



Schweizerische Eidgenossenschaft  
Confédération suisse  
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Swiss Confederation

Federal Department of Finance FDF

**State Secretariat for International Finance SIF**

# **Market Access and Competitiveness of the Swiss Financial Center**

October 26, 2018



## A Swiss Perspective

- ❖ **Financial Market Strategy**
- ❖ **Market Access**
- ❖ **EU-Equivalence**
- ❖ **Final Remarks**



## Who we are – SIF mandate

The State Secretariat for International Finance (SIF) is mandated to safeguard Switzerland's interests in financial, monetary and tax matters not only vis-à-vis partner countries but also in the competent international bodies.

The SIF aims to ensure optimal framework conditions for a stable, resilient and competitive Swiss financial centre and business location. It is also responsible for implementing the Federal Council's financial market policy.



# Financial market strategy – directions



Maintain  
and  
enhance  
market  
access



Enable  
innovation



Optimize  
regulatory  
processes  
and  
content



Limit  
systemic  
risks



Implement  
global  
anti-  
money  
laundering  
and tax  
standards



## → Maintain and enhance market access

- Bilateral talks: Europe, rest of the world
- EU-equivalence: facilitate market access or ease regulatory requirements
- Sectoral agreement with the EU on financial services? Hurdles very high, remains on the shelf as a longer term option





# Market access – bilateral approach



Regular discussions, interest-based (financial dialogues)



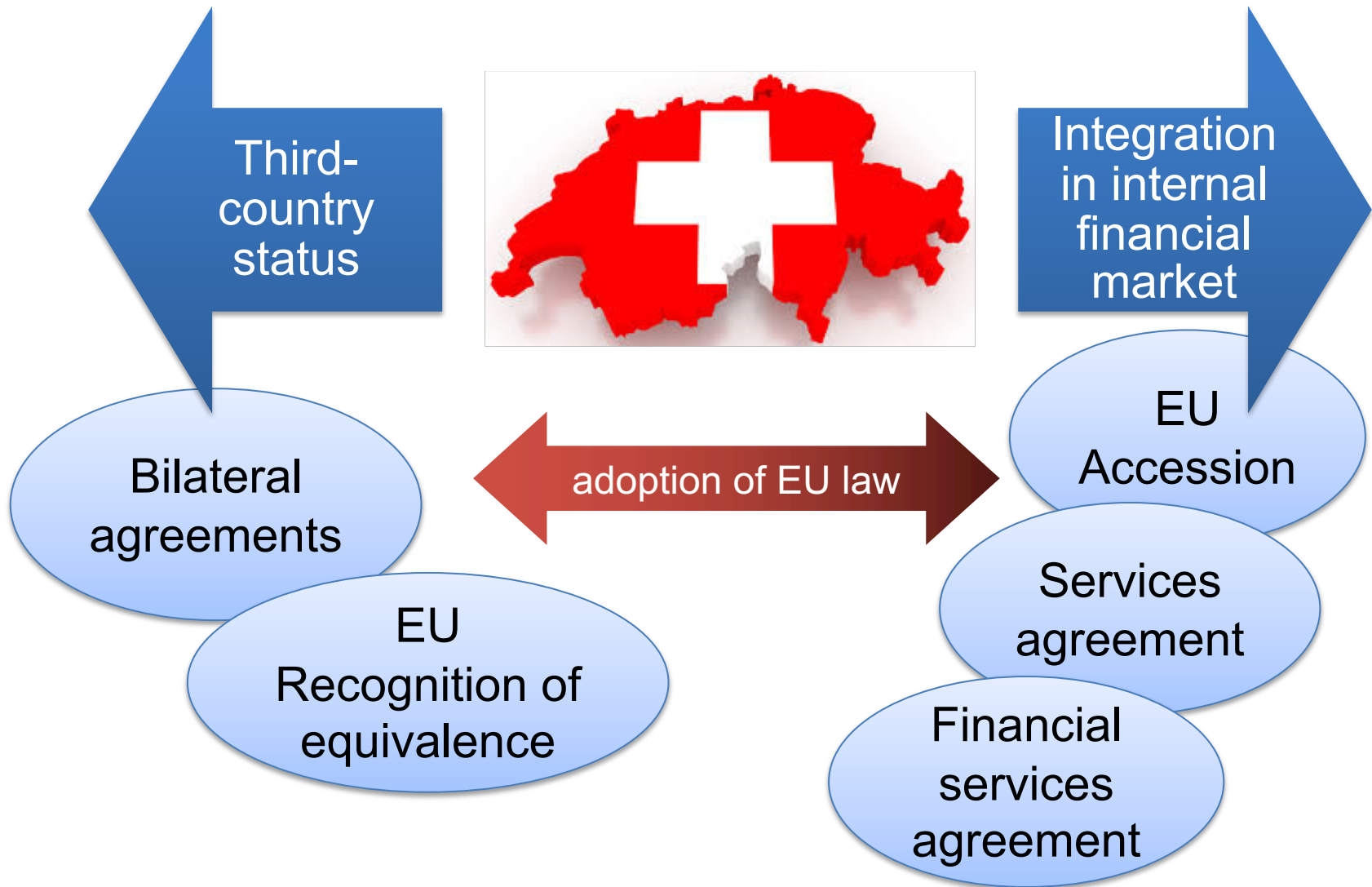
Pursuing market access interests in the context of AEOI mandates



Introducing market liberalization interests in the context of WTO and free-trade agreements



# Market access – relations with the EU



# EU equivalence – alignment



Third country regimes in EU-law: allow for recognition of equivalence (=enhanced market access or lower regulatory requirements)



Equivalence procedures: unilateral decision by the EU



Swiss legislation oriented towards outcome based equivalence – alignment process guided by economic considerations

KAG

AIFMD /  
UCITS

FinfraG

EMIR /  
MiFIR

FIDLEG

MiFID II



# EU equivalence – recognitions

Positive  
equivalence  
decisions since  
2015

- **Solvency II:** reinsurance and insurance
- **EMIR:** central counterparties, CCP
- **MiFIR 23:** trading venues – granted temporarily

Open or ongoing  
equivalence  
proceedings  
(selection)

- **MiFIR 46:** cross-border servicing of professional clients / eligible counterparties
- **AIFMD\*:** third-country passport
- **EMIR:** regulation of derivatives

\* No equivalence procedure *strictu sensu*.



# Equivalence decision regarding Swiss stock exchanges (MiFIR 23)

- EU equivalence limited until end of 2018 despite all conditions and requirements being fulfilled → explicit link to political issues → WTO compatibility (non-discrimination)?
- Basis for access of EU banks and investment firms to trade *Swiss* shares at the Swiss stock exchanges
- In the absence of a timely equivalence decision, Switzerland will introduce a new authorisation for all foreign trading venues that admit *Swiss* shares to trading on their venue
- Federal Council remains committed to ensuring that the European Commission extends the equivalence decision for Swiss stock exchanges beyond 2018 without limitation

# Final remarks – messages

- EU is revising its equivalence regimes for third countries in the area of financial services → *per se* a sensible approach to ensure well-functioning and efficient markets, but...
- ...Equivalence decisions should
  - be handled in a reasonably fast manner,
  - follow an outcome-based assessment methodology (not a line-by-line adoption of EU-law), and
  - happen under objective and transparent conditions
- Brexit-driven character of the planned revisions is evident → Switzerland's situation risks being overlooked at best
- Due consideration must be given to existing interlinkages in terms of financial and economic exchanges and supervisory cooperation



## Final remarks – messages (cont.)

- Efficient and resilient European capital markets and banks are highly desirable → all financial centers contribute
- Financial services sectors generally thrive on openness and low barriers to entry → design third country regimes and equivalence procedures accordingly
- Financial stability considerations regarding cross-border business can be valid, but must not be a pretext for protectionism
- Win-win situation → do not segment European financial markets! Enhance global competitiveness of European financial sector
- Also: coordinate and pool influence in international fora



# Thank you for your attention



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