AFBS News February 2024

AFBS Get Together 2024

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

Legislation and Regulation: Switzerland

Federal Council

The Federal Council approved a negotiating mandate with the **European Union**. The aim is to update the existing agreements in view of maintaining the present state of bilateral relations and to conclude new sectoral agreements in electricity and food safety. **Info**: DE FR IT EN

The Federal Council decided that the OECD/G20 minimum tax rate will come into force by 1 January 2024. In parallel, the Federal Council also published the corresponding Ordinance and the Commentary. **Info**: DE FR IT EN

The Federal Council announced implementation of the 12th EU **sanctions** package against Russia. Russian nationals and individuals living in Russia are banned from controlling companies in Switzerland that provide crypto-asset services. **Info**: DE FR IT EN

The Federal Council announced the entry into force per 1 March 2024 of the revision of regulation on collective investment schemes which introduces the Limited Qualified Funds (L-QIFs). **Info**: DE FR IT EN

The governments of the UK and Switzerland signed the Berne Financial Services Agreement which provides for mutual recognition of supervisory principles and offers room for cross-border provision of financial services in banking, asset management, and assurance. Firms in Switzerland may provide financial services on a cross-border basis to UK resident clients with wealth of at least GBP 2 Mio. **Info**: DE FR IT EN

FINMA

FINMA published guidance on staking services. Focus of its supervisory approach is on investor protection. It does so by putting focus on the following risks: technical risk of malfunctions and misconduct; counterparty risk due to unclear legal position of entities involved; market risk due to valuation developments. **Info**: DE FR IT EN

FINMA updates on the state of authorisation of External Wealth Managers and Trustees. Per 31 December 2023 70% of applications could be processed; 4% of applications were withdrawn and 26% (487) applications are complex and require further investigation. **Info**: DE FR IT EN

FINMA also published a report on the CS-UBS transaction. **Info**: DE FR IT EN

Legislation and Regulation: International

The European Council and Parliament reached a provisional agreement on the proposal of harmonised rules on

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Artificial Intelligence. AI systems presenting only limited risk would be subject to very light transparency obligations while high-risk AI would be subject to a set of requirements and obligations to gain access to the EU market. For some uses of AI, the risk is deemed unacceptable, therefore, these systems will be banned. **Info**: LINK

The US Securities and Exchange Commission (SEC) approved the listing of spot bitcoin exchange-traded product (ETP) shares. The approval comes with additional protection measures for investors. **Info**: LINK

The OECD/G20 Inclusive Framework released new documents with technical guidance under Pillar One including new rulings regarding the application of the transnational Country-by-Country Reporting Safe Harbour. The publication also included a statement on the timeline of the multilateral convention under Pillar One. **Info**: LINK

The European Commission confirmed that the Swiss law on data protection corresponds to the European standard. Therefore, personal data can be transmitted to Switzerland from a EU- and EEA-country without additional guarantees. **Info**: DE FR IT

Digitalisation

IOSCO on Decentralised Finance DeFi

The International Organisation of Securities Commissions IOSCO has published its report on policy recommendations regarding Decentralised Finance. It puts focus on six key areas: understanding structures; common standards; identification of risks; disclosure; enforcement; cross-border cooperation. **Info**: DOC

The Regulatory Board of SIX published a communiqué regarding crypto-assets as underlying instruments for derivatives and ETPs. SIX now allows crypto-linked products, in which the underlying crypto-asset must fulfil specified requirements. There is a transitional period of six months to fulfil the newly introduced requirements. **Info**: DE FR EN

Sustainable Finance

The Federal Council decided to further develop the **Swiss Climate Scores**. The updates include that the exposure to renewable energies must now be disclosed alongside the exposure to fossil fuels. Additionally, optional questions on the climate-related investment goal, with financial institutions stating and justifying whether a financial product is aligned or contributes to mitigating climate change can be disclosed. The updates will apply from 1 January 2025. **Info**: DE FR IT EN

The Federal Council opened the consultation on the climate protection Ordinance. The most important pillars are the impulse programme for climate friendly buildings, the promotion of innovative, climate friendly technologies and processes as well as the protection from the consequences of climate change. The Ordinance shall come into force on 1 January 2025 together with the law on climate and innovation. **Info**: DE FR IT

FINMA published their roadmap for the implementation of the Network for Greening the Financial System (NGFS) recommendations. FINMA will also review the current disclosure requirements regarding possible changes in the area of climate and sustainability reporting.
Info: DE FR IT EN

Later, FINMA published the consultation draft for the circular on nature-related financial risks. The circular shall not apply to banks participating in the Small Bank Regime. **Info**: DE FR IT EN

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PACTA Climate Testing 2024

The Federal Office of the Environment invites for participation to the 2024 edition of the voluntary PACTA assessment. The testing helps evaluate financial sector's progress towards achievement of the Paris Agreement Climate goals. Registration is possible from 1 March 2024. **Info**: DE FR IT EN

EC Parliament and Council agree on standards for protection of Human Rights and Environment

The Directive defines regulation applicable to large firms with regards to their duties to respect human rights and promote protection of the environment in their business conduct. It applies to companies with more than 500 staff; financial services are exempt. The Directive requires final approval by both institutions to become effective. **Info**: DE FR IT EN

Miscellanea

Internal

Termination of Membership

Hapoalim (Schweiz) AG

Application for Membership

Barclays Private Bank (Suisse) Ltd.

BG (Suisse) Private Bank SA

Crypto Finance SA

Events

AFBS Events

28.2.2024 Geneva and V/C: AFBS Group Liquidity

6.3.2024 V/C: Webinar on the modelling of climate-related scenarios

14.3.2024 Geneva: AFBS Update Legal Group in Geneva

19.3.2024 Geneva and 27.3.2024 Zürich: AFBS Roundtables – Introduction into ESG by a member bank

25.3.2024 Geneva: AFBS Group Commodity Trade Finance

11.4.2024 Zürich and 23.4.2024 Geneva: AFBS Group HR

Last Minute

BAK Economics publishes its impact assessment on the financial sector: DE FR EN

Survey among Swiss population shows broad support for a Bilateral III negotiation package with the EU: SBA: DE FR IT and Economiesuisse: DE FR IT

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Federal Council's webpage dedicated on Switzerland's neutrality: DE FR IT EN and brochure: DE FR IT EN

FATF 4th Progress Report on AML in Switzerland: LINK

Economiesuisse explains benefits of competitive Swiss tax policy: DE FR IT EN

Zürich School of Applied Sciences publishes a study on wealth management in Switzerland: DE EN

Federal Council publishes its report on foreign economic policy: DE FR IT

SIF Annual Review 2023: DE FR IT EN

SSF spotlight on the Role of Derivatives in Sustainable Investing: LINK

SIX Group report on latest regulatory developments for climate change and their impact: LINK

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