



REGULATORY AND COMPLIANCE UPDATE

Newly enacted regulations and current draft regulations in
Banking and Asset Management

March 2020

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Contact:

Dr. Fabian Schmid
Partner
Head of Regulatory & Compliance,
BDO LTD

Thomas Hulmann
Head of Regulatory & Compliance German-speaking Switzerland,
BDO LTD

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Important note:

The following report gives an overview of important recently entered into force regulations of national and (to the extent that they have a substantial impact on Switzerland) international financial market laws as well as upcoming draft regulations. The presented Regulations are mainly addressed to banks, securities firms, asset management institutions (fund management companies, managers of collective assets, SICAVs, SICAFs, KmGK (limited partnerships for collective investment), other collective investment schemes, custodian banks of collective investment schemes, representatives), portfolio managers and trustees, although not all the addressees are affected by the Regulations directly or to the same degree.

Insurers are not taken into account. This account involves a selection of enactments/drafts that we consider especially important. This account does not claim to be complete and we do not guarantee the accuracy of the data reproduced herein.

Simplifications may have been made. In any case, the original legal bases are applicable.

▶ PART 1
RECENTLY ENTERED INTO FORCE



Outsourcing

FinIA/FinIO/SOO

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Money laundering and blockchain

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Auditing

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Switzerland as a Financial Centre and the EU

Special risks in securities trading

KESB's information requests

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Automatic Exchange of Information (AEOI) Multilateral Competent Authority Agreement (MCAA), including Common Reporting Standard (CRS) as international legal basis (OECD) AEOI Act, AEOI Ordinance and SFTA Guidelines for national implementation	<ul style="list-style-type: none"> The automatic reporting obligations concern four categories of financial institutions ('reporting institutions'): depository institutions, custodial institutions, investment entities, and specified insurance companies. Obligation to register as a reporting institution with the Swiss Federal Tax Administration ('SFTA') (was supposed to be performed in 2017). Since 1 January 2017, there has been an obligation to identify reportable persons (new clients and existing clients) and their current accounts/custody accounts according to detailed due diligence regulations, with the proviso that not all categories of customers are subject to the same implementation deadlines. Regular reporting of the persons concerned and their current accounts/custody accounts to the SFTA (including prior notification of relevant clients). The SFTA gives the relevant information to the tax authorities of the foreign Partner States concerned. The network of Switzerland's Partner States has been built up year by year. The transitional provision of Art. 1 of the AEOI Ordinance was repealed on 1 January 2019. This increases the AEOI documentation and reporting obligations with respect to clients from countries that generally participate in the AEOI but are not Partner States of Switzerland. In the spring of 2020, Parliament will discuss an amendment to the AEOI Act to repeal certain exceptions (e.g. for condominium owner communities) (at the earliest at the beginning of 2021). 	<ul style="list-style-type: none"> By 31 January 2020: Written notification of clients that will be reported for the first time in 2020 By 30 June 2020: Performance of the reporting obligations concerning all Partner States (including, for the first time, States with which Switzerland has applied the AEOI since 1 January 2019) 	Entry into force: 1 January 2017 <ul style="list-style-type: none"> Various implementation deadlines for certain AEOI obligations (see Need for action) Repeal of Art. 1 of AEOI Ordinance: 1 January 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Indirectly or partially concerned	Not concerned	

Topic	Main news	Need for action	Timeline
Qualified Intermediary (QI) QI Compliance Program and QI Compliance Review IRS Revenue Procedure 2014-39 IRS Revenue Procedure 2017-17	<ul style="list-style-type: none"> Qualified Intermediaries are required to implement a complete QI Compliance Program (policies, processes, systems, training seminars) under the direction of a QI Responsible Officer. In general, all Qualified Intermediaries are required to have the implementation of the QI obligations audited once every three years by Internal Audit or by an external auditor (QI Periodic Review); a waiver may be possible, depending on the reportable amounts. It is obligatory to give the IRS a QI-certificate of compliance every three years based on the QI Periodic Review or independent reviews. According to the new QI Agreement, QIs are also required to collect 'Limitation on Benefits (LOB) information' for all new account openings since 1 January 2017 for legal entities using the current form W-8BEN-E or the bank's own form. It is a company's specific statement explaining why it is entitled to benefit from a double taxation agreement with the USA. For existing client relationships with legal entities, the Limitation on Benefits (LOB) information must be collected within the three year transition period expiring at the end of 2019. 	<ul style="list-style-type: none"> Implementing the documentation requirements concerning Limitation on Benefits (LOB) 	Entry into force: 30 December 2016 (renewal of QI Agreement) <ul style="list-style-type: none"> 31 December 2019: collection of the necessary 'Limitation on Benefits information' in the case of legal entities
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Not concerned	Not concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Video and online identification Revised FINMA Circular 2016/7 'Video and online identification'	<ul style="list-style-type: none"> • Due to technological developments and new risks of abuse, FINMA has revised the Circular 2016/7 'Video- and Online-Identification', which came into effect in spring 2016. • Transaction Authentication Numbers (TANs) are no longer recommended as one-time passwords for the video identification process. • Both in video and online identification, only two security factors have to be checked now, as opposed to three, as had been originally planned. • A bank transfer from a Swiss bank is no longer a prerequisite for online identification. • Until the transitional deadline of 1 January 2020, financial intermediaries had a choice between continuing to adhere to the previous guidelines and already starting to comply with the partly revised version of the Circular. 	<ul style="list-style-type: none"> • Analysis of the need for adjustment of existing video or online identification applications and processes 	Entry into force: 1 August 2018 <ul style="list-style-type: none"> • Transitional deadline of 1 January 2020 for process adjustments
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

Topic	Main news	Need for action	Timeline
Outsourcing New FINMA Circular 2018/3 'Outsourcing - Banks and insurers'	<ul style="list-style-type: none"> • Scope of application of the previous FINMA Outsourcing Circular 2008/7 extended from banks and securities dealers to include insurance companies • Banks are also generally required to comply with all regulatory requirements for intra-Group outsourcing (principle-oriented). For risk management related to outsourcing, small banks may rely on reporting from an independent auditor. • New obligation to maintain a record of outsourced business activities and to name the service provider, including vicarious agents • The data protection requirements will be deleted from the Circular (although they will remain in effect) because they are redundant with the Federal Act on Data Protection. • In the case of an outsourcing abroad, all the data necessary for restructuring, settlement or liquidation must be accessible in Switzerland at all times. • Revised requirements for selection, instruction and monitoring of service providers. Specifically, possible relationships of dependency and concentration risks should be taken into account. • The annex with examples of outsourcing operations considered to be essential and thus within the scope of the Circular will be deleted. Examples of essential outsourcing operations will be mentioned in the Circular itself. 	<ul style="list-style-type: none"> • Detailed analysis of the existing outsourcing relationships and checking for new obligations or needs for adjustments compared to the previous circular 	Entry into force: 1 April 2018 for new outsourcing relationships <ul style="list-style-type: none"> • 5-year transition period for any adjustments to existing outsourcing relationships
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Indirectly or partially concerned	Not concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Auditing Auditing FINMA Circular 2013/3	<ul style="list-style-type: none"> • FINMA revised Circular 2013/3 in order to intensify the focus on essential aspects in the supervisory audit. Overall, the audit will become more meaningful and less expensive. • In principle, there will be fewer, yet more intensive audits of high-risk areas and focussed topics changing over the years. Small institutions without visibly higher risks will also receive the opportunity to apply for a reduced audit frequency instead of the annual audits currently in effect. As a result, they will only be audited every other year or, in the case of small banks, once every three years. To make the audits more meaningful, new risk-based sample audits may be specified instead of comprehensive audits. 	<ul style="list-style-type: none"> • No direct need for action; mainly audit firms are affected • Analysis of purposefulness of a request for a reduced audit frequency 	Entry into force: 1. January 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Not concerned	

Topic	Main news	Need for action	Timeline
Switzerland as a Financial Centre and the EU Ordinance on the recognition of foreign trading venues for trading in equity securities of Swiss-domiciled companies	<ul style="list-style-type: none"> • The Federal Council ordinance is intended to limit the negative effects on Switzerland as a centre of securities trading, finance and business resulting from the European Commission's failure to recognise that Swiss securities exchanges are equivalent to their EU counterparts. • The protective measure now prohibits trading within the EU in equity securities of companies with registered office in Switzerland. • As a result, EU securities dealers can continue trading in Swiss equity securities on Swiss trading venues even without EU exchange equivalence. • On 27 June 2019, the Swiss Federal Department of Finance (FDF) updated the list of jurisdictions that restrict their market participants' trading in equity securities of Swiss-domiciled companies on Swiss trading venues. 	<ul style="list-style-type: none"> • Thus, it is no longer possible to trade in Swiss securities on trading venues in the EU. 	Entry into force: 30 November 2018 Implementation of measures and scope of the FDF list: 1 July 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
SwissBanking Cloud Guidelines Guide to secure Cloud Banking	<ul style="list-style-type: none"> This is a guide published by the Swiss Banking Association, its member banks, audit firms and service providers with recommendations designed to facilitate the use of the Cloud. It mainly focuses on the definition of technical, organisational and legal measures to ensure data security and compliance with the regulatory requirements. As before, every bank must define a strategy establishing whether it intends to migrate data to a cloud and, if so, which data and how. 	<ul style="list-style-type: none"> Relevant to potential Cloud projects 	Publication: 26 March 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

Topic	Main news	Need for action	Timeline
Anti-Money Laundering Partial revision of the AMLO-FINMA Revision of the CDB (new CDB 20)	<ul style="list-style-type: none"> These revisions were based on recommendations by the Financial Action Task force (FATF), which identified some problems with the Swiss legislation and with the effectiveness of the guidelines. Adjustments to AMLO-FINMA <ul style="list-style-type: none"> Clarification of the risk management measures that need to be taken whenever domiciliary companies or complex structures are deployed or there is a connection with high-risk countries. More stringent requirements for global risk monitoring in the fight against money laundering and terrorist financing for Swiss financial intermediaries with branch offices or group companies abroad Lowering of the trigger value for identity checks in cash transactions to the FATF level of CHF 15,000 Adjustments to the CDB <ul style="list-style-type: none"> Inclusion of a reference to the current FINMA rules on video and online identification Adjustment of the time limit for fulfilling the documentation obligations under Art. 45 CDB (reduction from 90 to 30 days) Obligation to perform identity checks for cash transactions of CHF 15,000 or more (previously CHF 25,000) Updating of the abbreviated proceedings before the supervisory board 	<ul style="list-style-type: none"> Adjustment of AMLA risk analysis based on the new risk criteria Adaptation of the HRB and HRT criteria to the new risk criteria Enforcement of obligations to investigate when domiciliary companies are used Enforcement of enhanced monitoring, reporting and auditing obligations for branches or group companies abroad Applying the new 30-day time limit to supply missing information or documents Applying the new threshold of CHF 15,000 for cash transactions 	Entry into force: 1 January 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Directly concerned	Directly concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Financial services Financial Services Act (FinSA) Financial Services Ordinance (FinSO)	<ul style="list-style-type: none"> Creation of a comprehensive Financial Services Act (FinSA) which is generally applicable regardless of the type of financial institution, in order to approximate the European regulations (MiFID II/MiFIR, etc.) Customer segmentation: Subdividing all clients into private, professional or institutional clients (with various possibilities to opt in or out of different customer categories) New rules of conduct: Checking the appropriateness and suitability of financial products and financial services for each customer segment and type of service Informing customers about financial service providers and the characteristics, risks and costs of a financial instrument General obligation to provide a prospectus for public offerings of securities Before offering a financial instrument to private customers, it is necessary to issue a Key Information Document („KID“) containing essential information for investment decisions and comparison of different financial instruments. For relationship managers: Obligations of education and further training The Financial Services Ordinance (FinSO) clarifies the provisions of the FinSA and contains, in particular, provisions on the rules of conduct, organisation, the relationship manager register, the obligation to provide a prospectus and the Key Information Document. 	<ul style="list-style-type: none"> Implementing customer segmentation Introducing opting-out and opting-in forms Performing appropriateness and suitability checks on forms and systems Fulfilling duties to inform through fact sheets and/or website Fulfilling documentation and accountability obligations Fulfilling organisational duties Performing obligations regarding prospectus and KID Obligation to provide liaison with an ombudsman's office 	Entry into force: 1 January 2020 <ul style="list-style-type: none"> Obligation to provide liaison with an ombudsman's office within six months after the initial authorisation of such an office Obligation to comply with the new prospectus requirements from 1 October 2020 at the earliest Transitional period for performance and application of customer segmentation, organisational duties, rules of conduct (information requirements, appropriateness and suitability checks, documentation and accountability obligations) by 31 December 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Directly concerned	Directly concerned	

Topic	Main news	Need for action	Timeline
Financial institutions Financial Institutions Act (FinIA) Financial Institutions Ordinance (FinIO) Ordinance on Supervisory Organisations in Financial Market Supervision (SOO) Draft FINMA Financial institutions Ordinance (FinIO-FINMA)	<ul style="list-style-type: none"> Uniform rules on supervision of all financial service providers allowed to offer asset management services in the broad sense of the term, including securities dealers (new: 'securities firms'), however, without banks (Banking Act is still the basis) New prudential supervision of asset managers of individual customer assets, trustees and asset managers of Swiss pension funds (licensing obligation), with increased requirements in the areas of internal organisation, separation of powers, fit and proper tests, etc. Cascading licensing system: higher-value licences automatically also include lower-level forms of licences (both rights and obligations) Distinction between qualified asset managers (under FINMA's direct supervision) and asset managers of the assets of individual clients. FINMA-accredited supervisory organisations will supervise asset managers of individual assets with different risk-based rules. The FinIO will clarify the licence requirements and obligations for financial institutions as well as their supervision. The SOO governs the licensing requirements and the activities for the newly introduced supervisory organisations. In particular, the draft FinIO-FINMA sets out the distinction between simple portfolio managers and managers of collective assets and the requirements for professional liability insurance as well as for risk management and risk control. In addition, the aim is to amend and/or repeal various FINMA circulars and to lower the threshold for customer identity checks in crypto exchange transactions from CHF 5'000 to CHF 1'000 	<ul style="list-style-type: none"> Institutions authorised by FINMA: Compliance with FinIA requirements within one year Institutions requiring new authorisation: <ul style="list-style-type: none"> Report to FINMA by 30 June 2020 Application for authorisation to FINMA by 31 December 2022 	Entry into force: 1 January 2020 <ul style="list-style-type: none"> Transition period for various obligations (see need for action) Consultation on FinIA-FINMA until 9 April 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Directly concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Financial reporting - Banks New FINMA Accounting Ordinance New FINMA Circular 2020/1	<ul style="list-style-type: none"> Value adjustments for risks of default in banking are to be based on expected loss. For the implementation of this new ordinance, the greatest possible attention should be paid to proportionality. <ul style="list-style-type: none"> Banks in categories 1 and 2 as well as IRB banks: model-based calculation Category-3 banks: simple, non-model-based calculation approach; value adjustments for inherent default risks Other banks: Simplified approach with value adjustments for latent default risks 	<ul style="list-style-type: none"> Applying the approach to default risk calculation indicated for the FINMA category (no material changes for banks in categories 4 and 5) 	Entry into force 1 January 2020 <ul style="list-style-type: none"> Transitional period of up to six years
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Not concerned	Not concerned	

Topic	Main news	Need for action	Timeline
Small banks regime	<ul style="list-style-type: none"> The small banks regime can significantly reduce the extent of the prudential requirements for small, particularly sound institutions without lowering the overall level of protection. Eligibility requirements consist of a simplified leverage ratio of 8%, an average liquidity ratio of at least 110%, a funding ratio of at least 100%, no special measures or procedures imposed by supervisory authorities and no disproportionately high interest rate risks or shortcomings in interest rate risk management Relaxations apply in relation to outsourcing, operational risks, corporate governance, disclosure, risk diversification, credit risks, capital planning and liquidity risks 	<ul style="list-style-type: none"> Deciding whether to ask to participate in small banks regime and, if so, applying to FINMA 	Entry into force: 1 January 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Not concerned	Not concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
SBA self-regulation of residential investment properties	<ul style="list-style-type: none"> The aim of the self-regulation is to increase the resilience of banks in the financing of residential investment properties. The self-regulation provides for the following measures: <ul style="list-style-type: none"> For mortgages on investment properties, the minimum down payment is to be 25% of the lending value (currently 10%). Any difference between a higher acquisition price and lower lending value is to be financed entirely with the borrower's own funds („Lower of cost or market" principle). In the case of investment properties, the mortgage is to be amortised to two-thirds of the lending value of the property within maximum 10 years (currently 15 years). 	<ul style="list-style-type: none"> Applying new requirements for capital adequacy and amortisation periods 	Entry into force: 1 January 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Not concerned	Not concerned	

Topic	Main news	Need for action	Timeline
Money laundering in the blockchain sector FINMA Guidance 02/2019	<ul style="list-style-type: none"> In its Guidance 02/2019, FINMA provides information about the technology-neutral application of the current regulatory requirements for Blockchain payment transactions. According to the Guidance, FINMA-supervised institutions can generally only send cryptocurrencies or other tokens to external wallets of their own clients whose identities have been checked in advance and can only receive cryptocurrencies or tokens from such clients. FINMA-supervised financial institutions must not receive tokens from or send tokens to clients of other institutions unless the payment system can reliably transmit information about the sender or receiver of the tokens. According to FINMA, this established practice applies without exception, unlike the FATF standard, and is thus one of the strictest in the world. 	<ul style="list-style-type: none"> To be taken into account when sending/receiving cryptocurrencies or tokens 	Publication: 26 August 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
FINMA risk monitor	<ul style="list-style-type: none"> • FINMA currently identifies the following six main risks in its first published risk measure: <ul style="list-style-type: none"> - the persistently low interest rate environment - a correction in the real estate and mortgage markets, in particular in the case of investment properties - Cyber attacks - A disorderly abolition of LIBOR reference rates - money laundering - more difficult cross-border market access, in particular in the EU • FINMA determines its supervisory focus according to the risks described. • Financial risks associated with climate change are highlighted as risks that could have a persistent long-term impact on Switzerland as a financial centre. In addition, it mentions the ageing of the population, the insurance policyholders who have no more data privacy due to far-reaching data collection, as well as risks for asset managers in a market with falling valuations of financial instruments. 	<ul style="list-style-type: none"> • No need for action, but indirect influence through FINMA's supervisory activities 	Publication: 10 December 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

Topic	Main news	Need for action	Timeline
Information brochure "Special risks in Securities trading"	<ul style="list-style-type: none"> • The Swiss Bankers Association has amended the information brochure entitled "Special risks in Securities trading". The brochure has been revised and the structure reorganised in accordance with the Financial Services Act. The title will henceforth be "Risks Involved in Trading Financial Instruments". 	<ul style="list-style-type: none"> • Delivery of the new version of the brochure 	Publication date: End of 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Indirectly or partially concerned	Not concerned	

RECENTLY ENTERED INTO FORCE

Topic	Main news	Need for action	Timeline
Information sheet about KESB's information requests to banks	<ul style="list-style-type: none"> Pursuant to SCC Art. 448, banks have a duty to cooperate as third parties in case of investigations by the KESB (Swiss authorities to protect children and incapacitated adults). Such cooperation must comply with the principle of proportionality, however, and be used to investigate the relevant cases. If the KESB itself is investigating the case, it submits a request for information directly to the bank. The request for information must contain certain points that are listed on the information sheet in greater detail. If the KESB assigns a third party to investigate the case, the investigatory assignment may be comprehensive or specific. The Bank provides information on a case-by-case basis based on an investigation assignment delegated by the KESB or on a general cantonal law on delegation of authority. In case of doubt about the legal basis for providing of information, the Bank may request a ruling from the competent KESB. In the case of existing guardianship or custody, the guardian is generally required to provide information to the KESB, in which case the KESB should contact the bank directly only in exceptional cases. 	<ul style="list-style-type: none"> Dealing properly with KESB's requests for information 	Publication: December 2019
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Directly concerned	Not concerned	Not concerned	

Topic	Main news	Need for action	Timeline
FINMASA New ordinance	<ul style="list-style-type: none"> The ordinance clarifies FINMA's areas of authority in international and regulatory matters. FINMA's current regulatory instruments will remain unchanged and the independence of FINMA will not be called into question. With the new ordinance, the Federal Council intends to ensure that FINMA will be able to continue playing its important role successfully. The ordinance specifies the requirements, principles and processes for FINMA regulations. In particular, it explains how proportionality, differentiation and international standards should be taken into account in regulatory activities. The ordinance also specifies the basic characteristics of the cooperation and exchange of information FINMA and the FDF. 	<ul style="list-style-type: none"> No direct relevance but indirect influence through future design of FINMA regulations 	Entry into force: 1 February 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees	
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned	

▶ PART 2
CURRENT DRAFT REGULATIONS



A man in a dark suit and tie is standing on a high-rise building, looking through binoculars. The background shows a cityscape under a blue sky with clouds. Overlaid on the right side of the image is a cluster of blue hexagons, each containing a regulatory topic. The topics are: Gender equality, ESG, Data Protection, NSFR, Blockchain/ ICOs, L-QIF, Anti-Money Laundering, Depositor protection, Basel III Final Rule, Market Risks - banks, LIBOR replacement, and Bank restructuring.

Gender equality

ESG

Data Protection

NSFR

Blockchain/
ICOs

L-QIF

Anti-Money
Laundering

Depositor
protection

Basel III Final Rule

Market
Risks - banks

Bank restructuring

LIBOR replacement

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
Anti-Money Laundering Revision of AMLA	<ul style="list-style-type: none"> By implementing the recommendations from the 4th FATF Country Report of 7 December 2016, the Federal Council intends to extend the AMLA due diligence obligations as well as include certain activities of non-financial intermediaries. To this end, the following amendments to the AMLA are planned: <ul style="list-style-type: none"> Duty of the financial intermediaries to explicitly verify the statements made about the beneficial owner Duty of the financial intermediaries to update customer information periodically Retaining the right to report, explanation of the terms "right to report" and "duty to report" The 20-day processing period of the MROS will be replaced by the financial intermediary's right to break off business relationships involving a pending MROS report unless the report is forwarded to a criminal prosecution authority within 40 days. Introduction of due diligence obligations related to the founding, management and administration of certain services related to companies and trusts In addition to the above changes, amendments are planned in the following areas: <ul style="list-style-type: none"> Introduction of measures to increase transparency concerning associations (list of members, obligation to register with Commercial Registry) Adjustments related to dealers in precious stones and metals as well as the purchase of antique precious metals 	<ul style="list-style-type: none"> Entry into force: No earlier than 1 January 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Directly concerned	Directly concerned

Topic	Main news	Timeline
Data Protection Totally revised Swiss Federal Act on Data Protection (FADP)	<ul style="list-style-type: none"> The EU still considers the FADP to be equivalent, although it must be revised so that it can keep up with the changed technological and social circumstances and to ensure that Switzerland continues to be regarded by the EU as a third country with appropriate data protection. Companies must inform data subjects whenever they intend to procure their personal data, as well as specifying which information will be processed (consent is not absolutely necessary). Fines up to CHF 250,000 may be imposed on data controllers and up to CHF 50,000 on companies. Whenever data processing is to be performed that exposes an individual to increased risk, it has now become obligatory to perform a data protection impact assessment. In the area of profiling, a distinction should be made, according to the Council of States, between profiling as such and profiling with "high-risk". Explicit consent would remain necessary for the processing of sensitive data and for "high-risk profiling". The National Council's Political Institutions Committee, however, is calling for a more liberal concept of profiling. 	<ul style="list-style-type: none"> Spring 2020: Resolution of differences in Parliament Expected entry into force: 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Directly concerned	Directly concerned

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
<p>Blockchain/Initial Coin Offerings (ICOs)</p> <p>Draft Federal Act on the Adaptation of Federal Law to technological developments in distributed ledger technology</p>	<ul style="list-style-type: none"> In November 2019, the Federal Council adopted the dispatch on further improving the framework conditions for Blockchain/DLT. The proposal aims to increase legal certainty, remove barriers to applications based on distributed ledger technology (DLT) and limit risks of abuse. The proposal shall include, inter alia, the following: <ul style="list-style-type: none"> possibility of electronic registration of rights under the Code of Obligations to safeguard the functions of securities; the segregation of crypto-based assets in bankruptcy proceedings is to be expressly regulated in insolvency law; a new authorisation category for so-called „DLT trading facilities“ is to be created under financial market law. These are intended to make it possible to offer trading, accounting, settlement and custody services with DLT-based assets to regulated financial market participants and private clients. Furthermore, it should be possible in the future to obtain a licence as a securities firm for the operation of an organised trading system. 	<ul style="list-style-type: none"> Publication message: 27 November 2019 Presumed entry into force: 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned

Topic	Main news	Timeline
<p>CAO and FINMA Circular 2008/20 Market Risks - banks</p> <p>Findings of the Fundamental Review of the Trading Book</p>	<ul style="list-style-type: none"> They contain the implementation of the findings of the Fundamental Review of the Trading Book (FRTB) on market risk regulations of the Basel Committee on Banking Supervision. That requires a further adjustment of the Capital Adequacy Ordinance (CAO) and of the Circular "Market Risks – banks". Due to the delayed enactment by the Basel Committee on Banking Supervision, a further postponement until 2022 may be expected. 	<ul style="list-style-type: none"> Presumed entry into force: 1. January 2022
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
Depositor protection Strengthening of the depositor protection system by changing the existing regulations	<ul style="list-style-type: none"> The existing depositor protection system is to be strengthened through a series of measures. The duration of disbursement of the secured deposits in case a bank declares bankruptcy is to be reduced to 7 days, which will be in line with the international standard. For implementation, the parties concerned will be granted a time allowance of at least 5 years. The depositor protection will be based on posting securities of a value equal to 50% of the deposit or an equivalent guarantee in the form of a cash loan to the benefit of the depositor protection scheme. The requirement for banks to hold liquid reserves to cover any outflows to the depositor protection scheme will cease to apply. The remaining 50% of the banks' contribution liabilities will be maintained in the current form of ex-post financing. The upper limit on the system is supposed to be around 1.6% of the total amount of the secured deposits, of a minimum of CHF 6 billion in any case. 	<ul style="list-style-type: none"> Entry into force: No earlier than 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

Topic	Main news	Timeline
Limited Qualified Investment Funds Adjustment of the Federal Act on Collective Investment Schemes (CISA)	<ul style="list-style-type: none"> Switzerland is supposed to be made more attractive as a centre of investment funds and more competitive vis-à-vis the rival financial centres abroad. The market launch of innovative products is supposed to be facilitated. It is planned to add a category of investment funds to the CAO that does not require approval by FINMA. This new category of investment fund (Limited Qualified Investment Fund or 'L-QIF') would be reserved for qualified investors, such as pension funds and insurers. L-QIFs would not be subject to FINMA's authorisation or supervision, but an L-QIF must be managed by a supervised institution. The advantage of L-QIFs is that they can be brought onto the market faster and at lower cost than other investment funds. 	<ul style="list-style-type: none"> Entry into force: No earlier than 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Indirectly or partially concerned	Directly concerned	Indirectly or partially concerned

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
LIBOR replacement FINMA Guidance 03/2018	<ul style="list-style-type: none"> Starting from 2021, banks that participate in determining the LIBOR will no longer be required to take part in LIBOR fixing, so that there might not be any more price listings available for the LIBOR. As an alternative, worldwide benchmark interest rates are being elaborated on the national level. In Switzerland, thanks to the introduction of the Swiss Average Rate Overnight (SARON), the national working group for benchmark interest rates in CHF (NAG) has already created an important basis for replacement of the LIBOR in CHF. According to its guidance, FINMA considers the three main risks related to replacement of the LIBOR to be as follows: <ul style="list-style-type: none"> - Legal risks: e.g., if contracts using the LIBOR as a reference expire after 2021 - Valuation risks: e.g., in case of claims and liabilities on derivatives and loans using the LIBOR as a reference - Risks related to ensuring operability: e.g., shortage of products based on alternative benchmark interest rates The financial institutions concerned should start analysing such risks in good time. 	<ul style="list-style-type: none"> LIBOR replacement presumably by 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

Topic	Main news	Timeline
Net Stable Funding Ratio (NSFR) Adjustment of the revised LiqO and FINMA Circular 2015/2	<ul style="list-style-type: none"> With the introduction of the NSFR via the liquidity Ordinance and the FINMA Circular on liquidity risks, the Federal Council aims to provide long-term stable financing for banks. Swiss banks already calculate their NSFR and deliver it to the SNB. However, compliance with certain requirements is not mandatory at present. The EU will introduce the NSFR by mid-2021. There are signs that the US could also introduce such a ratio relatively quickly. 	<ul style="list-style-type: none"> Presumed entry into force: Mid-2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
Bank restructuring Revision of the Banking Act and the Mortgage Bond Act	<ul style="list-style-type: none"> The amendment aims to incorporate into formal legal instruments currently regulated by the FINMA Banking insolvency Ordinance on restructuring proceedings for banks. In particular, in order to strengthen legal certainty, the instruments that interfere with the rights of the Bank's owners and creditors, such as capital-investment actions (e.g. bail-in), should be anchored at the legal level. An amendment to the Mortgage Bond Act also strengthens the functioning of the Swiss pledge Bond system in the event of the insolvency or bankruptcy of a member bank. 	<ul style="list-style-type: none"> Entry into force: No earlier than 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

Topic	Main news	Timeline
Environmental, Social and Governance (ESG)	<ul style="list-style-type: none"> ESG is a large-scale European regulatory package that defines the framework for dealing with sustainable investment. In spring 2018, the EU published the following four regulatory proposals: <ul style="list-style-type: none"> Regulation on the establishment of a framework to facilitate sustainable investment (so-called "taxonomy"): This should allow for a uniform classification of activities in order to decide which are and which are not environmentally sustainable. This should serve as a basis for standards of "green bonds" or seal of approval of financial products such as funds. The EU also hopes for efficiency gains through such classification, since banks and investors will no longer have to analyse the sustainability of the companies and their securities. Ordinance on disclosures relating to sustainable investments and sustainability risks: This Regulation requires financial institutions in the EU to comply with various disclosure obligations. In future, it will have to disclose its procedures for integrating ESG risks in its investment and advisory process and, in particular, the impact of ESG risks on the return on financial products, which is probably often difficult to calculate in practice. In the case of sustainable investment strategies, further information on methods and implementation must be provided. Regulation on low carbon benchmarks and positive carbon impact benchmarks: The purpose of this Regulation is to establish standards for low carbon and positive carbon impact benchmarks and these benchmarks are intended to enable standardisation of the calculation of CO2 footprints, to provide better information on a portfolio's carbon footprint and to facilitate the comparability of portfolios. Adapting MiFID II and IDD (Insurance Distribution Directive) by including ESG factors: In future, clients will be queried about their ESG preferences in the suitability and appropriateness test and the findings will be taken into account. This requires an adjustment of the information forms and systems in the course of the investment advisory and asset management process. 	<ul style="list-style-type: none"> Presumed entry into force: Between 2020 and 2022 (dates vary according to the instruments enacted by the EU)
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned

CURRENT DRAFT REGULATIONS

Topic	Main news	Timeline
Basel III Final Rule Adjustments to the CAO	<ul style="list-style-type: none"> In the Basel III Final Rule, numerous adjustments are to be made to incorporate the requirements of the Basel Committee. The standard rate for credit risk weighting will be adjusted by: <ul style="list-style-type: none"> - greater differentiation of risk weights instead of flat rates, in particular for mortgage-backed positions in residential and commercial property based on collateral; and - enhanced assessment requirements for the use of external ratings The existing approaches to determining the capital adequacy for operational risks (basic indicator, standard and institution-specific approach) will be replaced through a standard rate based on revenue components and historic losses. The method of calculating the leverage ratio will be adjusted and a leverage ratio buffer will be introduced for global systemically important banks (G-SIBs). The output floor of internal models will be determined according to standard rates for at least 72.5% of risk-weighted assets. Simplified implementation for banks in supervisory categories 3 to 5 	<ul style="list-style-type: none"> Consultation: Spring 2021
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Directly concerned	Not concerned	Not concerned

Topic	Main news	Timeline
Gender equality Adjustments to the GEA	<ul style="list-style-type: none"> The draft amendment to the Gender Equality Act (GEA) introduces in particular the obligation for companies with 100 or more employees to carry out an internal equal pay analysis by the end of June 2021. The analysis must be verified by an independent body. The period of validity of the obligation to analyse equal pay is limited to twelve years (so-called "Sunset clause"). During the period of validity, equal pay analyses must be repeated on a regular basis every four years, unless an analysis shows that there is no inexplicable systematic difference in pay between women and men, in which case no further analysis is required. Employees must be provided with the results. In the case of listed companies, the shareholders must be informed of the results. There are no sanctions in the event of a breach of the duty of equal treatment, but employees can file suit in court based on the salary analysis. 	<ul style="list-style-type: none"> Entry into force: 1 July 2020
Banks and securities firms	Asset management institutions	Portfolio managers and trustees
Indirectly or partially concerned	Indirectly or partially concerned	Indirectly or partially concerned

CONTACT US

For further information on this topic or about our services, please contact us via our Regulatory & Compliance Financial Services Team:

Dr. Fabian Schmid
fabian.schmid@bdo.ch

Thomas Hulmann
thomas.hulmann@bdo.ch

BDO LTD
Schiffbaustrasse 2
8031 Zurich
Tel. +41 44 444 35 55

www.bdo.ch

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