AFBS News September 2021

Save the Date: The Association of Foreign Banks in Switzerland will commemorate its 50th Anniversary on 14 June 2022 in Zürich.

Legislation and Regulation: Switzerland

FINMA Change of Organs

The FINMA published new Guidelines governing the change of organ of a supervised institution. The Guidelines enshrine current practice and clarify that * fitness is tested upon the institution's own assessment while properness is tested by the FINMA; * changes in the organ itself do not require authorisation by the FINMA; * duration of examination is set at ten working days approximately. **Info** : FINMA Guidelines in DE FR IT and UniGE: LINK

Implementation of FinSA / FinIA: self-regulation from AMAS and SBA

Deadlines of transition for the implementation of the Financial Services and the Financial Institutes Acts expire on 31 December 2021. The FINMA recognised as minimum standard in self-regulation the guidelines issued by the Asset Management Association Switzerland AMAS. It has been aligned to the new legislation and covers the areas of total expense ratio, fund performance, asset valuation, money market funds and real estate funds. The guidelines on distribution and on the KIID will be withdrawn with the expiry of the transition deadlines. The new guidelines enter into force on 1 January 2022. **Info** : FINMA: DE FR IT EN AMAS: DE FR

The SBA publishes an overview of its regulation on financial services. It outlines which guidance remains applicable, which has been updated and which is being withdrawn. **Info** : DE FR

SNB/SIX: Secure Swiss Finance Network

The Swiss National Bank (SNB) together with exchange operator SIX launched their communication network Secure Swiss Finance Network (SSFN) to enhance cybersecurity. The SSFN is a monitored and protected network that allows authorised participants operating in the Swiss financial center to communicate securely with each other and with financial market infrastructures. **Info:** SNB Press Release DE FR IT EN

SIX Digital Exchange

SIX Digital Exchange SDX obtained approval from the FINMA to operate as a stock exchange and securities depository for digital assets. SDX is the first platform to offer a fully integrated value chain for trading, settlement and custody of digital assets. **Info** : SDX: LINK and FINMA: DE FR IT EN

E-ID

Following the popular vote against the introduction of a Swiss electronic ID, the SBA created a working group with the task to define the asks of the banking sector towards such a document. It intends to submit proposals to the

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Federal Council early and wishes to be actively involved in the further development of the project. The introduction of an electronic identity is a key project for the competitiveness of the Swiss economy. International compatibility needs to be assured.

COVID19 Guidance

The SBA updated the guidelines governing COVID19 loans. The update confirms that loans granted to others, generally prohibited under the programme, are admissible if they contribute the debtor to comply with its payment obligations. It further clarifies that the ban of debt restructuring does not prohibit payment of outstanding interest on pre-existing loans, but merely their repayment. **Info** : SBA Guidelines in DE FR IT

Data Protection

The AFBS organised several Roundtables allowing members to discuss questions on data protection with experts. Major concerns arise in relation to outsourcing and the usage of cloud where it is difficult to assess the whereabouts of the data. Owner need to assess the situation to their best knowledge, put in place mitigation measures such as encryption, storage of keys, and assure monitoring. A Transfer Impact Assessment encompasses risk analysis of the country of destination, the category of data transferred and operational measures put in place to assure protection. **Info** : Federal Data Protection and Information Commissioner FDPIC: DE FR IT EN - Federal Office of Justice: impact assessment on the US Cloud Act: DE FR – Microsoft: LINK \ Reports.

Legislation and Regulation: International

FATF Recommendation 24: Beneficial Ownership

The SBA contributed to the joint paper of the Swiss industry associations commenting the proposed revision of the FATF Recommendation 24 on identification of beneficial ownership of legal entities. The FATF intends to propose the creation of centralised registries where beneficial owners of entities are inserted. The paper further outlines the existing Swiss regulatory framework and criticises the proposed central registry for its high cost and complexity. **Info** : FATF White Paper EN FR

Sustainable Finance

Swiss 2030 Sustainable Development Strategy and Action Plan

The Swiss Federal Council adopted the 2030 Sustainable Development Strategy and an Action Plan for the period 2021–2023. In the 2030 Sustainable Development Strategy, the Federal Council outlines its priorities to implement the 2030 Agenda over the next ten years and establishes sustainable development as a key requirement for all federal policy areas in three priority areas: sustainable consumption and production; climate, energy and biodiversity; equal opportunities and social cohesion. To become a leading hub for sustainable finance, Switzerland shall participate in the work of international financial bodies; advocate internationally for target-oriented instruments for sustainability assessment and taxonomies; and be committed to preventing illegal financial flows. **Info:** FDFA 2030 Sustainable Development Strategy in DE FR IT EN

SBA and BCG published a study on investment and financing needed for Switzerland to reach net zero by 2050. The study compares sectors and their potential contribution to achieving the net zero goal and assesses related cost. It sees most potential in private mobility, international travel and private housing. Switzerland is responsible for 0.1% of global CO2 emissions. Investments at CHF 12.9 bn per annum (0.2% of global investments necessary) are needed, but can be financed largely by banks. **Info** : SBA/BCG Report in DE FR EN

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G20 recognises Carbon Pricing

Following the meeting of the G20 Finance Ministers and Central Bank Governors in Italy, the G20 finance leaders recognised carbon pricing as a potential means to address climate change. In a media release, issued on 10 July 2021, carbon pricing was mentioned among a "wide set of tools" on which countries should coordinate to lower greenhouse gas emissions. It is the first time that carbon pricing is being proposed in a G20 communication as a solution for the fight against climate change. It is expected that such wording would increase the chances among G20 countries to either adopt a carbon pricing mechanism or to enforce policy measures that would achieve a similar outcome of reducing sectoral emissions. **Info:** G20 Press Release LINK

Miscellanea

NCSC part of global IT vulnerabilities network

The Swiss National Cyber Security Centre joined the global network for the management of IT vulnerabilities. The network attributes unique identifiers to each vulnerability of an IT network (CVE Common Vulnerability and Exposure). The vulnerability is then communicated to the network provider in charge in view of remediation. The NCSC has been recognised as national competent entity and is henceforth entitled to attribute CVE numbers. **Info**: Press Release in DE FR IT EN

Swiss Finance Institute

The Swiss Finance Institute SFI offers its member institutions training sessions at no charge. Masterclasses and Knowledge Exchange Seminars aim at giving experienced bankers the opportunity to share experience and exchange views on topical matters with representatives from academia. **Info**: SFI Info L I N K and silvia.helbling@sfi.ch .

Swiss Banking Ombudsman Annual Report 2020

The Swiss Banking Ombudsman published the Annual Report 2020. The full report is available in DE and FR, and in brief in DE FR IT and EN (summary and figures only). An AFBSummary of selected cases is available on AFBSecure: LINK

Internal

Termination of Membership

- United Mizrahi Bank (Switzerland) Ltd. per 21 May 2021: merger with Hyposwiss Private Bank Genève SA.
- Banque Profil de Gestion SA per 10 June 2021: integration into One Swiss Bank.
- UBL (Switzerland) Ltd. per 30 June 2021: closure of business.
- Falcon Private Bank Ltd. per 31 December 2021: closure of business.

AFBS Events

The AFBS is organising a series of conferences on the state of play of **ESG implementation in the financial sector** : **ESG in Switzerland** : own approach under consideration of international standards: 5.10.2021: Christoph Baumann, State Secretariat for International Finance – **ESG Ratings** : how they help selecting investments and evaluating impact: 4.11.2021: Antoine Mach, Covalence – **Implementation of ESG Principles** : Citi, the bank; BlackRock, the asset manager: 7.12.2021: Courtney Lowrance, Citi; Ewa Jackson, BlackRock:

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Implementation of the Swiss DPA from an operations point of view : 27.10.2021: Philipp Rosenauer, PWC.

Last Minute

- The BIS Innovation Hub published its report on Central bank digital currencies (CBDC) for cross-border payments: LINK
- AMAS and the IFZ publish the update of the Asset Management Study Switzerland: LINK
- The FINMA approves the first fund investing in crypto assets: DE FR IT EN
- SBA Podcast: Sustainable Finance - Investment and financing requirements for a climate-neutral Switzerland by 2050 : LINK
- Fintechnews article on Digital Assets: 2021 – A Tipping Point for Digital Asset Adoption in Switzerland: LINK
- OECD Business and Finance Outlook 2021: AI in Business and Finance: LINK
- Association of Swiss Asset and Wealth Management Banks published its report on Sustainable finance - as an opportunity for Wealth Management Banks: LINK

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