Linklaters advises SWIAT on the establishment of RL1, Luxembourg’s second European Cooperative Society (SCE)

Linklaters has advised fintech company SWIAT on the establishment of a Luxembourg-incorporated European cooperative structure for the blockchain initiative Regulated Layer One

(RL1). This new entity is only the second European Cooperative Society (SCE) to be incorporated under Luxembourg law, requiring a forward-looking approach from our Luxembourg team.

RL1 is designed as an open, neutral and compliance-focused DLT network for the European financial sector. It brings together leading financial institutions from Germany, the Netherlands, France and Spain to overcome the existing fragmentation of blockchain networks in financial services and provide a shared infrastructure for tokenized assets, digital money and digital capital markets applications. RL1 commences operations with ten leading financial institutions.

The RL1 network is built on SWIAT's DLT infrastructure, which is transferred to the cooperative. The platform has been operational for three years and has facilitated more than 20 transactions with an aggregate volume exceeding €700 million.

A legal form rarely encountered in practice, the SCE is particularly well suited where a large number of independent participants from different countries pursue shared interests that extend beyond pure profit generation.

This marks a significant achievement for our Luxembourg team, not only because of the rarity of the SCE as a legal form that required genuinely novel structuring questions with no established market practice to draw on, but also because of the complexity of the corporate and contractual mechanics with ten founding members.

Commenting on the transaction, Corporate Partner Florence Forster said: *"We are pleased to have advised SWIAT on this innovative project that sits at the intersection of financial regulation, distributed ledger technology and cooperative law, a combination that demands deep technical knowledge across multiple disciplines. Structuring only the second SCE in Luxembourg required a forward-looking approach led by our Luxembourg team. It further highlights how our innovative legal structuring can support the development of next-generation financial market infrastructure."*

The Luxembourg team was led by Corporate Partner Florence Forster and Senior Managing Associate Eugenie Syx, with additional support from Senior Associate

Knowledge Lawyer Marie Arnaud-Rio, Senior Paralegal Elisabetta Diacci, and Employment Counsel Marie Sinniger.