AFBS News June 2022

AFBS 50th Ordinary General Assembly

On 14 June 2022 the Association conducted its 50th Ordinary General Assembly with a Festive Act. On this occasion the members and invitees were shown a video which summarises the developments of the Association and the financial sector in Switzerland within the past 50 years.
Info: Media Release HERE and Video HERE

Legislation and Regulation: Switzerland

FINMA

On 9 May 2022 FINMA opened consultation on its amendments of the FINMA Financial Market Infrastructure Ordinance (FinMIO-FINMA) with deadline for comments on 5 July 2022. The two major changes concern the content of reporting of derivative transactions and criteria defining which interest rate derivatives are subject to settlement.
Info: DE FR IT EN

FINMA encourages banks to remind portfolio managers and trustees to apply for a FINMA license until the end of the year. The latest recommended date by FINMA to transmit the license application to a supervisory organisation is 30 June 2022. Missing the deadline to apply for the license results in unauthorised commercial activity.
Info: HERE

On 24 May 2022 the FINMA Small Banks Panel took place. The presentations covered topics such as: *an overview of activities by FinTechs in the realm of DLT; *a résumé of the past two years since the implementation of the Small Banks Regime; *the market consolidation and crypto assets.
Info: Small Banks Regime HERE and Panel HERE

Implementation of OECD Minimum Taxation

The Federal Council adopted its dispatch to Parliament regarding the implementation of the OECD Minimum Taxation. There will be distribution of income of the top-up-tax between cantons and confederation; there will be no Swiss Finish; * levy of tax shall be coordinated among cantons to avoid excessive administrative burden for companies; * revenue shall be attributed to those cantons where undertaxation originates; * the measures will enter into force in 2024, there will be no retroactive application. The Ordinance will be published in August for comments; it aims at assuring a coordinated implementation avoiding cantons to legislate themselves.
Info: DE FR IT EN

Liquidity Ordinance

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The SBA and the AFBS have been commenting the Federal Council's proposal for revision of the Liquidity Ordinance. The Federal Council proposed amendments relating to the TBTF regime of large banks. In addition, it proposed an amendment regarding liquidity coverage for trade finance banks which the AFBS, together with other Associations, reviewed with more specific measures. The proposal submitted by the associations suggests transposing the Basel III standards in the same way as did the EU, which means that short term lending does not require long term adequacy.

Info: AFBS: LINK and SBA: LINK

Consultation on Non-financial reporting and due diligence and reporting obligations on the area of conflict minerals

The Federal Council published for comments its draft regarding 1) non-financial-reporting and 2) due diligence and reporting obligations in the area of "conflict minerals" and "child labour" of companies in Switzerland. A company will be held to deliver a non-financial-report, if the specified requirements are fulfilled: In case of violation of the reporting obligation there can be fees of up to 100,000 CHF.
The baseline for the climate-related reports should be made according to the TCFD-reporting, as it is internationally acknowledged and therefore facilitates comparability.
Info: DE FR IT

MROS Annual Report 2021

On 19 May MROS published its annual report for the year 2021. The number of suspicious activity reports (SAR) increased by 12% to a total of 5,964 reports. 90% of the SARs were reported by banks and fraud was the most suspected predicate among SARs. The regular developments discussed in the report include the amended AMLA, the Distributed Ledger Technology Act as well as the additional competences given to MROS for international cooperation.
Among other additional information, MROS provided five use cases where the reporting financial intermediaries had done exemplary preliminary work.
Info: Full report: DE FR IT EN

Revised Apprenticeship

As of Summer 2023, the revised banking apprenticeship for commercial apprentices will come into force. The new apprenticeship will focus on sustainability and action skills. Details of the industry content will be finalised by the Steering Committee of the banks. The possibility to get a diploma for professional maturity after the apprenticeship will stay in place as it has proven to be an important and popular option.
Info: SBA: DE FR IT

COVID-19

The SBA updated its recommendations regarding repayment of COVID19 loans. Confederation and trade associations agreed to maintain the deadline for start of repayment of 31 March 2022, as set in 2021. This concerns COVID19 loans of up to CHF 500,000. Parties also agreed that certain sectors, which are particularly hard hit, should be granted extended deadlines. Therefore, the guidelines have been amended in point 28. Begin of

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repayment should be delayed by six to twelve months, at discretion of the individual lender.
Info: SBA: DE FR IT and Federal Council: DE FR IT

Work From Home

The regimes governing fiscal and social-security treatment of cross-border commuters working from home varies. Exemptions available during the pandemic have expired at the end of June. The social security authorities of all EEA countries and Switzerland agreed to extend the "no-impact" position in view of determining the applicable social security legislation until 31 December 2022. France and Switzerland agreed to extend the exemptions until 31 October 2022.
Info: Federal Social Insurance Office: DE FR IT // France-Switzerland: DE FR IT

Legislation and Regulation: International

Russia-Ukraine Conflict: Sanctions

The EU's sixth package of sanctions the provision of audit and business consulting services. The bans on the provision of services to trusts have been made more precise. In addition, the EU is prohibiting businesses from advertising in content produced or broadcast by certain Russian media such as Russia Today or Sputnik.

On 10 June, the Federal Council decided to adopt these measures and instructed the Federal Department of Economic Affairs, Education and Research (EAER) to adapt the Ordinance on measures in connection with the situation in Ukraine. Within the scope of its competences, the EAER also approved the sanctioning of over 100 further Russian and Belarusian individuals and entities. The Swiss list of sanctioned individuals and entities is thus identical to that of the EU. In addition, the exclusion of four new Russian and Belarusian banks - including Sberbank, Russia's largest bank - from the SWIFT financial messaging service was approved.
Info: Federal Council: DE FR IT EN; European Commission: EN

EU: CRD6

The EU Commission issued a proposal for revision of the Credit Risk Directive CRD6. Beyond provisions governing the management of credit risk, the draft also proposes to revise the regulation for market access by third country financial intermediaries. Art 21(c) of the draft regulation proposes to require third country financial firms intending to offer financial services in an EU country to establish a branch and to apply for authorisation. The requirement applies to a broad range of financial services extending beyond mere lending and including deposit taking, portfolio management and advice, safekeeping and administration of securities, issuing electronic money.
Info: draft CRD 6: LINK and Annex I: LINK

Digital

NCSC Semi-annual report

The newest semi-annual report by the NCSC has shown that cyberattacks are more prevalent from year to year even though the forms change. In the reviewed period the NCSC has received 11,480 reports. The most frequent incidents included frauds, ransomware, data leaks, software component vulnerabilities and phishing. In whole of

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2021 the NCSC received 21,714 reports, roughly doubling the previous year's number.
Info: DE FR IT EN

FS-CSC

The AFBS encourages its member banks to join the FS-CSC in order to improve cyber resilience of the Swiss Financial Sector. Application for membership can be made through the webpage www.fscsc.ch or by email at info@fscsc.ch.

Sustainable Finance

SSF Market Study

Sustainable Finance has continued its growth of the last decade, as it achieved a double-digit growth in 2021. The total measured Swiss Sustainable Investment (SI) market was worth CHF 1,982.7 billion; its growth rate was 30% compared to the previous year. Approximately ten percent of this growth can be attributed to the positive market performance. Institutional investors make up 72% of the total SI volume, out of which the vast majority belongs to insurance companies and public and corporate pension funds.
Among the approaches to sustainable investments there were some changes in the ranking as exclusion is now the most used approach. It is applied to 73% of the reported SI. It is followed by ESG integration (67%), ESG Engagement (59%) and Norms-based Screening (54%). The highest growth rate can be attributed to sustainable thematic investments, with a rate of 157% and is now an approach in 10% of the SI.
Info: HERE

Last Minute

- The Federal Council adopts its report on Switzerland 2035 which identifies key questions on the future of the country: DE FR IT

- The social partners of the banking sector have come to an agreement on a revised collective labour agreement: DE FR

- 44 banking institutions have been tested through a wage equality analysis conducted by SFLoBa (Social Partnership Office for Equal Pay in the Banking Industry). All institutions have passed the test and have been certified by SFLoBa. The interim results show a mean value of the net wage difference of -4.2 per cent towards women DE FR

- The Swiss Banking Ombudsman published its annual report: DE FR IT EN

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