10 years of the State Secretariat for International Finance SIF 2010 to 2020

- ✓ Tax-related banking secrecy vis-à-vis foreign countries abolished on time – international tax standards adopted and implemented (AEOI, BEPS)
- ✓ Corporate tax dispute with EU resolved
- ✓ Tax dispute with United States resolved in US bank program
- ✓ Stability and resilience of systemically important banks greatly improved
- ✓ Financial market legislation reviewed, tightened, modernised in line with international standards
- ✓ International standards against money laundering and terrorist financing implemented using internationally recognised rules
- ✓ Switzerland's position in international financial and tax bodies consolidated (OECD, FSB, IMF, FATF)
- ✓ Participation in G20 achieved, in particular regular participation in the Finance Track
- ✓ Swiss stock exchange infrastructure effectively protected despite absence of EU equivalence
- ✓ Support for new, innovative and promising areas (fintech, blockchain, sustainable finance) with a focus on opportunities and risks, but without overregulation

Moving forward

"SIF's early years were marked by the upheaval in international financial market and tax policy following the financial crisis of 2008. Switzerland committeditself to implementing international standards and fulfilled this requirement. Now the focus is more on creating attractive framework conditions for an internationally competitive business location. We wish to remain a world-leading financial centre, which also leads the way in new areas of innovation such as fintech, blockchain and sustainable finance."

Daniela Stoffel
State Secretary

SIF

Founded on 1 March 2010

As part of the Federal Department of Finance (FDF), SIF represents Switzerland's interests in financial, monetary and tax matters vis-à-vis partner countries and international bodies. It is committed to good framework conditions to ensure that Switzerland has a secure, competitive and globally recognised financial centre and business location.

State Secretaries:

- Michael Ambühl 2010-2013
- Jacques de Watteville 2013-2016
- Jörg Gasser 2016-2019
- Daniela Stoffel: since 1 March 2019

Bernerhof, Bundesgasse 3, Bern

INTERNATIONAL TAX STANDARDS

Automatic Exchange of Financial Account Information (AEOI): The global AEOI standard aims to prevent cross-border tax evasion. Switzerland has been implementing this since 1 January 2017 and will automatically exchange data with more than 90 countries in 2020.

Exchange of information upon request: In July 2016, Switzerland was rated as "largely compliant" following the Global Forum's first round of reviews. The results of the second round of reviews are expected in spring 2020. On 1 November 2019, the Federal Act on the Implementation of Recommendations of the Global Forum entered into force.

Base erosion and profit shifting (BEPS): Since 2015, Switzerland has been aligning its legislation with the BEPS minimum standards for corporate taxation (country-by-country reporting, countering harmful tax practices including exchanges on tax rulings, dispute resolution mechanisms, prevention of treaty abuse). On 1 December 2019, the BEPS Convention came into force that implements certain recommendations from the OECD's BEPS project in the double taxation agreements.

Taxing the digital economy: The OECD is pursuing a programme of work on the tax challenges arising from the digitalisation of the economy. It is based on two pillars (shift of profit allocation to market jurisdictions for taxation and minimum taxation rule). SIF is actively involved in the project.

TAXATION: BILATERAL RELATIONS

EU list: Switzerland and the EU member states signed a memorandum of understanding on business taxation on 14 October 2014. The EU removed Switzerland from its watch list in October 2019. In doing so, it acknowledged the progress achieved by Switzerland in implementing international standards and abolishing a number of tax regimes as part of the corporate tax reform (TRAF).

Settling the past: Agreements have been reached with several European countries which allow unresolved tax issues from the past to be settled, either by means of unilateral solutions (Italy, Germany, France, Spain) or by means of bilateral agreements within the framework of withholding tax agreements that have since been terminated (United Kingdom, Austria). In addition, a roadmap for the resolution of outstanding tax issues was agreed with Italy in 2015.

US bank program: Switzerland and the USA reached an agreement on 29 August 2013 to settle the tax dispute with Swiss banks. The last of the 80 category 2 banks signed a "Non-Prosecution Agreement" with the US Department of Justice on 27 January 2016.

FATCA: With the enactment of the Foreign Account Tax Compliance Act (FATCA), the United States wishes to ensure that all accounts held abroad by US taxpayers are taxed. The agreement between Switzerland and the US, which provides for administrative simplifications for Swiss financial institutions, came into force on 2 June 2014.

Double taxation agreements (DTAs): Switzerland has DTAs with more than 100 countries and territories. It is expanding this network and adapting the DTAs to international standards. This also enables mutual agreement procedures in the interests of taxpayers. After being held up in the US Senate for almost 10 years, the protocol of amendment to the DTA between Switzerland and the US entered into force on 20 September.2019.

FINANCIAL MARKET REGULATION

Financial Services Act FinSA/Financial Institutions Act FinIA: Following the financial crisis, the Federal Council decided to strengthen investors' rights. The laws and ordinances came into force on 1 January 2020, creating a level playing field for financial intermediaries and improving client protection.

Financial Market Infrastructure Act (FinMIA): The regulation of financial market infrastructures and derivatives trading was adapted to market developments and to the international standards developed in the wake of the financial crisis. The Act has been in force since 1 January 2016. Since then, various amendments have been made at ordinance level.

Too big to fail (TBTF): In the wake of the financial crisis, Switzerland took the lead with its early implementation of measures to tackle the "too big to fail" issue. Since 1 March 2012, the internationally active, systemically important banks UBS and Credit Suisse have had to meet more stringent capital, liquidity and organisational requirements. On 1 July 2016, the gone-concern capital requirements for both big banks were increased further. Since 1 January 2019, gone-concern requirements have also applied to the domestically focused systemically important banks PostFinance, Raiffeisen Group and Zürcher Kantonalbank. Since 1 January 2020, the parent entities of UBS and Credit Suisse have had to ensure sufficient levels of gone-concern capital. The Federal Council published its third evaluation report on systemically important banks on 3 July 2019.

Basel III: Since 2017, Switzerland has implemented various amendments in the Basel Committee on Banking Supervision's international framework of capital standards. In particular, these strengthen solvency and liquidity in the banking sector.

Insurance: The partial revision of the Insurance Policies? Act, which is over 100 years old, is aimed at strengthening insurance cover and is nearing the end of the parliamentary process. In addition, a partial revision of the Insurance Oversight Act is underway (end of consultation period: 28 February 2019): it regulates the restructuring of insurance companies and sets out a code of conduct for the insurance industry.

FINMA: Since 1 February 2020, a new ordinance has defined the tasks of the Swiss Financial Market Supervisory Authority (FINMA) in the international arena and in regulation, as well as the collaboration between it and the FDF.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Finance FDF
State Secretariat for International Financial Matters SIF

FINANCIAL MARKET POLICY & MARKET ACCESS

Strategy: In October 2016, the Federal Council updated its financial market policy and published the related report detailing the general policy stance.

Financial dialogues: High-level meetings take place regularly with important partner countries, sometimes including finance industry representatives. These meetings serve to establish privileged contacts and improve market access.

Market access between Switzerland and Germany: With effect from 16 July 2015, Swiss banks wishing to provide cross-border financial services in Germany can apply for simplified exemption from Germany's Federal Financial Supervisory Authority (BaFin).

Swiss-EU equivalence: Since 2015, the EU has recognised the equivalence of Switzerland's insurance oversight system and central counterparty regulation.

Stock market equivalence: On 1 July 2019, after the EU failed to extend its recognition of the equivalence of the Swiss stock market, the FDF activated the measure to protect the Swiss stock exchange infrastructure.

Brexit: As part of its "mind the gap" strategy, Switzerland concluded a series of new agreements with the United Kingdom. The insurance agreement signed on 25 January 2019 grants reciprocal market access in this area once Brexit is completed.

INTEGRITY OF THE FINANCIAL CENTRE

Financial Action Task Force (FATF): From 2012 onwards, Switzerland implemented comprehensive legislative measures to adapt its system to the revised FATF Recommendations

On 7 December 2016, the FATF published its fourth evaluation report on Switzerland: it acknowledged the quality of the Swiss system and issued recommendations. On 26 June 2019, the Federal Council adopted the dispatch on amendments to the Anti-Money Laundering Act. They include measures relating to advisers and financial intermediaries.

Risk analysis: Since 2015, the interdepartmental coordinating group on combating money laundering and the financing of terrorism, which is headed by SIF, has published reports on related risks in Switzerland.

Commodity trading: The background report on commodities, which was first published in 2013 and has since been periodically updated, issued recommendations on improving the framework conditions and reducing the risks of this internationally important sector in Switzerland.

INTERNATIONAL BODIES

G20: Since 2013, Switzerland has been a regular participant in the Finance Track of the group of 20 leading advanced and emerging economies (G20), at which key questions on the global financial and economic system are discussed. In 2020, Switzerland will participate in all G20 bodies.

International Monetary Fund (IMF): As a member of the IMF, Switzerland is committed to ensuring the stability of the global monetary system. It supports the reform of IMF quotas and governance that was agreed in 2010.

Financial Stability Board (FSB): Founded in 2009, the FSB is located in Basel. It develops, monitors and assesses global financial market standards to make financial markets more secure, stable and resilient. In parallel, the FSB analyses new potential risks to global financial market stability, e.g. cryptocurrencies. Switzerland is an active participant.

DIGITALISATION

Fintech, blockchain: The revised Banking Ordinance of 1 August 2017 reduced barriers to market entry for fintech firms. The amendment to the Banking Act of 1 January 2019 created a new licensing category with less stringent requirements for fintechs.

In December 2018, the Federal Council published a comprehensive report on the legal framework for blockchain and distributed ledger technology (DLT). On 27 November 2019, the Federal Council adopted the dispatch on the further improvement of the framework conditions for blockchain and DLT.

SUSTAINABILITY IN THE FINANCIAL SECTOR

On 26 June 2019, the Federal Council set up an interdepartmental working group on sustainable financial market policy. In addition, it instructed the FDF to prepare a report in 2020 and, as necessary, propose legislative amendments. In December 2019, it reiterated its commitment to sustainable finance. In 2017 the Federal Office for the Environment and SIF initiated pilot tests to analyse the environmental impact of financial portfolios. Since October 2019, Switzerland has been a member of the Coalition of Finance Ministers for Climate Action.