AFBS News September 2023

Legislation and Regulation: Switzerland

Anti-Money Laundering Legislation

Federal Council published for comments the draft revision of the anti-money laundering legislation. Based upon input from FATF and to enhance transparency on legal persons it proposes the creation of a beneficial owners' registry. It also proposes to expand scope of AML to lawyers and advisers, to introduce the duty of sanction compliance, to lower thresholds for cash transactions. After first assessment AFBS intends to ask for more clarity regarding the beneficial owners' registry and to refrain from introducing sanction compliance into the AML. The latter point is based upon unity of matter. **Info**: Draft legislation: DE FR IT EN and wuergler@afbs.ch.

Operational Risks

On an AFBS Conference Yves Obrist, FINMA, outlined expectations regarding implementation of the Circular Operational Risks. He explained how to take into account the proportionality principle and that no more than five critical functions should be identified. Banks should avoid implementing excessively complex measures. AFBS Members continue discussing implementation in Roundtables meeting regularly in Geneva, Zürich, and Lugano.

Swiss Trust Law

After evaluation of comments on the draft legislation the Federal Council decides to abandon the project of a specific Swiss trust legislation. Majority of comments were opposed to the proposed tax regulation applicable to trusts. Also, many comments do not consider trust as an ideal instrument for succession planning. **Info**: DE FR IT

Electricity Supply

Federal Council prepared ordinances in view of governing the situation of electricity shortage. As planned, contingents are to be introduced first and partial regional shutdowns to be applied in a second stage. To assure data traffic for electronic data transfer and payments, certain time slots shall be assured where the entire network is on. **Info**: DE FR IT

Public Liquidity Backstop

Federal Council published its dispatch to Parliament on a state liquidity assistance for systemically important banks. The rules had already been adopted in 2022 and had to be applied by emergency decisions in 2023. They shall be transposed into regular law. USA, Japan, UK, EU, Canada have similar measures in place. SNB is preparing an emergency programme which would pledge mortgage loans against liquidity. **Info**: DE FR IT EN and SNB: DE FR IT EN

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Credit Suisse – UBS Transaction

The group of experts established by the Federal Department of Finance has published its report on the takeover of Credit Suisse by UBS on 1 September 2023. The report discusses lessons and makes recommendations to address gaps in the regime. **Info**: Expert report: DE FR IT EN and SBA: DE FR IT EN

The SNB has informed that, following the acquisition of Credit Suisse by UBS, it will no longer be able to publish its usual statistical data by bank category due to data confidentiality. Without the “big banks” category, the remaining bank categories no longer adequately reflect the structure of the banking sector. Therefore, from the reference date 30 June 2023 only the total of “All banks” will be published. **Info**: DE FR IT EN

Legislation and Regulation: International

The Federal Council publishes its draft report on Swiss international policy for the coming four years. It plans to focus on four areas: * adapt good services to new context, include "good diplomacy"; * improve frame conditions by promoting sustainable development and fight against poverty; * focus on environment, in particular climate change, biodiversity, sustainable energy supply * promote democracy. The report concludes by presenting the concept of Swiss neutrality leaving room for international cooperation in the aforementioned domains. **Info**: DE FR IT EN

EU Retail Investment Strategy

In May 2023 the EU Commission published its Retail Investor Strategy aiming at empowering retail investors to make sure the investment decisions are aligned with their needs and expectations. Similar goals were to be achieved by MiFID already. The strategy shall also contribute to promote the achievement of the EU-wide capital market union. European Banking Federation welcomes the proposals of promoting disclosure and financial literacy to strengthen retail investors involvement in capital markets. It criticises the proposal to be excessively complex and bearing the risk of leading to less competition, reducing diversity, discourage innovation. **Info**: EN

Digitalisation

Digital Currencies

Swiss National Bank continues its exploration on operability of finance transactions in the digital world. It participated in another exercise coordinated by the BIS Innovation Hub among Banque de France and Monetary Authority Singapore which tokenised central bank digital money and used those tokens to perform cross-border transactions among central banks. The concept involved decentralised finance and automated money makers. Wholesale CBDC based upon smart contracts enables central banks to use currencies without having to operate the infrastructure; bridges allow interoperability between co-existing systems of digital currency; AMMs enable automatic execution and usage of different currencies but require pre-funding of transactions. Conclusions are published in a report. **Info**: EN

Cyber Security

Work for setting up the FS-CSC is ongoing. Processes for the crisis coordination cell are being defined. FS-CSC

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offers to members include monthly update calls and monthly lectures for training and education. **Info**: SBA: DE FR EN and www.fscsc.ch

Information Security Act in Parliament

Parliament concluded debate on the Information Security Act. Key points concern enhanced duties upon firms to assure safe and secure processes and procedures in IT systems and reporting obligation in case of cyber-attacks on critical infrastructure. A proposal to oblige reporting on weaknesses detected in IT system infrastructure was rejected. **Info**: DE FR

E-ID

Federal Office of Justice is working on the project. It intends to make available infrastructure upon which E-ID can operate, but there will be no obligation to use that infrastructure. A sandbox has been set up to perform life testing. It is planned to give access to electronic signatures through the E-ID. Legislation could be adopted by Parliament in 2024 to enter into force in 2025. The new law may impact the FINMA Circular Video- and Online Identification. **Info**: Sandbox: DE FR IT

Sustainable Finance

TCFD Reporting

With the Swiss vote of June 2023 in favour of the Climate Act anchoring the net zero initiative into law and the Swiss code of obligations imposing transparency, reporting on climate impact has become increasingly obligatory for firms. The standards established by the Task Force on Climate-related Financial Disclsoure TCFD help identify areas for action and opportunities for transformation. They are integrated in the IFRS reporting standards and thus constitute an important element of climate-related transparency. Swiss Sustainable Finance SSF has issued guidance for implementation of the reporting standards. **Info**: DOC

Switzerland

The Federal Council updates its policy regarding sustainability and reporting duties. It makes amendments based upon the international developments. Reporting duties encompass environmental, social, governance questions as well as protection of human rights and fight against corruption. Swiss legislation shall be aligned to EU standards which entered into force in 2023. Reporting duty shall apply to firms with staff of more than 250 (instead of 500) and be audited. Several internationally recognised reporting standards shall be available. **Info**: DE FR IT

ABPS and VHV/ABG are publishing the latest Progress Report on "Sustainable Finance in Private Wealth Management". Participation is open for AFBS Members also. **Info**: DE FR EN

Swiss Sustainable Finance SSF and Asset Management Association Switzerland AMAS launch the Swiss Stewardship Code which, upon voluntary basis, offers guidance on how to integrate stewardship in the investment process. It lists nine principles which are aligned with the Global Stewardship Principles of the International Corporate Governance Network, the Principles for Responsible Investment, and the UK Stewardship Code. **Info**: Media Release: DE FR EN and the Code: DOC

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SBA has published its Circular 8106 dd 3.10.2023 clarifying scope of application of the Guidelines on Integration of ESG Preferences in Investment Advice by specifying that ESG preferences need not be assessed in case of transaction-based investment advice as this would go beyond EU and CH regulatory standards. Clarification enters into force immediately. **Info**: www.sba.ch.

Miscellanea

Internal

Termination of Membership

- Carnegie Fund Services SA, per 30 June 2023, following takeover by Reyl & Cie SA.
- Invesco Asset Management (Schweiz) AG, per 31 July 2023, following strategic decision.

Application for Membership

Events

AFBS Events

17.10.2023 Geneva: AFBS Group Education.

24.10.2023 Lugano, 25.10.2023 Zürich, 1.11.2023 Geneva: FINMA Circular OpRisk: Roundtable on Reporting to management and board, with speakers from KPMG.

26.10.2023 Zürich and V/C: AFBS Group Liquidity.

2.11.2023 V/C: AFBS Conference: SIX: The Swiss Financial Centre Infrastructure Services Provider as an Enabler in ESG, with speakers from SIX Group.

8.11.2023 Zürich, 9.11.2023 Geneva: AFBS Roundtable: Bilateral Agreement on Cooperation and Exchange of Information between FINMA and Consob/Banca d'Italia, speakers from BRP SA, Geneva; FiveLex, Milano; Studio Antonelli Cattaneo Chiodindo Battai, Milano.

15.11.2023 V/C: Free Education for Employees of Foreign Banks: Swiss Finance Institute, with speakers from AFBS Board and Swiss Finance Institute.

22.11.2023 V/C: Economiesuisse: Perception of ESG in the Real Economy, with speaker from Economiesuisse.

Last Minute

AFBS President Adrian Nösberger speaks to finews about foreign banks: LINK

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SBA website on federal elections: DE FR

SBA published the Banking Barometer 2023: DE FR IT EN

Federal Council nominates members of SNB Governing Board and SNB Bank Council: DE FR IT EN and DE FR IT EN

Federal Council nominates Board of Directors of FINMA: DE FR IT EN

Federal Council increases contingent for import of eggs for consumption: DE FR IT

Zürich University of Applied Sciences ZHAW first edition of the study Wealth Management Switzerland: LINK

Economiesuisse on Swiss tax policy's benefits for the population: DE FR and DE FR and charts: DE

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