AFBS News April 2020

CANCELLED - 48th Ordinary General Assembly: Banking Meets Tech

Due to the present situation around the spread of the COVID-19 virus, the 48th Ordinary General Assembly of the AFBS will unfortunately not take place as scheduled on 12 June 2020. The formal Ordinary General Assembly will take place by remote participation. The conference will hopefully take place later in autumn 2020. We are sorry for this and thank you for your understanding. We look forward to welcoming you in person soon again.

Legislation and Regulation: Switzerland

COVID-19: Swiss Government Loan Scheme

The Swiss Federal Council has taken measures to help companies overcome liquidity shortage due to the COVID-19 crisis. In a short time and in close cooperation with the banking industry, a bridging loan scheme to support companies was introduced by the Swiss authorities on 26 March 2020. Loans of up to CHF 500'000 are interest free while firms will pay 0.5% on larger loans of up to CHF 20 million. Two weeks later, the government increased its emergency funding from CHF 10 billion to CHF 42 billion.

The Emergency Ordinance on the granting of credits with joint and several federal guarantees adopted by the Swiss Federal Council on 25 March provides businesses affected by the crisis with guaranteed bridging credit facilities of up to 10% of their turnover, or a maximum of CHF 20 million. The granting of a credit is usually completed within a few hours.
Info: SBA DE FR / Federal Council: DE FR IT EN / FINMA DE FR IT EN / SNB: DE FR IT EN

FINMA Urges Dividend Halt

FINMA wants the banks to hold on to cash reserves both as an enhanced buffer against possible losses and to have a greater stock of loans to issue to businesses struggling to keep floating during the coronavirus-enforced shut down. One day after the Swiss government announced its assistance programme, the FINMA increased pressure on banks and insurers to reconsider their dividend proposals for 2019. In this context, UBS, Credit Suisse, Bank Julius Bär, EFG International took the decision to postpone half of their planned dividend distributions for 2019 to the fourth quarter of 2020.
Info: FINMA Guidance in DE FR IT EN

Swiss Withholding Tax Reform

In early April the Federal Council initiated the consultation on amendments to the Withholding Tax Act. The Federal Council intends to strengthen the Swiss capital market by exempting from the withholding tax domestic legal entities and foreign investors. The tax shall be levied through the paying agent rather than the issuer withholding. It shall also become more inclusive, thus applying to foreign and Swiss collective investment schemes. Banks welcome the initiative but wish to avoid excessively complex solutions as they might weaken attractiveness of the Swiss market.

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

Info: Federal Council Press Release DE FR IT EN

FINMA: Annual Report 2019

In 2019, FINMA focused its supervision on how firms are coping with the risks arising from low or negative interest, specifically in the real estate market. Also, the FINMA was in close contact with the industry with regard to the risks relating to cyber attacks, Brexit and the transition from LIBOR to risk-free reference rates. Ten years after the financial crisis, the FINMA confirms that the emergency plans for the systemically relevant functions of the two major Swiss banks are effective. Finally, the FINMA elaborates on how the topics of sustainability and risks posed by climate change should be dealt with under supervisory law.
Info: FINMA Annual Report 2019 available in DE FR IT EN / AFBS Summary available here: LINK

Global Forum: Switzerland did its homework

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) has rated Switzerland as "largely compliant" in the second round of peer reviews on the exchange of information upon request. It noted significant improvements, in particular as the abolition of regards bearer shares and the efficiency of information exchange in practice. The Global Forum noted that Switzerland has increased its staff resources and optimised its procedures in order to deal with the growing number of requests. It sees need for improvement in the availability of information on beneficial owners, the rights of individuals and legal entities that are the subject of administrative assistance requests, and confidentiality requirements.
Info: Global Forum Full Peer Review Report in EN

SARON

Since the end of LIBOR is in sight, the SARON (Swiss Average Rate OverNight) is the proposed replacement standard, as recommended by the Swiss National Working Group on Swiss Franc Reference Rates. SIX now announced the launch of SARON compounding indices for 1-, 3- and 6-month time periods. This will help align market participants and will simplify internal processes. The reference rate SARON represents the overnight interest rate of the secured money market for Swiss francs. It is based on transactions and quotes posted in the Swiss Repo market.
Info: SIX Press Release in EN

Libra Association seeking for FINMA Licence

The Libra Association, an independent group organised by Facebook to manage the Libra stablecoin project, has applied for a FINMA license as payment system in April 2020.

The Libra Association released a new version of its whitepaper with several changes aimed at addressing regulatory concerns. The original plan for the Libra stablecoin was to be backed by a mix of currencies and government debt. However, reacting to concerns raised by regulators on the potential for a multi-currency Libra Coin to interfere with monetary sovereignty and policy, Libra is planning to offer stablecoins backed by single currencies.
Info: FINMA Press Release in EN / Libra Association Official Whitepaper in EN

Legislation and Regulation: International

EU Shareholder Rights Directive II

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

The amended shareholder rights directive SRD II is about to be implemented in the EU. It authorises issuers to obtain information on shareholders and to request such information from intermediaries. The latter are held to assure shareholder information on corporate actions and the flow of information between shareholder and issuer. The Directive applies to companies which are based in the EU and whose shares are traded on a regulated venue, irrespective of the place of incorporation of the intermediary and the place of residence of the shareholder. It thus also impacts intermediaries in Switzerland.
Info : SRD II Directive: EN / Implementing Regulation: EN

COVID-19: Impact on CRS and FATCA reporting deadlines

The COVID-19 pandemic has caused extensions of the CRS and/or FATCA deadlines for the reporting period, ending 31 December 2019 in several jurisdictions. The IRS informs that the filing deadline for the FATCA Report will be extended from 31 March 2020 to 15 July 2020. It also confirms that Form 8809-I, the application for extension of time to file FATCA Form 8966, will not be required for this extension.
Info: IRS FAQ LINK

EBF Blueprint for EU Anti-Money Laundering policy

The European Banking Federation presented its blueprint with recommendations for an effective EU Anti-Money Laundering policy. The EBF formulated 20 policy recommendations in its blueprint "Lifting the Curse of Dirty Money".
Info: EBF Press release in EN and EBF Blueprint in EN

MiFID II/FiFIR review report deadlines extended

In view of the effects of the ongoing COVID-19 pandemic, the European Securities and Markets Authority (ESMA) has decided to further extend the response date for the consultation on the MiFID II/MiFIR review report on the transparency regime for non-equity instruments and the trading obligation for derivatives. Deadline for comments has moved from 17 May to 14 June 2020.
Info: ESMA Press Release in EN

Sustainable Finance

International Platform on Sustainable Finance IPSF

Switzerland joins the International Platform on Sustainable Finance IPSF. The platform aims at increasing environmentally sustainable investments by fostering best practice and coordinating initiatives. The platform was set up in 2019 by the International Monetary Fund (IMF) at the initiative of the European Commission, and is part of the international efforts to meet the commitments under the Paris Climate Convention.
Info : Federal Council Press Release in DE FR IT EN

Unified EU classification system

In April 2020, the Council of the EU adopted a regulation setting out an EU-wide classification system, to provide businesses and investors with a common language to identify economic activities which are considered environmentally sustainable. The taxonomy shall enable investors to focus their investments on more sustainable technologies and businesses. The regulation needs to be adopted by the European Parliament before it can be published in the Official Journal and enter into force.
Info: Council of the EU Press Release in EN

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

5th Global Green Finance Index (GGFI)

The fifth edition of the Global Green Finance Index (GGFI 5) was published on 24 March 2020. The index provides evaluations of the depth and quality of the green finance offerings of 67 major financial centres around the world. Western Europe continues to lead the world's centres in green finance depth and quality. The Swiss financial centres are in the top ten ranking: Zurich remains a front-runner with a 3rd place of quality and 4th place of the depth, while Geneva reaches the top 10 for the first time. Amsterdam retained its leading position in the depth index, with Luxembourg still in second place. London retained its position as first in the quality index.
Info : Global Green Finance Index LINK

Calendar

In-Person meetings have been suspended as a consequence of the COVID-19 crisis. They will resume as soon as possible.

Members

Mizuho Bank (Switzerland) Ltd; relinquishes banking licence.

Last Minute

- The ESM, IMF, and other Regional Financing Arrangements (RFA) have published a statement on the economic impact of COVID-19: LINK
- WTO expects serious trade plunge as COVID-19 pandemic infringes global economy: LINK
- IMF World Economic Outlook Report April 2020: LINK
- FSB report on international cooperation to address the financial stability implications of COVID-19: LINK
- An economiesuisse survey shows deep worries of Swiss business due to COVID-19: LINK
- PwC sees COVID-19 impacts in many areas of accounting and reporting: LINK
- PWC on short-time work compensation and continued payment of salary: What employers need to know: LINK
- Deloitte on working and living at home during the lockdown: LINK
- The Swiss Bankers Association (SBA) launched a podcast "Voices of the Financial Centre". The first episode deals with the topic of coronavirus and the role of the banks in the current situation: LINK
- Federal Council commissions feasibility study of a "Swiss Cloud": DE FR IT
- Swiss Financial Institute Public Discussion Note on negative interest rates in Switzerland: LINK
- Basel III Committee published the results of the Basel III monitoring exercise: LINK
- The EU equivalence regime as a suitable instrument for the UK to avoid market fragmentation? – Publication by the European Capital Markets Institute: LINK
- To review: EBF Webinar "Banking Essentials" on the challenges and opportunities within the AML compliance space: LINK
- The COP26 UN climate change conference set to take place in Glasgow in November has been postponed due to COVID-19: LINK
- Swiss Sustainable Finance launches a free e-learning tool on sustainable investments for financial specialists: LINK
- ICC on how banks are going digital to manage COVID-19: LINK

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.

- Activity Report of the Federal Prosecutors Office: LINK

Third Party Offers

- BRP SA is offering a Compliance Package for Financial Advisers under the new Financial Services Act. - **Info** : LINK and brpsa.com
- GFT Global is proposing banks a fully-integrated solution for the electronic client onboarding. - **Info** : LINK and gft.com

AFBS Info serves as a platform for early information and is submitted for confidential use only. Certain information may still be awaiting final approval and may thus be subject to change. Although all sources of information are selected with the utmost care, errors and inaccuracies cannot be excluded.