

February 2007

Legislation and Regulation – Domestic

Insider Dealing

A draft partial revision of Art 161 Swiss Penal Code (waiver of Par 3) will be submitted to the Parliament. Further adjustments on insider dealings and price manipulation (Art. 161, 161^{bis} Penal Code) will be debated later. However, a revised legislation must not be expected before 2009.

Info: [DE](#) ; [FR](#) ; [IT](#) ; [EN](#)

FATF

The banking sector has mixed feelings with regard to the Federal Department of Finance's draft revision of the Money Laundering Act. The Administration is criticised for not supporting solutions which allow banks a cost- and time-efficient adaptation of processes and

systems. Moreover, by extending the scope of the law, its main purpose – prevent laundering of moneys from criminal activities – is watered down.

Info: [DE](#) ; [FR](#) ; [IT](#) ; [EN](#)

Federal Law on Internal Safety

Upon Art 18c of the draft Law on Internal Safety banking secrecy may be waived and employees obliged to testify in penal investigations which aim at preserving internal safety. As banking secrecy may in any case be waived in penal investigations the current situation is not altered. A dispatch by the Federal Council is expected to be published in spring 2007.

Info: [DE](#) ; [FR](#) ; [IT](#)

Legislation and Regulation – International

EU – Disclosure of the Payer's Identity

The EU Regulation on information on the payer accompanying transfers of funds entered into force on 1.1.2007. It requires banks of non-EEA countries to disclose name, address (or date and place of birth, customer identification number or national identity number) and account number (or unique identifier). Although no explicit sanctions are provided for, funds of non-compliant transfers can be blocked, as it already frequently happens with transfers to Luxembourg. For payments within the EEA, less stringent disclosure requirements apply.

Info: Regulation: [DE](#) ; [EN](#) ; [FR](#) ; [IT](#)

SEPA

The Single European Payments Area is to become reality by 2010. It covers all EUR-payments in EU-countries, Norway, Iceland, Switzerland and Liechtenstein. Harmonising prices of money transactions, SEPA will have an impact on banks' pricing. A survey

suggests that present pricing models do not reflect the effective cost of single transactions.

The European Central Bank (ECB) has issued a brochure giving an overview of what SEPA is and where it will impact banking and bank-customer relations.

Info: ECB: [doc](#) ; survey: [link](#) (Capgemini); European Payments Council: [link](#)

MiFID

The Committee of European Securities Regulators has issued for comments its draft Level 3 Guidelines on Transaction Reporting and Best Execution. It is currently evaluating the comments on earlier draft reports on Inducements and Passport (December 2006). A working group of banks in Switzerland is currently studying whether MiFID elements should be included in Swiss regulation.

Info: Transaction Reporting: [link](#) ; Best Execution: [link](#)
Inducements: [link](#) Passport: [link](#)

Investment Funds

SFBC Collective Investment Ordinance

The Swiss Federal Banking Commission has adopted its Ordinance on Collective Investment Schemes. It governs investment funds' use of securities lending, repo transactions and derivatives; accounting and auditing. Art 79 on disclosure duties and Art 110 on data collection may interest foreign funds' agents. The Ordinance entered into force on 15.2.2007.

Info: [link](#) (entry dd 7.2.2007)

SFTA on Funds

The Swiss Federal Tax Administration informs that the law on withholding tax has been adapted to the new Law on Collective Investment Schemes. It implies a change in the levy of withholding tax. Henceforth the tax is due at the time of credit to the fund. Accumulating funds need to calculate withholding tax on a yearly basis, even if no payment to investors is made.

Info: [DE](#) ; [FR](#)

Miscellaneous

Ban Smoking

A majority of EU citizens favour a ban of smoking in public places and at work as showed a survey mandated by the EU Commission. Different options for action (none at all, self-regulation, recommendations or new laws) are evaluated in a policy paper.

Info: EU: [DE](#) ; [EN](#) ; [FR](#) and [DE](#) ; [EN](#) ; [FR](#) (with link to Policy Paper); CH: [DE](#) ; [FR](#)

Pandemia Plan

The British FSA realised a market-wide exercise to evaluate the impact of a pandemia on the London financial centre. The exercise lasted six weeks and included 70 organisations and 3500 employees. The exercise revealed the importance of personnel management (absenteeism, home working), cash distribution and liquidity provision. Trading was reduced.

Info: [doc](#)

Internal

MEMBERS

NEW MEMBERS: Dominick Company Ltd. – RBC Dexia Investor Services Bank SA, Strassen, Zurich Branch.

CHANGE OF COMPANY NAME: Finansbank (Suisse) SA in Credit Europe Bank (Suisse) SA.

COMING EVENTS

Business Continuity Planning: Seminar, various speakers, in co-operation with the Centro di Studi Bancari: Lugano: 6.3.2007.

Hedge Funds – High Risk or Risk Diversification?: A. Benz & V. Benz-Carl, EUCALYPTUS Invest AG: Zurich: 20.3.2007; Geneva: 22.3.2007; Lugano: 27.3.2007.

SIS – Update on its Activities and Services: E. Bollhalder and additional speakers: Geneva: 16.4.2007; Zurich: 18.4.2007.

Benchmarking in Banking Systems: A. Aebi, U. Blattmann; Geneva and Zurich: May 2007; details follow.

Press Conference: Zurich: 23.5.2007.

35th Ordinary General Assembly: Prof. M. Statman, Sta Clara University; G. Wübker, Simon, Kucher & Partners. Zurich: 6.6. 2007.

Last Minute

The SFTA has published an update of its "Taxpayer's Brochure": [DE](#) ; [FR](#) ; [IT](#)

PricewaterCoopers has published a comprehensive brochure on the new Collective Investment Schemes Act: [DE](#) ; [EN](#) ; [FR](#)

Les Cinq à Sept des Placements Collectifs: a platform for collective investments specialists to meet regularly in Geneva: www.friends-of-funds.ch

OSEC organises workshops on Do's and Don't's when doing Business with Turkey and Japan respectively: Turkey: [link](#) ; Japan: [link](#)

E&Y has published a brief summary of the revision of the Swiss Corporation Law: [DE](#) ; [FR](#) ; [EN](#)

eventra organises workshops on "Regulations in the Trade with Cross Border Financial Services" (13.3.2007) and "Stock Exchange Law" (14.3.2007). The workshops take place in Zurich and are taught in German. A reduced rate applies for AFBS members: www.eventra.ch

The AFBS News is published five times a year. It is sent to members by e-mail and is also available on www.foreignbanks.ch.

Editor: Raoul Wuergler, Deputy Secretary General; Contact: Martin Maurer, Secretary General – Daniela Hess-Mühlbauer, Administration

Association of Foreign Banks in Switzerland – Löwenstrasse 51 – 8023 Zürich – T: +41 (0)442 244 070 – F: +41 (0)442 210 029 – E: info@foreignbanks.ch