

# Chronology 2019-2020

## AFBS Events

### June 2019

#### 47<sup>th</sup> Ordinary General Assembly: Sustainable Investments: Will Finance Save the Planet?

Guest speakers outline the frame conditions applicable to sustainable investments in Switzerland and the opportunities this asset class can offer for the competitive positioning of the financial centre. Strong interest associations, extensive networking with foreign centres, and involvement of international organisations are key elements that contribute to the emergence of a cluster. The long tradition of finance and the interest for sustainability play in favour of Switzerland becoming an active centre of competence in this asset class. As confirms the investment manager, sustainable investment is no longer merely a hype, but a true opportunity for portfolio diversification.

Sabine Doebeli, Swiss Sustainable Finance; Nicholas Niggli, Republic and State of Geneva; Simone Dettling, UNEP Finance Initiative; Philipp Bärtschi, Bank J. Safra Sarasin Ltd.

#### AFBS Conference: Financial Services Law and Financial Institutes Law: Relationship between the EAM and the Bank

The new legislation on financial services and financial institutes also introduces a status for the external asset managers, which will henceforth be subject to prudential supervision. The speaker outlines novelties and discusses their impact with the participants. A particular attention is given to the relationship between External Wealth Manager and the bank.

Andreas Hofmann, LGT Bank (Switzerland) AG, Zürich.

#### AFBS Roundtable: GDPR Implementation

Banks meet to discuss the way in which to implement the EU regulation on data protection – even though it is not formally applicable in Switzerland but may impact banks through their EU-domiciled clients.

Roundtables among Association members.

#### AFBS Conference: The New Payment Landscape: in Switzerland and Abroad

The national and international payments environment is being profoundly overhauled. New technical standards will offer enhanced flexibility for the processing of payments; demand for peer-to-peer payments is growing. The speakers outline the EU developments and discuss the proposed Swiss response.

Boris Brunner, SIX Group, Zürich; Pietro Sacchi, Citi, Milan.

#### AFBS Conference: MiFID II – FIDLEG – a Comparative Analysis

The conference offers a GAP analysis between the EU and the Swiss regulation on provision of financial services. The speakers help to understand on what points banks should focus their attention and how they can best assure compliance with both regulations at least cost.

Liborio Cataldi, Elisabetta Serra, CAD IT, Verona.

## July 2019

### AFBS Roundtable: Outsourcing – One Year Later

The FINMA Circular 2018/3 Outsourcing-Banks and Insurers entered into force on 1 April 2018. Since then banks in Switzerland had to comply with the new requirements relating to the Documentation (Inventory), the Internal Control System (selection, instruction and control) or the Contracts (amendments or new contracts). The event with the same speaker as in the AFBS Conference one year earlier allows banks to share experience and ask questions.

Roundtables among Association members with Beatrice Bartelt, Mazars AG.

### AFBS Roundtable: Cloud Usage

Banks meet to discuss how to implement the cloud-based data storage and centralised data storage in the context of Swiss customer confidentiality regulation. The pressure towards transfer of data to the cloud is growing: clients want to have easy access to their data while the bank wants to apply standardised and consolidated risk monitoring and achieve economies of scale.

Roundtables among Association members.

### AFBS Conference: Financial Services to Clients domiciled in Russia

The provision of cross-border services to Russia-domiciled clients is challenging. The event allows to discuss peculiarities such as specific client and product categories, use of legal structures and their incorporation in non-FATF countries, voluntary disclosure programmes.

Romain Potet, BRP SA, Geneva.

## September 2019

### AFBS Conference: Transition from LIBOR to ...

The LIBOR reference rate will no longer be available from 2021. The FINMA invites banks to prepare for the new situation and to avoid disruption. Banks need to prepare the new world by revising existing contracts and newly word new ones; assure adequate client information; define procedures assuring smooth transition; structure new products.

Sergio Cruz, Deloitte, Zürich.

## October 2019

### Audit Procedure for AEoI

With the implementation of the Automatic Exchange of Information by financial institutions (FIs) goes the audit of proper application of the rules and regulations. The audit is being performed by the Swiss Federal Tax Administration. The speakers outline the planned procedure and indicate how banks can best prepare themselves.

Pascal Michel, Stefania Ferrari, Swiss Federal Tax Administration, Bern.

### FinSA FinIA: which client advisors must be registered? And how?

The speakers outline the regulatory requirements with regards to relationship managers' registration duties. They explain rules governing the management of a registry, the procedure for registration and monitoring of the relationship managers' compliance with the requirements for registration.

Martin Liebi, PricewaterhouseCoopers, Zürich; Matthias Müller, BX Swiss AG, Bern.

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## November 2019

### AFBS Roundtable: Taxe sur les Opérations Boursières

The Belgian transaction tax is due by Belgian residents trading on a venue in Belgium. Bank representatives discuss the impact of the regime on client relations, how they are implementing the withholding and how they attempt to create added value for the clients.

Roundtables among Association members.

### AFBS Conference: Account Opening in the Era of Digitalisation

In 2018 the FINMA introduced regulation allowing for the intermediation of client identification. The process can henceforth be made online, a personal contact is no longer required. The novelties require banks to adapt processes and procedures and their contractual framework. Special challenges can arise in the cross-border context and the ongoing relation needs to be monitored with care to identify change of circumstances.

Alex Geissbühler, Sergio Uldry, Milan Jovanovic, Scilla Frattini, Geissbühler Weber & Partner AG, Zürich.

## January 2020

### AFBS C-Meeting: Transition from LIBOR to risk-free rates such as SARON

A group of CEOs, CFOs, CROs, of foreign banks discussed the necessary steps and expected challenges arising from the transition from LIBOR to risk-free reference rates such as SARON. The quest speaker outlined the measures adopted by the Swiss National Bank and presented the cooperation with other countries' central banks and with international bodies. Commercial banks need to raise awareness among the end-investors.

Marcel Zimmermann, Swiss National Bank, Zürich.

## March 2020

### AFBS Conference: Revised CDB 20 / AMLA legislation

The revised CDB 20 and the revised FINMA Anti-Money Laundering Ordinance entered into force on 1.1.2020. The conference outlines the key changes which appear minor but can have considerable impact on the banks. Beyond update of rules regarding identification, a new chapter governs the treatment of crypto-assets.

Natacha Polli, PAZ Consulting, Geneva, and AFBS representative to the SBA working group CDB.

## April 2020

### AFBS TelCo: COVID-19 and foreign banks

In telephone conferences foreign bank representatives shared experiences and discussed challenges arising from the COVID-19 pandemic. The introduction of remote working went surprisingly well. Regular exchange with staff and ready availability of line managers proved to be important for the well-being and stable functioning.

Roundtables among Association members.

### AFBS TelCo: FinSA / FinIA Implementation

Initially planned as AFBS Roundtables, the Secretariat set up telephone conferences to allow member banks to exchange views on

the implementation of the new legislation. Major challenges are seen in the client categorisation, product documentation and investor information. Care is required also with respect to the application of deadlines for transition and implementation.

Roundtables among Association members.

## AFBS Engagement

### June 2019

#### Meeting between SIF and AFBS Board

The Secretary of State Daniela Stoffel receives a delegation of the AFBS Board for an exchange of views on current situation on the financial centre. The foreign banks are concerned by the short deadlines available for implementing the new legislation on financial services and institutes. The parties confirm that discussions with EU-countries on market access are difficult to pursue, although the upcoming Brexit might offer an opportunity for two major financial centres to join strengths. The AFBS confirms that Switzerland should take a strong role in promoting the digital economy and improve protection from cyber threats.

#### AFBS Comments: Bank Law: Depositor Protection

The AFBS welcomes the proposal to revise legislation in view of aligning the depositor protection scheme. A partial ex-ante financing responds to the international criticism while limiting the impact on the Swiss system, which has proven its good functioning in the past. It stresses that the 7-day limit for paying out deposits is very short and challenging from an operational point of view.

#### AFBS Comments: Bank Law: Segregation of Assets

The AFBS agrees that custodians should segregate holdings of securities held with an intermediary for their own account and for clients. It also insists that they should not be held liable for intermediaries further down the chain as exercise of control is nearly impossible.

### July 2019

#### AFBS Comments: Ordinance on the Money Laundering Reporting Office MROS

The AFBS welcomes that the filing of suspicious activity reports can be made by other means than XML file transfer as this solution would have been excessively burdensome for small and medium-sized banks. It further made suggestions to assure more precise wording of the requirements.

### August 2019

#### Financial Centre Associations

The Banking Associations Basel and Zürich and the AFBS gather for identifying common topics of interest. It is important for the AFBS to entertain relations with local banking associations as they play a key role for the preservation of frame conditions, which are to a large extent locally defined. The associations are keen to learn about the involvement of one of the biggest banking groups in Switzerland.

#### E-Tax Excerpt

The AFBS invites member banks to become involved in the Swiss initiative to introduce an e-tax excerpt. The aim is to standardise

bank asset declarations and to make them machine readable. The taxpayer shall thus be able to directly transfer the tax-relevant data into the declaration and to the tax authorities. The initiative is coordinated by the Cantonal Finance Directors.

## September 2019

### Brexit and Switzerland

The SBA, economiesuisse and the AFBS coordinate input in view of suggesting discussion points with the UK. Many foreign banks are present in both markets and hope to be able to benefit from a stronger cooperation between the two supervisory authorities so as to achieve economies of scale.

### Depositor Protection esisuisse and AFBS

The two associations coordinate their activities in key topics of common interest. The revision of the regulation of the depositor protection scheme is expected to be submitted to Parliament in 2020. It is important that the moderate proposal be approved as it constitutes a compromise between the Swiss ex-post financing and the ex-ante financing introduced in most foreign countries.

## November 2019

### SECO sounding on chattel mortgage

The AFBS participates in the SECO roundtable on chattel mortgages. The federal government intends to assess the appropriateness of introducing the possibility of securing loans with mobile goods as well as immaterial goods such as intellectual property. The same concept already exists in the USA and some other jurisdictions are in the process of introducing it. Banks estimate that interesting business opportunities may arise and Switzerland's attractiveness could be strengthened.

## December 2019

### Meeting with newly elected Members of Parliament

The AFBS participates in the SBA event organised for newly elect members of Parliament. In panel discussions a representative from a member bank, together with other banks' representatives, discusses the major challenges and opportunities of doing business in Switzerland. The foreign banks underline the importance of maintaining attractiveness at all levels being even more important since Switzerland's cost of production is very high.

### Freistellung in Germany

Several banks in Switzerland received letters from the German supervisory regarding their authorisation to provide cross-border financial services. The AFBS Secretariat assures coordination among foreign banks and their involvement with the SBA. Swiss and foreign banks coordinate their response and cooperate to submit input for discussions between the competent agencies to the Swiss federal government.

## February 2020

### SIX Terravis and foreign banks' real estate registry

Foreign banks and representatives of the SIX Terravis electronic real estate registry discuss difficulties of registering transactions financed by a bank with foreign shareholder. Real estate registries in some cantons are excessively restrictive and require additional certification, which breaks the straight-through processing of SIX Terravis. Banks need to find solutions with the cantonal registries themselves.

## Exchange of Views between SBA and AFBS

President and Secretary General of the respective associations meet for an informal exchange of views and update on current points of concern. The initiative helps to strengthen ties and improve cooperation. It appears that points of concern are broadly the same for the two associations even though membership differs.

## Climate Compatibility Assessment

The AFBS invites its members to participate in the second edition of the Climate Compatibility Assessment. The programme has been extended and now allows assessment of the climate impact of investment portfolios – securities and real estate – also. Results will be published in Summer 2020.

## Anti-Money Laundering Alliance AMLA

Foreign banks comment the proposal of creating a public private partnership for the combat of money laundering, AMLA. Questions arise regarding the legal basis for the exchange of information among different entities, the competence of the government entities involved and technical standards. They expect that the Swiss legal framework shall have to be changed to allow full operation of the AMLA as planned.

## March 2020

### Meeting between the SNB and the AFBS

The Swiss National Bank acknowledges the foreign banks' concerns about negative interest rates and their impact on high production cost in Switzerland. Its own estimates show that half of the homeowners would not be able to service their debt if the interest rate was at 5%. Coronavirus is the major concern and reactions of the global economy are difficult to assess – the USA decided to reduce interest rates to give an additional stimulus to the economy.

### Implementation of COVID-19 Loans

The government-backed COVID-19 loan programme enables banks to quickly lend funds to corporates to overcome liquidity stress situations due to the pandemic. Several banks servicing corporate clients participated. The AFBS assured coordination of the implementation by the foreign banks and with the SBA. Even the question whether the SNB would refinance loans granted by the branch of a foreign bank could be clarified.

### AFBS Comments: Abolition of Stamp Duty Tax

The AFBS welcomes the Parliamentary Commission's suggestion to abolish stamp duty tax. However, it suggests to first abolish the duty raised on foreign securities and imposed on foreign investors as this category is more prone to transferring trading abroad.

### AFBS Comments: Revision of the Common Reporting Standard

The AFBS comments the proposed amendments to the Common Reporting Standard CRS. In particular it welcomes the clarification of the definition of a not-for-profit entity. It is also favourable towards the proposal to exempt an entity's working capital from the assets used to determine the status as an in-scope FI.

## AFBS Groups

Beyond the AFBS Conferences and AFBS Roundtables the Association manages an increasing number of topical working groups meeting at regular intervals to discuss current developments. Off-the-record discussions and trust among members thanks to longstanding participation allow the assessment in detail of various also sensitive issues. The AFBS Groups gather representatives of foreign banks on the following topics:

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**AFBS Group Lugano** is a local group which discusses updates and regulatory developments on various subjects. The diversity of group membership allows addressing a wide variety of topics.

**AFBS Group Ostschweiz** works in a similar way to the AFBS Group Lugano as it discusses various topics and their impact on the individual bank.

**AFBS Group KMB** allows small and middle-sized banks to gather for an informal exchange of views and experiences over lunch.

**AFBS Group HR** (Geneva and Zürich) invite experts to present hot topics and discuss them in-depth with the members. Continuous training was at the core of attention as well as the new regulation regarding registration of work time.

**AFBS Group Retail GE** meets twice a year to discuss key points on specific regulation and business environment for retail banks in Switzerland. The servicing of clients living in France and working in Switzerland is among the issues.

**AFBS Group Funds** operates in parallel in Zürich and Geneva. It allows member to discuss points of concern under a clearly circumscribed focus of the foreign fund representation and distribution in Switzerland. The groups liaises with the SFAMA through their representative in the latter's board.

**AFBS Group Legal Zürich** follows up on major changes in legislation and regulation and their impact on the banks' daily business. Invites experts from time to time to delve into specific topics and exchange views among banks.

**Trade Finance Geneva** presently focussing on the development of sanctions regimes vis-à-vis Iran and Cuba and its impact on the business opportunities for banks in Switzerland.

**AFBS Group CRS/FATCA** (Geneva and Zürich) on the technical implementation of the FATCA regulation and the definition of the forthcoming common reporting standards governing the automatic information exchange.

**C-Luncheons:** Members of the Board and CEOs of foreign banks meet to discuss hot topics and share views. The Board members inform from the associations and collect input from the members. In some instances external speakers introduce a topic of interest on which the ensuing discussion concentrates.