AFBS News June 2023

AFBS 51st Ordinary General Assembly

The 51st AFBS OGA took place remotely. 44 Members participated in the election of two new Board Members: Gabriel Castello, HSBC Private Bank (Suisse) SA, and Laurent Gagnebin, Rothschild & Co Bank AG. **Info**: LINK

Legislation and Regulation: Switzerland

The Federal Council published the draft Ordinance details of the second consultation regarding the **OECD/G20 minimum taxation**. The deadline for comments is 14 September 2023. **Info**: Federal Council's consultation documents: DE FR IT with a summary available in EN

FINMA adopts the revised **Data Ordinance FINMA** which governs the way in which FINMA processes data. The Ordinance has been aligned to the revised Data Protection Act. It will enter into force on 1 September 2023. **Info**: DE FR IT EN

The Federal Office of Police fedpol published a report on the possible creation of a "**Public-Private Partnership** for Sharing Information to Fight Terrorist Financing and Money Laundering in Switzerland". The format is well-known in foreign jurisdictions where it contributed to reduce financial crime through sharing of information among market participants. Challenges in Switzerland reside in the restrictive regulation on data protection which restricts information sharing to strategic matters. Special safeguards need to be put in place. AFBS welcomes the initiative and suggests implementing the platform step by step. **Info**: Report in DE FR with summaries available in IT EN.

SBA is positioning with respect to the **takeover** of Credit Suisse by UBS. It confirms the strength of the Swiss financial centre. SBA summarises the state of play of parliamentary debates in relation to the transaction. Parliament also requested an investigative commission (PUK) which shall clarify involvement of authorities and other players. The SBA webpage is continuously updated. **Info**: DE FR

Legislation and Regulation: International

The Federal Council adopts its report on relations between Switzerland and the EU. **Info**: DE FR IT EN

Economiesuisse assesses bilateral relations. It comes to the conclusion that they continue eroding. Erosion is slow and therefore creates little incentive for politicians to propose drastic measures to counteract. It is weaker in Suisse romande and Ticino where economy is more diversified. **Info**: DE FR IT EN

Until 30 June 2023 cross-border commuters are still under Swiss legislation regarding social security. Independent of the amount of work from home effectuated in their country of residence (EU/EFTA). Switzerland and some EU-

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and EFTA-countries will sign an agreement which comes into force on 1 July 2023. The agreement includes that persons who work in the country of place of business of their employer, can carry out up to 49,9% of their work time in their country of residence. Generally, the work must be performed with IT resources and the responsibility for social security will remain in the country of business. Nevertheless, this agreement is only valid for countries that have signed the agreement, which for example excludes France and Italy at the moment. **Info**: DE FR IT

On 9 June 2023 the Federal Council started the consultation on taxation of telework in a foreign country. The deadline for comments is on 2 October 2023. The Federal Council wants to implement the current solution with France regarding taxation of telework into a supplementary agreement within the double taxation agreement as well as with two Memorandums of Understanding (MoUs). The additional agreement supplementing the bilateral double taxation has been signed on 27 June 2023. The change shall provide legal security that tax at source on earned income from cross-border commuter can be collected by Switzerland even if the work is partially done from the country of residence, especially for home office. **Info**: Consultation Documents: DE FR IT; Signing of additional agreement supplementing the bilateral double taxation agreement: DE FR IT EN

Reports

The **National Cyber Security Centre's** semi-annual report confirms a growing number of attacks. CEO frauds, social engineering, extortion at different levels continues to be frequent, phishing slightly decreased as did the number of attacks through malware and hacking. It has a special focus on cybersecurity of SMEs. **Info**: DE FR IT EN.

The **Swiss Banking Ombudsman** reports having resolved slightly more than 2000 cases, the majority being submitted orally. Sum total of most cases is below CHF 100,000. 63% of cases could be resolved within one month; in 95% of cases the financial institution agreed to the settlement. The majority of cases relates to the resolution of fraud in credit cards. **Info**: DE FR.

The **Money Laundering Reporting Office** collected over 7,500 suspicious activity reports, an increase of nearly 30% over the previous year. More than half of the cases were identified through transaction monitoring and third party sources such as media reports. MROS forwarded 1,200 reports to the prosecutor of which 1,121 were resolved at cantonal level. Banks were responsible for 92% of all reports while other financial service providers such as Virtual Asset Service Providers (VASPs) remained at around 2%. **Info**: DE FR IT EN.

Digitalisation

FINMA sanctioned the Dohrnii Foundation for illicitly performing activities requiring authorisation. The foundation sold tokens to private persons for the purchase of teaching services. However, the tokens could be transferred to the blockchain. FINMA concludes that the firm performed illicit activities as a securities house (sale of securities), as financial intermediary by issuing a token that can be used as means of payment (payment token), by receiving public deposits, and for having failed to comply with information duties towards FINMA. **Info**: DE FR IT EN

Sustainable Finance

The EU Commission published its draft of the “Environmental Delegated Regulation” for consultation. The draft contains EU taxonomy criteria for economic activities making a substantial contribution to one or more of the non-

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climate environmental objectives such as: * Sustainable use and protection of water and marine resources; * Transition to a circular economy; * Pollution prevention and control; * Protection and restoration of biodiversity and ecosystems. **Info**: LINK

The European Commission issued a clarification regarding the interpretation of the sustainability-related disclosures in the financial services sector (SFDR). The document includes several answers to questions about the conditions of Article 9(3) SFDR. It is expected that as a result of these clarifications, there will be reclassifications from "light green" Article 8 funds to their "darker green" Article 9 counterparts. **Info**: Clarification: LINK; FT article: LINK

The OECD launched its updated guidelines on responsible business conduct. The Guidelines are recommendations jointly addressed by the governments to multinational enterprises to enhance the business contribution to sustainable development. **Info**: LINK; Federal Council: DE FR IT EN

The United Nations published its halfway report toward the 2030 Agenda for Sustainable Development. It finds that many of the Sustainable Development Goals are moderately to severely off track and puts forward five major recommendations to rescue the SDGs and accelerate implementation between now and 2030. **Info**: LINK

The World Bank published a preliminary assessment of physical risks for the banking sector in emerging markets. It attempts to measure exposure of the banking systems in 20 emerging markets to nature loss through their lending portfolios. The results show that banks in emerging markets allocate around half of their credit portfolio to firms whose business processes are highly or very highly dependent on one or more ecosystem services. **Info**: LINK

WWF has published a guide for financial institutions to manage the environmental risks of their portfolios. The five steps presented in the guide are: * understanding material risks; * adopting effective measures against deforestation and land conversion; * implementing due diligence and measure improvements; * engaging clients and investees; * reporting transparently. **Info**: DE, summary in FR (English version is available on request)

Miscellanea

Internal

The AFBS Board revised the strategic positioning of the Association. It intends to strengthen focus on topics other than private wealth management by creating Business Working Groups dealing in matters such as commodity trade finance, corporate banking, retail banking, private banking. Those groups will each assess the impact of regulation and market developments on their proper business and prepare input for the AFBS position accordingly.

Events

AFBS Events

12.9.2023 V/C: AFBS Conference on AI usage for ESG compliance with speakers from Clarity AI.

20.9.2023 V/C: AFBS Conference on FINMA Circular Operational Risks with Yves Obrist, FINMA.

2.11.2023 V/C: AFBS Conference on availability of ESG data by SIX Group.

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Last Minute

The number of bank employees of foreign banks in 2022 has risen by 16, composed from foreign-controlled banks (-30) and branches of foreign banks (+46) compared to 2021. In sum they employed 15,334 FTEs: LINK

Federal Councillor Ignazio Cassis on Switzerland's role in Europe: LINK

The 2023 edition of Building Bridges will take place from 2 to 5 October 2023 in Geneva: LINK and LINK

The Swiss Federal Tax Administration publishes an update of its brochure on the Swiss Tax System: DE FR IT EN

SFTA guidance for declaration of VAT under the new rates, applicable from 1.1.2024: DE FR IT

Swiss Sustainable Finance publishes the 2023 Investment Market Study: LINK

Parliament adopted the revision of the pension system: Parliament: DE FR IT and Economiesuisse: DE FR IT

Swiss financial centre promotes Net Zero and digital finance on the 2023 Point Zero Forum: DE FR EN

IOSCO published a consultation report regarding its policy recommendations to address market integrity and investor protection issues in crypto markets: LINK

PwC published its Cyber Threats Report 2022: LINK

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