AFBS News June 2020

Two New Board Members

The AFBS Ordinary General Assembly elected two new Board Members: **Daniel Belfer**, CEO, Bank J. Safra Sarasin Ltd and **Elzbieta Czetwertynska**, Citibank N.A. Zurich Branches.

It also confirmed the mandate of Heinrich Henckel, CEO LGT Bank (Switzerland) Ltd., as Chairman, and Mauro de Stefani, CEO Banca Popolare di Sondrio (Suisse) SA, as Treasurer.

Legislation and Regulation: Switzerland

PostFinance to become lender

The Federal Council published for comments a draft revision of the Postal Organisation Law. It intends to authorise PostFinance to grant loans and to assure capital adequacy by a limited government loan facility. The consultation lasts until 25 September 2020. **Info**: DE FR IT

Financial Services Law

The FINMA has approved two bodies for prospectus approvals as provided for by the Financial Services Law. Both BSSwiss regservices ag and SIX Exchange Regulation SER AG are ready to review prospectuses related to public offerings in Switzerland. The duty for approval applies six months after approval of the bodies, i.e. from 1 December 2020. **Info**: DE FR IT EN and BSSwiss regservices ag: DE FR IT EN and SER AG: DE FR EN

Revision Banking Law

The Federal Council adopted the dispatch on the revision of the Banking Law. It revises the bank insolvency procedures previously defined in a FINMA Ordinance and amends the depositor protection scheme by obliging banks to hold 50% of their contribution under custody with a separate agent and by shortening payout deadlines from 20 to 7 days. **Info**: DE FR IT

Sustainable Finance

Switzerland as a leading global location for sustainable financial services

On 26 June 2020, the Federal Council adopted a report and guidelines on sustainability in the financial sector. The aim is to make Switzerland a leading location for sustainable financial services. Therefore, the framework conditions must be designed in such a way that the competitiveness of the Swiss financial centre is continuously improved and the Swiss financial centre can make an effective contribution to sustainability. The Federal Council emphasised that financial markets that want to remain successful in the future must be stable and trustworthy. To further increase the quality and thus the competitiveness of the financial centre, the government aims to improve legal certainty, to increase transparency, to consider risks correctly and consistently and to monitor international development closely. The state plays a subsidiary role in the event of market failures or imperfections. **Info:** Press

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Release DE FR IT EN; Federal Council's report "Sustainability in Switzerland's financial sector" DE FR IT EN

FINMA on Climate Risks in the Financial Sector

The FINMA welcomes the Federal Council's initiative to examine the subject of sustainability and climate risks for the financial sector. In its Risk Monitor 2019 the FINMA identified climate change as one of the major risks for the financial sector. It now is evaluating the appropriateness of issuing guidance / regulation for the disclosure of climate-related risks originating in the financial sector. It distinguishes between direct physical risks and transitional risks which arise as a consequence of the firm's behaviour. The FINMA intends to align the requirements to the principles of the Task Force on Climate-Related Financial Disclosures TCFD; they are said to apply merely to category 1 and 2 banks in a first stage. **Info:** DE FR IT EN

Swiss Bankers' Association (SBA)

The Swiss Bankers' Association published a Brochure and Guidelines on sustainable finance in Switzerland. The Brochure outlines the offering of the Swiss financial centre and identifies action areas which are in the fields of transparency, investment activities, credit and financing, capital markets business. The Guidelines contain basic principles that can be followed when offering investment advice to clients; they help identifying client preferences and description of investments; their annex outlines sustainable investment strategies. **Info**: DE FR EN

Swiss Sustainable Finance (SSF)

The SSF's annual Swiss Sustainable Investment Market Study shows a strong growth in sustainable investment volumes. An analysis of Swiss managed sustainable investments highlights the increasing importance of more outcome-oriented approaches with largest growth rates seen for approaches such as ESG Engagement, ESG Voting and Impact Investing. **Info:** EN

In a joint project with the Swiss Bankers' Association, the Swiss Funds & Asset Management Association (SFAMA) and the Swiss Insurance Association (SIA) the Swiss Sustainable Finance produced a brochure on sustainable finance that provides a comprehensive overview of Switzerland's strengths in sustainable finance. **Info:** EN

European Union: Framework Green or Sustainable activities

The EU is introducing rules to define what qualifies as green or sustainable activities. During the June plenary session, MEPs approved a framework that determines which activities can be considered sustainable. This establishes a common classification system across the EU. The taxonomy regulation sets six environmental objectives and states that an activity can be considered environmentally sustainable if it contributes to any of them without significantly harming any of the others. **Info:** EN

Legislation and Regulation: International

EU Shareholder Rights Directive II (SRDII)

The EU Commission responded to a request from EU trade associations stating that there would be no extension of deadlines for implementation of the Directive. Thus, 4 September 2020 remains the date of entry into force of the Directive, even though most member states issued implementing legislation only recently and time for implementation by financial intermediaries is extremely short.

DAC6: Reporting deadlines postponed

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The DAC6 reporting requirement was originally intended to take effect from July 1, 2020. Due to the COVID-19 pandemic, however, the Council of the European Union has agreed that the deadlines be postponed by six months. This is following the recent European Commission proposal to postpone the initial reporting deadlines for DAC6 by three months. Merely the duty to report will be postponed, the duty to collect data remains in place as planned in the original draft.

The IOSCO on AI and ML reporting

The International Organisation of Securities Commissions IOSCO published for comments a draft guidance on how financial intermediaries may use artificial intelligence and machine learning. It suggests intermediaries should have in place governance and oversight frameworks; assure staff has sufficient understanding; apply processes for development and testing; guarantee transparency towards stakeholders. **Info**: Media Release IOSCO EN

Digital

QR Bills available from 30 June 2020

The new QR Bill will replace the traditional payment slips from 30 June 2020. The code contains the entire billing information. It is entirely machine-readable which assures straight through processing and reduces errors.. It is going to be enhanced with new facilities and thus offers increased flexibility for payment transactions. The standard requires adaptations from the banking software. **Info**: DE FR IT EN

FINMA: Duty to Report Cyber Attacks

The FINMA sees high risk for Swiss financial intermediaries stemming from cyber attacks. It adopted a Guidance which outlines the duties of the intermediaries to report incidents. It requires reporting of incidents which target the protective goals and/or critical functions (security of persons, confidential information, proper functioning of the financial markets). Attacks on supporting infrastructure need to be considered too. **Info**: DE FR IT EN

Cyber Resilience

The Federal Council adopts the Ordinance governing the duties, competencies and cooperation of involved authorities. The National CyberSecurity Centre (NCSC) is in charge of coordinating protective measures. The NCSC is collecting reports on cyber incidents; it coordinates protective measures with other government entities and private sector bodies with the aim of supporting providers of critical infrastructure. The Ordinance enters into force on 1 July 2020. **Info**: DE FR IT EN

Digitalisation of Tax Filings

The cantonal tax authorities and the Swiss Federal Tax Administration have defined a common standard allowing banks to issue an **electronic tax statement**, which their clients can use for the tax declaration. The bank issues the file which contains all relevant information regarding assets, investment income, expenses, etc. which the taxpayer can transfer into the e-tax declaration and submit to the competent tax authorities. There is straight-through transfer of the data which can be read by all cantonal tax authorities. The application is standalone and extracts data from the bank system through a special interface. It is compatible with Finnova and Avaloq banking software.

At present the cantons ZH, GE, VS allow filing of e-tax statements. From 2020 OW, BE, AG, GR, TG, JU and from 2021 NW, LU, ZG, SO, FR, BS, BL, SG, SH, TI will join. **Info**: eSteuerauszug DE FR and standards: DE FR

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The Federal Council approves its dispatch to Parliament on the **digitalisation of tax filings** on tax levied by the Confederation (Anticipatory Tax, Stamp Duty Tax, VAT) and of declarations regarding international administrative assistance. The revision of legislation shall authorise the federal administration to require tax payers to use digital means of communication; signing of documents can occur by electronic confirmation of identity instead of signature on paper; identification of taxpayer and procedure for signing declaration shall be governed by the cantons; cantonal authorities shall be entitled to issue enactments electronically if the taxpayer agrees. **Info**: Press Release Federal Council DE FR IT

Members

Termination of Membership

- FIL Investment Switzerland AG
- BlackRock Asset Management Schweiz AG

Last Minute

- The Swiss Insurance Association SIA published the first sustainability report: LINK
- Deloitte on the boost of digitalisation of retail banking due to COVID-19: LINK
- Economiesuisse policy action plan to tackle the Corona crisis: LINK
- Swiss Bankers' Association: Six digital trends in the financial centre: DE EN
- ESMA: 2019 Annual Report and 2020 Annual Work Programme: LINK
- EBF on Cloud Banking: LINK
- Switzerland joins the International Platform on Sustainable Finance IPSF: DE FR IT EN
- SIX acquired the Spanish stock exchanges Bolsas y Mercados Españoles (BME).Press Release SIX EN
- The Federal Office of Public Health makes available the SwissCovid App which helps tracing in case of infection. The app does not store data centrally but can alert past contacts if triggered by the user. Further information in DE FR IT EN
- The Zurich School of Applied Sciences ZHAW and the Zürich Banking Association published a study on the future opportunities of banking experts aged 45 and more: LINK

Third Party Offers

Swiss Finance Institute (SFI): New SFI Master Classes for the first Quarter 2020: LINK

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