AFBS News November 2023

AFBS Get Together 2024

Save The Date: The Get Together 2024 will take place on 10 June 2024 in Geneva.

Legislation and Regulation: Switzerland

Beneficial Owner Registry and Anti-Money Laundering Act

AFBS submitted its comments to the draft revision of the legislation. It welcomes the extension of scope to lawyers and consultants providing financial services as this aligns Swiss regulatory framework to international standards. It agrees to the introduction of a beneficial owners' registry but suggests clarifications: the registry shall be available to financial intermediaries as a trusted source for KYC purposes; legal entities shall be held to input up-to-date data in a timely manner to avoid discrepancies with banks' KYC; accessibility to the registry shall be given on the speciality principle basis. **Info**: consultation: DE FR IT EN – AFBS Comments: LINK – SBA Comments: DE

Federal Council's Pipeline

It also mandated the Department for Environment, Traffic, Energy, and Communications to assess possibilities for regulating usage of **artificial intelligence**. Assessment shall take into account standards of the EU and the European Council, but be based on existing Swiss law. All departments will be involved. **Info**: DE FR IT EN

Federal Council publishes for comments a revision of the Ordinance on **3a pension** pillar to allow funding of past years of contribution to increase coverage. **Info**: DE FR IT

The Counterproposal to the initiative aiming at assuring availability of **CHF cash** takes into account the initiative's concerns and amends federal constitution accordingly: **Info**: DE FR IT

FINMA

FINMA published an update of its **Risk Monitor**. It confirms the seven risks of prior year and adds liquidity and funding risks as well as outsourcing as two new risk drivers. The seven previous risks are interest rate risk, credit risk on mortgages, credit risks on other loans, credit-spread risks, cyber risks, money laundering and sanction compliance as well as market access in Europe. Longer-term challenges FINMA sees arising come from the extended usage of AI. **Info**: DE FR IT EN

FINMA implements **NGFS Network for the Greening of Financial Services** Recommendations. In that respect it is preparing guidance for financial firms to take into account nature-related risk. It assesses situation of transparency on sustainability reporting; it reminds that compliance with civil law obligations is part of the criteria for proper business conduct. It prepares standards for data collection. It supports the NGFS view that climate and nature-related risks need to be assessed in a comprehensive approach. **Info**: DE FR IT EN

Basel III

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

Federal Council decided to make Basel III regulation enter into force per January 2025, in alignment with international developments. Implementation in Switzerland occurs through the Capital Adequacy Ordinance, which defines adequacy requirements for the different banking categories and according to their risk exposure. The Federal Council intends to attentively monitor international developments to align the timeline.

Info: DE FR IT EN

Financial Market Infrastructure Act

The amendment of the act brings criminal liability for persons who publish untrue or incomplete information in an offering prospectus or an announcement of public takeover. The amendment is to enter into force on 1 February 2024. **Info**: DE FR IT EN

Legislation and Regulation: International

Work from Home WfH

Switzerland and **Italy** agreed on tax treatment of Work from Home. WfH of less than 25% of total work time does not affect the person's fiscal status. Applicability of the interim solution is extended until entry into force of the updated agreement which will enter into force on 1 January 2024. **Info**: DE FR IT EN

The Federal Council adopted the dispatch to Parliament on an agreement with **France** which clarifies that WfH of up to 40% of total work time is taxed in the state of the employer's incorporation. The state of the employer will transfer 40% of such tax income to the state of residence. Automatic exchange of salary data shall help monitoring effective application. **Info**: DE FR IT EN

International Promotion of the Swiss Financial Centre

A few years ago SIF and the Swiss financial sector set up finance.swiss. The website aims at promoting the Swiss financial sector at international level. The moment for taking stock has come. Please have a look at the website and make suggestions on how to change, make more appealing, expand content, review messages, etc. Please provide input to wuergler@afbs.ch. It is possible to coordinate a brainstorming meeting with SBA. **Info**: finance.swiss

Reports

The National Cyber Security Centre NCSC published its report on the first half of 2023. In the first half of 2023 the NCSC received 19,048 (+13%) reports of cyber incidents. The majority of reports concerned various forms of fraud such as fake extortion. **Info**: DE FR IT EN

The NCSC also published a report analysis on the Distributed Denial of Services DDoS attacks on Swiss authorities and organisations including the Swiss Bankers' Association. The type of application-layer DDoS attack is explained in detail. **Info**: DE FR IT EN

The International Organisation of Securities Commission IOSCO published their final report regarding policy recommendations for crypto and digital asset markets with 18 recommendations. **Info**: LINK

Digitalisation

Electronic Identity: E-ID

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

Federal Council adopted its dispatch to Parliament on the introduction of E-ID. The ID shall be issued by the Confederation which will also assure infrastructure upon which it operates. The infrastructure will be available to other private and public entities for issuance/usage of digital identity. The E-ID shall be at no cost and its usage optional; the regulation is to be technology neutral and compatible with international standards. Protection of the personal data is at core of the project. Federal Council plans to make E-ID available from 2026. **Info**: DE FR IT EN

Federal Administration is preparing implementation of the E-ID as outlined in the draft legislation. For that purpose it has published a discussion paper "initial technological basis for the Swiss trust infrastructure" for public consultation and comment. It outlines two frames for a public trust infrastructure and remains open for comments until 3 January 2024. **Info**: LINK

Central Bank Digital Currencies CBDC

The Swiss National Bank informs on the third step in its examination of usage of digital currency. For the first time a central bank will issue wholesale CBDC on a digital trading platform which is based upon the DLT technology (SIX Digital Exchange). Pilot phase lasts from December 2023 until June 2024. The pilot will help understanding how to execute tokenised transactions with central bank currency. If proven successful, central bank currency could playing a main role for the functioning of the financial system. **Info**: DE FR IT EN

The Bank for International Settlements (BIS) published its final report on the “Mariana” project which studied the cross-border exchange of wholesale CBDCs using automated market-makers. Project Mariana envisions a world in which central banks have issued central bank digital currencies (CBDCs) and explores how foreign exchange (FX) trading and settlement might look. Project Mariana is a collaboration between BIS, Banque de France, Monetary Authority of Singapore, and Swiss National Bank. **Info**: LINK

Advisory Council Digital Switzerland

Federal Council approves suggestions of the advisory council: legislation shall be worded in such a way as to promote digitalisation and ease usage of digital means of communication and identification. The digital Swiss ID shall be the basis for identification in such interaction. Digitalisation shall be inclusive. **Info**: DE FR IT

Swiss Secure Finance Network SSFN

The Finance IPNet communication standard between banks and SIX will be withdrawn in Summer 2024 and be replaced by SSFN. The protocol offers high security environment for communication among trusted partners on the standard internet in a network rather than a hub-and-spoke setup. Thus, participants can also exchange secure messages among themselves and not merely with and from SIX which is at the centre.

Info: SIX: DE FR EN – FinanceSwiss: LINK

Sustainable Finance

ESG Self-Regulation: Greenwashing

Federal Council decided to pursue regulation for avoidance of greenwashing through principles-based Ordinance and complementary self-regulation. It expects draft regulations by August 2024. SBA has set up a working group which is reviewing the existing self-regulation.

Info: Federal Council: DE FR IT EN and SBA: DE FR EN

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

Building Bridges

The fourth edition of Building Bridges took place at the beginning of October; more than 2500 participants from 111 countries attended. The summit addresses pivotal trends in the realm of sustainability; this year's edition accompanied the launch of the EU TFND recommendations on nature-related disclosures. Gathering participants from finance, NGO, governments, and industry, the summit offers framework for developing business in a sustainable environment. The 2024 edition will take place from 9-12 December 2024. **Info**: LINK

Events

AFBS Events

7.12.2023 V/C: AFBS Update Legal: by the AFBS representative in the SBA Legal Commission.

15.12.2023 Geneva: AFBS C-Meeting with French Ambassador Marion Paradas.

18.1.2024 Geneva, 25.1.2024 Zürich, 8.2.2024 Lugano: AFBS Roundtable Implementation FINMA Circular OpRisk.

8.2.2024 Lugano: AFBS C-Meeting Lugano.

28.2.2024 Geneva and V/C: AFBS Group Liquidity.

Last Minute

Economiesuisse Wirtschaftsmonitor / Moniteur Economique: 70% of Swiss population is positive towards Swiss economy: DE FR

The Swiss Economic Institute (KOF) published their forecasts on the increase of wages: DE FR EN

Von Rundstedt study on the Swiss labour market: better focus on qualitative growth: LINK

Swiss Sustainable Finance report on key drivers for sustainable buildings: LINK and SSF SpotLight: EN

Transatlantic Data Transfers under the GDPR, Stella Galehr, EIZ Publishing: LINK

AvenirSuisse study on energy supply in Switzerland: DE FR IT EN

Economiesuisse position paper on usage of artificial intelligence: DE FR

Green Business Switzerland promotes an award rewarding firms that unite entrepreneurial innovation and sustainable action: DE EN

Study on sustainable investments by the Lucerne University of Applied Sciences and Arts: DE EN

EIZ publication: Central Bank Digital Currencies: Proceedings of a Colloquium: LINK

Swiss Federal Tax Administration publishes Circular on inadmissibility of deduction of bribery: DE FR IT

Parliamentary Commission issues update of report on Switzerland's sanction compliance: DE FR

SBA updates its Circular 8109 on Child and Adult Protection in Wealth Management: www.sba.ch

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.