AFBS News September 2024

AFBS on Linkedin

The Association invites you to join the AFBS community on Linkedin: LINK . You will receive posts on latest news regarding foreign banks in Switzerland and their engagement with the community, such as studies and reports.

AFBS Website

The Association has revamped its webpage. The landing page and the "About Us" section have a new design. The "Our Members" page now shows the logos of all member banks and some information on the banks who provided it, such as the number of employees in Switzerland, Assets under Management and the Services of the banks. The filter function has been improved as well which allows you to discover our diverse members.

Legislation and Regulation: Switzerland

Federal Council

The Federal Council adopted the dispatch on the approval of an agreement between Switzerland and the United Kingdom on mutual recognition in financial services. The countries acknowledge that the respective legal and supervisory framework in specific areas provide an equivalent safety of the stability and integrity of the financial systems and the clients as well as investors. Parliaments must accept the agreement before it can enter into force. **Info**: DE FR IT EN

The Federal Council decided to bring the income inclusion rule (IIR) into force with effect from 1 January 2025. With this international supplementary tax, the profits of foreign subsidiaries of Swiss corporate groups, as well as those of intermediate holding companies of foreign corporate groups, are taxed at 15%, provided the corporate group's global annual turnover is at least EUR 750 million. At the same time, the Federal Council has decided not to bring the UTPR into force for the time being. **Info**: DE FR IT EN

The Federal Council published for comments the proposal to extend the interim exemption of too-big-to-fail (TBTF) instruments from the withholding tax. These exemptions have already been extended twice. The temporary nature of the extension shall ensure that a definitive regulation can be formulated as part of the overall package of TBTF measures. **Info**: DE FR IT EN

The Federal Council started the consultation on the determination of partner states for the automatic exchange of information concerning crypto assets. The states are divided into two lists. One that enables the Federal Council to initiate the exchange of information starting from 2026 with 99 countries. The other defining 12 countries that could become relevant after 2026. **Info**: DE FR IT EN

The Federal Council published for comments a revision of legislation in view of enhancing disclosure regarding

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non-financial reporting. The consultation has been initiated as a reaction to the changes in the EU. The proposal aims at expanding scope of reporting duties and to subject all FINMA supervised entities. In this sense Swiss regulation would be more restrictive than international standards. For purposes of competitiveness and harmonisation Swiss regulation must be aligned with international standards. **Info**: DE FR IT

FINMA

FINMA published its Guidance 03/2024 on findings from cyber risk supervision, clarification of FINMA Guidance 05/2020, and scenario-based cyber risk exercises. In the Guidance FINMA also clarifies the obligations on how to report cyber-attacks. Banks in supervisory categories 4 and 5 can meet the requirements regarding cyber risk exercises by taking part in the exercises run by the Swiss Financial Sector Cyber Security Center FS-CSC. **Info**: FINMA Guidance: DE FR IT EN

Competition Commission

The Competition Commission published its conclusion of the pre-investigation on unauthorised competition agreements regarding salaries. While it has found indications for unauthorised agreements in more than 200 companies across different sectors, the ComCo will not start a formal investigation. Instead, it will elaborate Best Practices in cooperation with social partners and authorities. This allows the ComCo to provide legal certainty in a faster and more efficient manner. **Info**: ComCo: DE FR IT; Arbeitgeber Banken: DE FR

Taxation

Federal Council adopts revised Ordinance on VAT which aligns with the revised legislation. It clarifies procedures relating to saldo- and lump-sum taxation method offering simplifications regarding transition from one method to the other. Computation and reporting shall take place through the electronic portal exclusively. **Info**: DE FR IT

Debate about introduction of a financial transaction tax has resumed in Switzerland. It is proposed as an alternative to the existing anticipatory tax which imposes burdensome and complex mechanisms for refund upon foreign resident investors and thus weakens attractiveness of the Swiss capital market. Several studies have assessed the situation and all come to the conclusion that an FTT does not achieve goals as envisaged – at least as long as it is not applied universally, which is far from being the case. Relocation of business is an easy means for avoiding the tax. **Info**: SBA: DE FR IT and World Bank 2010: DOC and France 2017: DOC and Germany 2020: DE

Legislation and Regulation: International

OECD

OECD updated its commentary to Art 26 Model Agreement clarifying that information provided in the context of exchange of tax information upon request can be used also vs persons that have not been mentioned in the initial request. The receiving state does not have to inform the sending state on usage it makes of the information. SFTA follows this practice with immediate effect. **Info**: DE FR IT EN

USA

The Federal Council confirms that the CH-US data privacy framework offers sufficient assurance to allow personal data to be transferred without further safeguard measures. Certified firms are not allowed to use data for other purposes than those initially disclosed and they are not allowed to transfer such data to third parties; the US Department of Commerce keeps a list of certified firms. Special measures, including access to a redress mechanism,

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are provided for in the context of disclosure to US authorities. The new framework becomes effective from 15 September 2024. **Info**: Federal Council: DE FR IT EN ; US Department of Commerce: www.dataprivacyframework.gov

Digitalisation

FINMA issued its Guidance 06/2024 Stablecoins which provides guidance on supervisory practice regarding issuers and banks involved in the issuing business. It distinguishes stablecoins setups being either a deposit (underlying assets managed and held at risk of issuer) or an investment scheme (assets managed at risk of coin holder. **Info**: FINMA Guidance: DE FR IT EN

In Switzerland the Open Banking offering comes under the name of Multi-Banking as a self-regulatory initiative coordinated by SBA. A group of banks adhered to the initiative by signing a memorandum of understanding in view of preparing multi-banking offering by 2025. **Info**: DE FR EN

Three banks in Switzerland, among which one AFBS Member, signed an MoU with SBA in view of conducting a proof of concept for the issuance and transfer of a deposit token. **Info**: DE FR **EN**

Sustainable Finance

SBA adopted its Discussion Paper on GSS+ Bonds which covers opportunities and frame conditions on the Swiss market for Green, Social, Sustainable, and Sustainabilty-Linked bonds. **Info**: DE FR EN

FINMA published its evaluation of the disclosure requirements for climate risks for large banks (supervisory categories 1 and 2) and companies. As the objectives have been achieved, FINMA is not revising the requirements yet. It will continue to monitor the environment and if needed identify need for action in the light of national and global developments. **Info**: DE FR IT EN

Internal

New Members

Bank of Africa, représentation à Zürich.

Termination of Membership

Events

AFBS Events

- 9 October 2024: AFBS Group Retail GE: impact of Basel III on mortgage financing.
- 9 October 2024: AFBS Group CTF: Basel III and digitalisation in commodity trade finance.
- 23 October 2024: AFBS Roundtable with esisuisse: Trust assets under depositor protection scheme.
- 7 November 2024: AFBS C-Meeting with UK Ambassador on Berne Financial Services Agreement.
- 12 November 2024: AFBS Board meets with FINMA.
- 14 November 2024: AFBS Group Liquidity: current updates from the SBA Commission and impact of Basel III.
- 18 November 2024: AFBS Group CIB: tax matters around corporate banking.
- 19 November 2024 Zürich / 28 November 2024 Geneva: Crisis Communication with Dr. Borer Consulting AG.
- 21 November 2024: Roundtable Sanctions Implementation with SECO.

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Last Minute

- SIX Group publishes the Global Market Data Study 2024: LINK
- Swiss Sustainable Finance publishes Swiss sustainable lending study: DOC
- Federal Council announced the new SNB Governing Board as of 1 October 2024. **Info**: DE FR IT EN
- SNB publishes the annual financial stability report 2024. **Info**: EN
- SNB publishes the annual banking statistics 2023. **Info**: DE FR EN
- AMAS publishes the Swiss Asset Management Study 2024: DE FR EN
- The Wealth Mosaic Report on Client Experience, a Toolkit: EN
- Economiesuisse Annual Report 2024: DE FR IT
- SBA study on the "Interconnected geopolitical risks facing the Swiss financial centre": DE FR IT EN
- Baker McKenzie Global Financial Services Regulatory Guide: LINK
- New campaign on secure eBanking: DE FR IT EN
- Financial Stability Board stocktake on supervisory and regulatory approaches regarding nature-related risks: LINK
- AMAS updated its FAQ on the self-regulation on transparency and disclosure for sustainability-related collective assets: LINK
- ESMA translations of its Guidelines on funds' names using ESG or sustainability-related terms. **Info**: LINK
- Wir die Wirtschaft: 58 persons in Switzerland discussed about economy: https://wirdiewirtschaft.ch/

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