services and Digital.
    - Rafael Moral Santiago emphasized the strategic integration of SDX into the Security Services business unit. He outlined four key priorities: merging CSD legal entities and technology platforms to streamline processes, delivering a unified digital vision across asset classes, enhancing market services with 24/7 capabilities and real-time collateral mobility, and strengthening collaboration with the Swiss National Bank on wholesale CBDC initiatives.
    - Marco Kessler added that while the platform technically supports 24/7 operations, broader adoption depends on upstream banking infrastructure and use case development.
3. **Public Blockchain Strategy of R3**
    - Todd McDonald, co-founder of R3, presented the strategic partnership with Solana, emphasizing the shift toward on-chain capital markets. He described Solana as the most used public blockchain and outlined R3's efforts to build a Solana-native protocol to safely bring real-world assets on-chain.
    - Todd McDonald explained the integration of existing Corda networks with Solana, the development of yield vaults for DeFi investors, and the importance of regulatory clarity. He highlighted the growing demand from on-chain native capital allocators and the opportunity for traditional financial institutions to access new markets.
    - Marco Kessler confirmed SDX's interest in public chain access and emphasized alignment with Swiss regulators for any future steps.
4. **Innovative Security Solution of Citibank**
    - Artem Korenyuk from Citibank introduced the concept of a new innovative security solution.
5. **Fractionalization Pilot**
    - Olivier Monti (Banque Pictet) presented the successful completion of phase one of the fractionalization pilot.
    - Two corporate bonds were tokenized and fractionalized, with allocations made to client wallets. The project demonstrated the legal construct of fiduciary interests, integration with portfolio management systems, and the potential for customized multi-asset strategies.
    - Olivier Monti emphasized the scalability of the solution and its relevance for institutional clients, including pension funds and large investors with ownership constraints.
6. **Industry Perspective on Fractional Trading**
    - Adrian Schatzmann (Asset Management Association (AMAS)) joined remotely to share the industry's view on fractional trading and present the Smart Portfolio Accounts (SPA) Project.
    - Adrian Schatzmann highlighted the limitations of traditional investment funds and the potential of fractionalization to offer personalized portfolios. Adrian Schatzmann noted that fractional trading enables diversification for small investors and customization for large clients.
    - Adrian Schatzmann emphasized AMAS's role in providing legal assessments, industry feedback, and promotional support through its digital assets working group.
7. **Phase Two of Fractionalization**
    - Alexander Smith (SIX) outlined the roadmap for phase two of the fractionalization initiative. Objectives include extending the pilot to cover the full asset lifecycle, expanding supported assets to include USD and GBP bonds, and launching smart contract-based portfolio automation.
    - Alexander Smith emphasized the importance of building foundational infrastructure for transferability and corporate actions.
    - Alexander Smith invited broader participation from asset managers and custodians to co-develop the solution.
    - Olivier Monti specified that fractionalization is primarily designed for institutional clients, not retail investors, addressing needs such as portfolio customization for pension funds and ownership constraints for large investors.

8. **Crypto Custody Integration as CSD's ancillary service**
   - Niamh Lane (SIX) introduced plans to integrate crypto custody into the regulated CSD. An application was submitted to FINMA in June 2025. The initiative aims to streamline onboarding, enhance regulatory compliance, and prepare for future convergence between digital securities and crypto assets.
   - Niamh Lane explained the current Web3 setup, custody capabilities, working with with liquidity providers RuleMatch (Switzerland) and DLT Finance (Germany).
   - Niamh Lane highlighted the strategic focus of custody and the potential for cross-jurisdictional expansion.
9. **Corporate Actions in wholesale CBDC (wCBDC):**
   - Nathalie Torrent (SIX) presented an update of the Helvetia Pilot use cases and a solution for executing corporate actions in wholesale CBDC.
   - Nathalie Torrent explained the need to support both eligible and non-eligible members through parallel distribution of wholesale CBDC and tokenized CHF. The process involves identifying entitlements based on eligibility and ensuring synchronized payments.
   - Nathalie Torrent requested member feedback to finalize the implementation and emphasized alignment with SNB requirements.
10. **Settlement Assets and Stablecoins**
   - Niamh Lane (SIX) led a discussion on expanding settlement assets, including stablecoins and deposit tokens. She explained the cross-jurisdiction regulatory landscape , the differences between tokenized cash and deposit tokens, and the role of stablecoins in institutional markets.
   - Niamh Lane presented examples such as Circle, SocGen Forge, and JPM Coin, and highlighted the importance of programmability and interoperability.
   - Niamh Lane introduced a live poll to gather member feedback on preferred currencies, services, and stablecoin types.
11. **CARF Regulation Overview**
   - Tim Burkhalter (SIX) started the speech stating that the CARF-related content was for informational purposes only and did not constitute legal, regulatory, or tax advice; each SDX Member is responsible for its own compliance and should consult a professional tax advisor before taking action.
   - Tim Burkhalter explained the upcoming Crypto-Asset Reporting Framework (CARF) regulation, effective January 2026. He detailed the scope, reporting obligations for crypto asset service providers, and implications for digital bonds.
   - Tim Burkhalter clarified the distinction between Swiss and foreign clients, excluded entities, and the types of reportable transactions, emphasizing the need for due diligence and aggregation of transaction data.
   - Carlo Mondani and Marco Kessler added that SDX is engaging with Swiss tax authorities to clarify applicability and ensure consistent treatment across jurisdictions.
12. **Open Forum**
   - Participants raised concerns about CARF's impact on digital bond issuance. Ralf Welge (Commerzbank) noted client hesitancy due to regulatory uncertainty.
   - SDX delegates confirmed ongoing discussions with Swiss tax authorities and emphasized the importance of regulatory clarity.
   - The forum also addressed interoperability, investor incentives, and the future of settlement assets.
   - Carlo Mondani reiterated SDX's commitment to transparency and collaboration with industry stakeholders.
13. **Closing Remarks**
   - Carlo Mondani thanked all participants, speakers, and remote attendees.
   - Carlo Mondani acknowledged the contributions to SDX's evolution and invited members to mark their calendars for the next SMAG meeting.
   - The session concluded with a toast and an invitation to continue discussions offline.