AFBS News April 2021

Legislation and Regulation: Switzerland

Anticipatory Tax Regime

The Federal Council published its dispatch on the reform of the anticipatory tax regime. It proposes full abolition of the tax except for Swiss source interest payments to Swiss taxpayers. The reform also proposes simplifications in the realm of intra-group payments which aim at easing the firms' liquidity situation.

Info: Federal Council Press Release DE FR IT

Revision of deposit insurance scheme

The improvements to the deposit guarantee scheme drafted by the Federal Council and the banking industry have also met with broad political approval. In the spring session, the National Council approved the bill without a dissenting vote and with only one amendment relevant to the banking centre. The deal is thus on track and will now go to the Council of States.

Info: Swiss Bankers' Association DE FR

Annual Reports

The **FINMA** published its annual report 2020. Among the topics of concern there are climate change and its investment on banking business and financing activities, assurance of cyber resilience, impact of the low interest environment. The FINMA received 2400 applications for authorisation from wealth managers and trustees; it puts its focus on the firms' compliance with regulation in the realms of business conduct, suitability, risk management and anti-money laundering.

Info: FINMA Annual Report 2020 in DE FR IT EN

In its annual report the **Swiss Federal Tax Administration** reports on its revenue sources. While income from VAT was below budget, income from direct federal tax was in excess. There is a strong decrease in requests for international administrative assistance received, while the number of requests issued increased.

Info: Swiss Federal Tax Administration DE FR

Commodities Trading

The Federal Council published its update of the report on commodities trading business in Switzerland. It estimates that progress has been made in achieving the 16 goals set out in the first report in 2018. Beyond competitiveness, sustainability and transparency are key thrusts pursued by the Federal Council. According to statistical data of March 2021, 900 firms employ 10,000 staff in the field of commodities trading.

Info: Federal Council Press Release DE FR IT EN

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Responsible Business Initiative

In November 2020, Switzerland voted against the Responsible Business Initiative (RBI) which sought to allow victims of alleged human rights violations or environmental damage to sue Swiss companies in Swiss courts. On 14 April 2021 the Federal Council has opened the consultation process for the implementing provisions for the indirect counter proposal: Specific due diligence is to be conducted if threshold volumes are exceeded in the use and trade of conflict minerals (according to EU law) and child labour, with the exception for low-risk businesses and/or SME. The consultation is open until 14 July 2021.

Info: Fedlex Documentation DE FR IT

Legislation and Regulation: International

Revised US Anti-Money Laundering Legislation

The revision of the US Anti-Money Laundering Act 2020 (US AMLA) expands investigative powers of US authorities against (non-US) banks which use any US correspondent bank accounts. It entitles US authorities to issue a subpoena against such banks requesting "any records" that are subject of "any investigations". It is expected that the US Department of Justice and the US Treasury will issue some guidance regarding the application of the AMLA 2020. As there is a Mutual Legal Assistance Treaty MLAT in place between Switzerland and the USA, banks expect the US authorities to issue requests under that treaty rather than directly to the individual bank.

Market Access

Discussions in the context of **Brexit** are ongoing. Banks in Switzerland are preparing the asks with respect to client categories and products and services to be included in the bilateral negotiations on market access. Swiss parties aim at concluding a principles-based agreement of recognition of equivalence rather than performing a point-by-point assessment. The 'Mind the Gap' Strategy is being used to ensure the continuation of existing rights and obligations but also to seek new opportunities.

The **Luxembourg** CSSF recognised Swiss legislation as equivalent thus offering banks in Switzerland the possibility of free access to institutional and per-se professional investors in Luxembourg. Banks are waiting to apply for approval with the CSSF for the FINMA to negotiate a Memorandum of Understanding with the CSSF which shall clarify the cooperation among the two supervisory authorities.

Sustainable Finance

Green Fintech Action Plan

The Green Fintech Network, a group of startups and experts in digital and sustainable financial services, has released an action plan to improve the framework conditions of green fintech companies in Switzerland. The action plan outlines 16 proposals intended to make Switzerland become a leader in green fintech. These proposals focus on five areas: cultivating new startups; boosting the ecosystem and innovation; easing access to capital; fostering access to data; and promoting access to clients.

Info: State Secretariat for International Finance Press Release DE FR EN

Sustainable Finance Geneva SFG

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The Geneva-based association Sustainable Finance Geneva SFG relaunched its website and offers a newsletter. SF Geneva is in charge of organising the networking event on sustainable finance "Building Bridges". A first edition took place in 2019; the next event is planned for the second half of 2021. It aims at building bridges between different sectors, such as finance, government, international and non-governmental organisations in the realm of ESG and thus promoting achievement of the SDG goals.

Info: https://www.sfgeneva.org and www.buildingbridgesweek.ch

Revised CO2 Act

The Swiss electorate will vote on the revised CO2 Act on 13 June 2021. The financial sector is clearly in favour of the CO2 Act's aim of aligning financial flows with the goal of low-emission economic development that is resilient to climate change. Sustainability is a top priority for the Swiss financial centre. The sector is aware that investment in fossil fuels accelerates climate change. The focus must be on solutions that harness the opportunities arising from the energy revolution. The SBA has set itself the target of positioning the Swiss financial centre as a leading international hub for sustainable finance and advocating the best possible frameworks.

Info: Swiss Bankers' Association DE EN FR IT // Committee "Schweizer Wirtschaft für das CO2-Gesetz" DE FR IT

Digital

Digital Europe Programme

The EU's new Digital Europe Programme is to boost the digital transformation by providing funding for rolling out technology in areas such as artificial intelligence, supercomputing and cybersecurity. With a budget of EUR 7,588 million, the programme will run for the period 2021-2027, starting retroactively from 1 January 2021. The programme is awaiting adoption by the EU Parliament.

Info: Council of the European Union Press Release EN // Digital Europe Programme (DIGITAL) EN

Miscellanea

Salary Survey

The Swiss Association of Bank Employees (Schweizerischer Bankpersonalverband / Association suisse des employés de banque) conducts a salary survey among employees. The Association wants to understand whether the pandemic, which it states having increased pressure on the labour market, had an impact on the salary situation.

Info: Swiss Association of Bank Employees Salary Survey in DE FR IT // Results of the survey 2019: DE FR IT

Internal

AFBS Events

- Foreign Banks go to the Cloud: Risks and Opportunities: Series of four events with speakers from Microsoft, Walder Wyss AG, Deloitte SA, Banco Itaú (Suisse) SA and Temenos SA.
- SDX: The World's First Regulated Digital Market Infrastructure, AFBS Conference with expert opinions from Jos Dijsselhof, CEO SIX and Tim Grant, Head of SDX. 17 May 2021, 16.00.
- 49 th Ordinary General Assembly. 2 June 2021, 14.00; the OGA takes place by Circular Letter.
- Cyber Resilience for Foreign Banks: Series of three events with speakers from the ETH Zürich Center for

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Security Studies, National Cyber Security Center (NCSC) and Cyverse SA.
- SIX Financial Information: Call for Input: New CEO, New Plans, New Offering, Marion Leslie, CEO. 16.9.2021, 8.30.

Last Minute

- In Switzerland the commodity trading business employs nearly 10,000 in 900 firms: SECO: DE FR IT EN
- The Instiute for Financial Services IFZ publishes an annual study on FinTech: EN
- The Swiss Bankers' Association and Swiss FinTech Innovations SFTI join to promote open banking: SBA: DE FR EN
- The Swiss Sustainable Finance Association publishes its annual report 2020: EN
- The State Secretariat for International Finance SIF has published an update of its brochure "Swiss Financial Centre: DE FR IT EN
- The Financial Stability Board's evaluation of the effects of too-big-to-fail reforms for banks: EN
- OECD Tax Report to G20 Finance Ministers and Central Bank Governors. Providing an overview of the tax measures introduced during the COVID-19 crisis across 66 countries and jurisdictions since the outbreak of the pandemic: EN
- PwC Survey among Swiss CEO on the effects of COVID-19 and the opportunities and risks associated with the accelerated digital transformation: EN (registration required)
- EUROPOL publishes its Serious and Organised Crime Threat Assessment (SOTCA) 2021: EN

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