AFBS News NOV 2017 EN

Legislation and Regulation – Domestic

Market Access: France and Italy

Bilateral negotiations with both countries should help creating a framework for the provision of cross-border financial services – as agreed between Italy and Switzerland in the Roadmap 2015. In the meantime the two countries decided to adopt a strict implementation of MiFID II, which requires the local presence of a branch for the provision of financial services to domestic private clients, irrespective of them being retail of wealthy.

SWIFT: sanctions screening

SWIFT is preparing an offering for banks to screen transactions against applicable sanctions. The tool shall allow financial intermediaries to fully outsource this function and to benefit from the availability of a common database which is updated on an ongoing basis. Questions remain with respect to data protection, as the servers are located in Switzerland and the Netherlands; a Switzerland-only solution might become available provided sufficient interest.

Legislation on Financial Services and Financial Institutes

Since the National Council's preparatory commission was unable to resolve all discrepancies in the draft law with the State's Council, the plenary debate will not take place before spring 2018. Entry into force of the legislation can thus not be expected before summer 2019.

Tax Identification Number

The Swiss Federal Tax Administration reminds that in the context of the automatic exchange of fiscal information special tax identification numbers shall be required. For natural persons resident in Switzerland the AHV/AVS number shall be used; for legal entities incorporated in Switzerland the Legal Entity Identifier. **Info**: DE FR IT

Labour Law

In the context of the debate about a revision of the labour law, the Schweizerischer Gewerbeverband / Union suisse des arts et métiers made suggestions. It asks to increase the maximum duration of working hours to 50, to offer more flexibility for the management of work. It also suggests to grant more flexibility for the management of breaks, time off, and to assure alignment of the regulation to the size of firms. **Info**: DE only

The Federal Council increases the contingents for workers from non-EU countries (8000 instead of 7500) and services providers from EU/EFTA countries (3500 instead of 2250). The new thresholds are applicable from 1.1.2018. **Info**: DE FR IT

Federal Council

- The Federal Council adopts the revised Capital Adequacy Ordinance. The Ordinance introduces the Leverage

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Ratio LR and amends the provisions on risk diversification; it enters into force on 1.1.2019: DE FR IT EN
- It also adopts the revision of the Liquidity Ordinance Banks. The revised prescriptions on the Liquidity Coverage Ratio LCR enter into force on 1.1.2018. Small finance institutes are granted simplifications. The introduction of the Net Stable Funding Ratio NSFR is postponed; next steps are to be decided end of 2018 in alignment with the international developments: DE FR IT EN
- It further initiates the first part of the revision of the Swiss Commercial Registry, which is to introduce exclusive electronic publication: DE FR IT

Legislation and Regulation – International

EU: PRIIPS and KIDS

The EU Commission issued guidelines clarifying that the obligation for the manufacturer to issue relevant investor documentation applies in all instances of distribution to retail investors, even if the latter does not distribute itself but through third parties. Beware of the exemption that a KID is not required if the PRIIP is offered exclusively outside of the EU; a careful assessment will have to be made if such offer also targets EU-domiciled clients. **Info**: PRIIPS Regulation: LINK – KID Regulation: LINK – Application: LINK

VAT on E-Commerce

Contrary to what was initially expected the EU implementation of the OECD guidance on VAT on e-commerce will take more time. It is planned to introduce the standards for B2B sale of goods for a five years test phase in 2019, followed by a thorough impact assessment. EU countries remain in disagreement on key points. Decisions on matters such as VAT require unanimity.

Miscellanea

EU-Switzerland bilateral relations

The Federal Department of Foreign Affairs updated its publication on the bilateral relations with the EU. The booklet is available in three languages and outlines the three groups of bilateral agreements with timeline and content. **Info**: DE FR IT

On 8.11.2017 the AFBS hosted the EU Foreign Banks' Associations' annual meeting in Geneva. The EU Ambassador to Switzerland, M. Matthiessen, insisted on the uniqueness of the bilateral arrangement between the EU and Switzerland while the representative of the State Secretariat for International Finance SIF, Amb. R. Weber, underlined the strong committment of Switzerland to the EU and its endeavours. **Info**: LINK

FinTech and Cyber Security

The Federal Council wishes to define the frame conditions for the establishment of a person's **digital identity**. It does not plan to issue the identity itself but to create a secure and recognised framework within which private entities can issue such an identity. The draft law is expected for Summer 2018: DE FR IT

On the **Wealth Tech Forum** in Geneva, AFBS Board Member Geoffroy Bazin, BNP Paribas (Suisse) SA, insists on the necessity for financial firms to cooperate in setting up infrastructure allowing to cope with the new challenges. Four foreign banks are assessing the implementation of common infrastructure in the realms of KYC and regulatory reporting. **Info**: LINK

The Federal Council has published its **action plan cyber defence**. The Department of Defense shall assure protection of infrastructure of the government and, if appropriate, of critical infrastructure. There will be

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cooperation with the private sector as well as with foreign partners. A cyber defense campus shall gather specialists from business and research to assess the current situation and anticipate developments. DE FR IT

The WannaCry encryption virus hit several major infrastructure services around the world. In Switzerland only a few SME were hit. The misue of trusted government or corporate identities for sending emails with malware increases. Defacement of websites is frequently used for placing a political message. The **MELANI situation report** informs on latest developments and threats. **Info**: DE FR IT EN

The EU **Cybercrime Programme Office** assists countries in facing challenges in the realm of cybercriminality. It bases its action on the Budapest Convention. Among others it publishes a bi-weekly update on the international situation: **Info**: EN FR

Agenda

Members

End of membership: Isbank AG, Frankfurt am Main (D), Zweigniederlassung Zürich (close of business); Dominick Company AG (takeover by Tellco Pension Ltd.).

Last Minute

- State Secretary Jörg Gasser at the FinTech festival Singapore: DE FR IT EN - www.fintechfestival.sg
- Federal Council report on digitisation's impacts on the labour market: DE FR IT
- Swiss Federal Tax Administrations statistical data on income generated by federal direct tax: DE FR
- PWC Billionaires' Report 2017: link - Credit Suisse World Wealth Report: link
- Singapore updates its FAQ on national implementation of the CRS: DOC
- Study of the Zürich School of Applied Sciences and the Zürich Banking Association on the future job profiles in banking: DE

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