

Swisscom and banks pilot a reference rate for digital assets

With a joint proof of concept, SEBA, Swissquote, Sygnum, Vontobel and Swisscom lay the foundation for banking-grade reference prices in the digital asset world.

Digital assets, like Bitcoin, are gaining popularity. Yet popular price and volume data sources are susceptible to manipulation, damaging the image and credibility of the digital asset market as a whole and hindering institutional adoption. For example, the Securities and Exchange Commission rejected numerous requests to list and trade Bitcoin ETFs because of deficiencies in the reliableness of the used reference prices.

In order to strengthen the legitimacy of the digital asset space and foster financial innovation Swisscom and the four banks SEBA, Swissquote, Sygnum and Vontobel have together piloted the Swiss Institutional Digital Asset Reference Rate (SIDAR). During a two-week testing period the partners carried out daily fixings for Bitcoin and Ether. The banks acted as data contributors and Swisscom as the calculation agent.

"Switzerland, with one of the most advanced digital asset ecosystems in the world is ideally suited to bring institutional-grade digital asset benchmarks to life", says Aetienne Sardon from Swisscom FinTech. In contrast to existing digital asset price sources, the SIDAR is exclusively based on data from regulated banks and financial institutions. As a robust and trustworthy benchmark, SIDAR can be used for creating innovative digital asset linked products, enabling a new wave of financial innovation. Moreover, the SIDAR serves as a unique market indicator, reflecting digital asset market interest and activity among regulated participants.

Christopher Thomas, Head Digital Assets at Swissquote Bank says: "Digital assets are an important and expanding theme at Swissquote Bank. As a pioneer of crypto-assets, we are delighted to collaborate with other Swiss banks and continue to strengthen the Swiss ecosystem."

Dominic Lohberger, Sygnum Bank's Head of Brokerage says: "Sygnum is pleased to be a part of the SIDAR pilot with Swisscom and other banks operating in the Swiss digital asset ecosystem. With

institutional adoption driving market values to new heights, establishing a reliable reference rate for digital assets is a critical step towards building trusted infrastructure for Future Finance.”

Urs Bernegger, Head Trading & Credit Platform at SEBA Bank states: "At SEBA Bank we bridge the gap between the traditional world and the new economy. We are proud of our sophisticated digital assets spot and derivatives trading and provide broad traditional and crypto credit and lending services. We are happy to set market standards and to contribute to a more transparent market by providing daily reference rates."

Markus Pfister, Head Structured Solutions & Treasury at Bank Vontobel says: "Vontobel shows once again that, thanks to its future-oriented infrastructure and innovative capabilities, it is always ready to adapt and has the tools to serve the market and its participants with new services."

Following the successful completion of the pilot project, Swisscom is now assessing a possible commercial roll-out together with the project partners.

Zurich, 12. April 2021