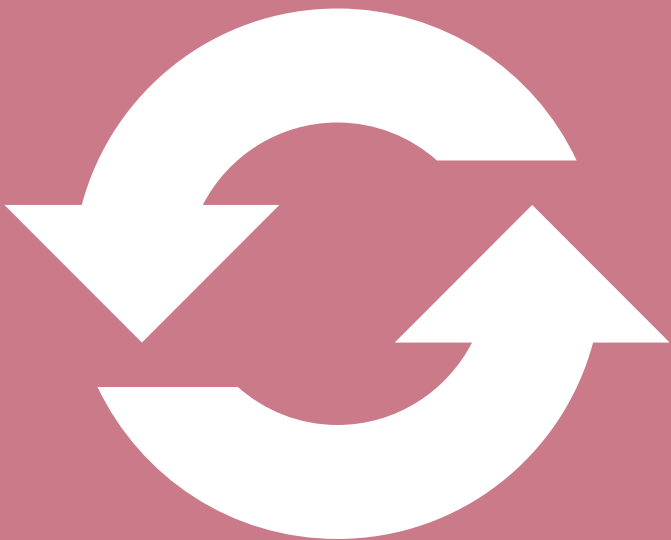


Update

June 2024



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↻ Updated documents are available here.

SwissHoldings is the association of multinational industrial and service companies in Switzerland. At federal level, we advocate for optimal framework conditions on behalf of our more than 60 members. Together, our members account for around 66 per cent of the total market capitalisation on the SIX Swiss Exchange. Our members employ around 1.8 million people worldwide, around 202,000 of them in Switzerland. Through the numerous service and supply contracts they place with SMEs, multinational companies in Switzerland employ - directly and indirectly - more than half of all employees in Switzerland.

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Capital Market Law

Draft Register of Beneficial Owners



Executive Summary

The draft for a Federal Law on the Transparency of Legal Entities seeks to enhance the integrity of Switzerland as a financial and business hub. The proposed measures include the establishment of a Federal Register of Beneficial Owners and other specific interventions to enhance the effectiveness of combating money laundering and white-collar crime. These measures are designed to align with the international standards set forth by the Financial Action Task Force and the Global Forum on Transparency and Exchange of Information for Tax Purposes.



Contents

The proposed [legislation](#) has two primary objectives. Firstly, it aims to enhance the transparency of legal entities to facilitate more efficient identification of Beneficial Owners by the authorities. This involves the introduction of a Federal Register of Beneficial Owners and the imposition of Anti-Money Laundering Act obligations, including corresponding due diligence requirements, on specific activities within advisory business. Secondly, the bill encompasses amendments to existing laws that aim to bolster the effectiveness of the Anti-Money Laundering efforts. This includes the revision of supervisory regulations and the implementation of additional measures in specific sectors such as real estate and precious metals trading.



Stance

On May 22, 2024, the Federal Council adopted the dispatch on strengthening the fight against money laundering (see [media release](#)). According to the press release, the bill aims in particular to introduce a central register for the Identification of Beneficial Owners and due diligence obligations for particularly high-risk activities in the legal professions.



Outlook

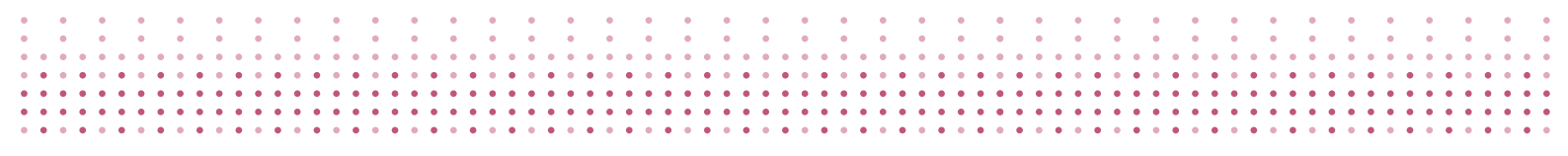
The Legal Affairs Committee of the Council of States (RK-S) is expected to deal with the matter in the end of June. SwissHoldings will submit its recommendations on the matter accordingly.



Position

SwissHoldings has raised specific concerns in a [consultation response](#). In particular, we consider the following points to be especially important:

- Clarification of the Term "Control": SwissHoldings advocates for a more precise definition of the term "Control" to mitigate potential confusion or conflation with the terminology employed in Company Law and that pertaining to participation transparency.



- Full Exemptions for Listed Companies and Their Subsidiaries: The association is dedicated to ensuring that listed companies and their subsidiaries are granted complete exemptions concerning specific regulations. The Federal Council's proposal excludes listed companies and their subsidiaries from the scope of the law.
- Limitation of Access to Beneficial Ownership Information: SwissHoldings urges that access to information on Beneficial Owners be restricted to the minimum necessary and made available solely to relevant authorities.
- Negligent Breach of the Duty to Report and Provide Information: SwissHoldings asserts that a negligent breach of the duty to report and provide information should not be subject to the criminal provisions outlined in Article 41 of the Anti-Money Laundering Act (AMLA). Moreover, it is imperative, in our perspective, that negligence in violating the reporting obligation in Article 37 of the AMLA is not subject to criminal prosecution. The submitted dispatch dispenses with the sanctioning of negligent violations.

Revision of the Financial Market Infrastructure Act (FMIA)



Executive Summary

As per a report from the Federal Department of Finance (FDF), the Financial Market Infrastructure Act (FMIA) has, by and large, demonstrated its efficacy thus far. The Federal Council is presently undertaking a routine and comprehensive assessment, with a specific focus on enhancing transparency and legal certainty in designated regulatory domains. The consultation process for these considerations is slated to commence in mid-2024.



Contents

In this [report](#), the Federal Department of Finance (FDF) concludes that the Financial Market Infrastructure Act (FMIA) has largely demonstrated its efficacy since its enforcement. Nevertheless, there is a need to augment transparency and legal certainty in specific regulatory domains. Additionally, the Federal Council has determined to enact the reporting obligation for small non-financial counterparties concerning derivatives transactions, which will be made effective on January 1, 2028.



Stance

In this [report](#), the Federal Department of Finance (FDF) concludes that the Financial Market Infrastructure Act (FMIA) has largely demonstrated its efficacy since its enforcement. Nevertheless, there is a need to augment transparency and legal certainty in specific regulatory domains. Additionally, the Federal Council has determined to enact the reporting obligation for small non-financial counterparties concerning derivatives transactions, effective January 1, 2028.





Outlook

Following this report, the Federal Council directed the Federal Department of Finance (FDF) at the end of September 2022 to formulate a consultation draft for the revision of the Financial Market Infrastructure Act (FMIA) by mid-2024 (see [press release and documents](#)). The Federal Council's dispatch is expected at the end of June 2024.



Position

The proposed amendments to derivatives regulation represent a principled improvement and are, therefore, commendable. However, we emphatically oppose the notion of transferring ad hoc notifications of shareholdings from self-regulation to state regulation under the supervision of FINMA. Self-regulation has demonstrated its efficacy, and its abandonment should only occur when deemed absolutely necessary; it should be preserved as a locational advantage.

Competition Law & Policy

Amendment of the Cartel Act: Partial Revision



Executive Summary

On May 24, 2023, the Federal Council adopted the [dispatch concerning the partial revision of the Cartel Act \(23.047\)](#). The primary objective of this partial revision is to modernize Swiss Merger Control, aligning it with international standards. Additionally, the revision seeks to enhance Civil Antitrust Law and streamline the objection procedure for practicality. In connection with these goals, the Federal Council has directed the Federal Department of Economic Affairs, Education, and Research (EAER) to present a proposal for institutional reform in the first quarter of 2024. The Economic Affairs and Taxation Committee of the Council of States (WAK-S) concluded its deliberations on the partial revision of the Cartel Act in the second quarter of 2024. The Council of States will discuss the partial revision in June 2024. SwissHoldings expressly appreciates the fact that the long-requested institutional reform is now part of the revision.





Contents


The transition from the Qualified Market Dominance Test to the Significant Impediment to Effective Competition Test (SIEC test) is undertaken with the objective of aligning the practices of the Competition Commission (COMCO) with international standards. As articulated in the report presented by [the State Secretariat for Economic Affairs \(SECO\)](#), the proposed modifications are designed to empower the imposition of targeted prohibitions or the approval of mergers in cases where a significant impairment of competition is identified. The proposition encompasses a streamlined notification obligation for mergers at the European level and a regulation pertaining to the extension of deadlines within the examination procedure. Another integral aspect of the legislative amendment involves the reinforcement of Civil Antitrust Law, with an anticipated extension for the right to institute legal proceedings. Furthermore, the objection procedure is slated for enhancement to render it more practicable by avoiding the immediate risk of




sanctions if an investigation is not initiated within the stipulated shortened deadline.


 **Stance** As part of the preparation of the dispatch on the partial revision of the Cartel Act (Cartel Act), the Federal Council integrated two demands from [Motion 16.4094 Fournier](#) to improve small and medium-sized enterprises (SMEs) in competition proceedings. These include the introduction of time limits and party compensation for first-instance proceedings before COMCO. Furthermore, the preliminary draft contains a proposal for the implementation of [Motion 18.4282 Français](#), which was adopted in June 2021 and takes qualitative and quantitative criteria into account. Finally, rules on the principle of investigation, the presumption of innocence and the burden of proof are included in order to implement the requirements of [21.4189 Wicki](#). Further information can be found [in the press release and the consultation documents](#). The WAK-S consultation on the partial revision was completed in the beginning of May and the matter was sent to the Council of States for discussion in the summer session.

 **Outlook** The Council of States will discuss the partial revision in the summer session in June. The WAK-N is expected to discuss the matter further in the 4th quarter of this year.

 **Position** In particular, SwissHoldings expects the Français and Wicki Motions to be strictly implemented. Both motions demand that authorities and courts must (once again) deal with the actual effects of an agreement or conduct and prove its harmfulness to competition. The proposal of the WAK-S meets these expectations and also introduces the required compliance defense (see [the SwissHoldings position paper to the WAK-S](#)).

Amendment of the Cartel Act: Institutional reform

 **Executive Summary** *As part of the revision of the Cartel Act, the reform of the competition authorities will be addressed in a separate procedure, as requested by various parties during the consultation process. This approach should ensure that the revision of the Cartel Act does not once again fail due to obstacles. The EAER, which was entrusted with this task by the Federal Council, prepared more concrete implementation proposals for the reform on March 15, 2024. Based on the final report of the commission of experts, the Federal Council has instructed the EAER to submit a consultation draft by mid-2025.*

 **Contents** Concurrently with the ongoing partial revision of the Cartel Act, the Federal Council is advancing a distinct overhaul [revision of the competition authorities](#) (hereinafter referred to as Institutional Reform). This aspect is no longer integrated into the suggested Cartel Act revision but is being addressed as a separate initiative. This approach draws on insights derived from the unsuccessful 2012 revision of the Cartel Act, which

faced rejection twice in the National Council. The Institutional Reform primarily targets rectifying issues within administrative proceedings, particularly concerning the separation of decision-making and investigative functions. In 2012, the Federal Council advocated for the establishment of a Competition Authorities Act (CAA) in its dispatch on the Cartel Act revision. This proposal entails a restructuring of the prosecution process: a competition authority would conduct investigations and subsequently file an application with a first-instance competition court. This constitutes the central tenet of the proposed Institutional Reform.



Stance

An independent commission of experts was set up to examine the implementation proposals. The recently published [final report of the commission of experts](#), chaired by former Federal Judge Hansjörg Seiler, concluded that COMCO basically functions well and has no constitutional deficiencies. A change of system is therefore not warranted.



Outlook

[On March 15 2024](#), the Federal Council instructed the EAER to submit a consultation draft on the reform by mid-2025 based on the final report. The separation is now to be made more effective by having the Secretariat conduct investigations consistently without the involvement of COMCO, with COMCO remaining a militia authority. Furthermore, it is being examined whether COMCO could be relieved by appointing a person in charge of the proceedings. Finally, the Federal Council would also like to strengthen the appeals procedure of the Federal Administrative Court by appointing part-time specialist judges. The Federal Council is thus following the recommendations of the Expert Commission overall.



Position

SwissHoldings welcomes the fact that the much-demanded Institutional Reform has now been taken up in parallel with the ongoing revision of the Cartel Act. The intended changes show a clear commitment to modernizing and strengthening the existing institutional structures in the area of Antitrust Law. However, it will be necessary to examine whether the proposed changes, particularly the change of system, are expedient. SwissHoldings will position itself accordingly during the consultation process.



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International Tax Law

OECD/G20 Project on the Taxation of the Digitalized Economy



Executive Summary

Switzerland implemented the OECD Minimum Tax in the form of a Swiss Supplementary Tax at the beginning of 2024. This places Switzerland at a significant and unwarranted disadvantage as a business location when compared to numerous non-implementing countries, including the USA, China, and India. Switzerland must vigilantly monitor international developments and strive to establish an internationally level playing field, placing increased emphasis on new instruments to enhance Switzerland's attractiveness as a business location.



Contents

The OECD project on the Taxation of the Digitalized Economy is structured around two pillars and aims to enhance the acceptance of International Corporate Taxation. The OECD Secretariat oversees this endeavor. The new tax regulations are formally endorsed by the "OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting" (hereinafter referred to as IF), which encompasses over 140 countries. In October 2021, the IF members endorsed the political guidelines for the two pillars. Subsequently, substantial efforts have been dedicated to formulating the technical implementation provisions. Under Pillar 1, a multilateral agreement is slated for submission to states for signature and subsequent ratification by the end of 2024. Conversely, Pillar 2 will not be implemented via a multilateral agreement but through a uniform adoption of rules collaboratively developed and individually embraced by the states (common approach).



Stance

The G20-initiated project aimed at taxing the digitalized economy faces an uncertain future. Initial enthusiasm among G20 member states has waned. Regarding Pillar 1, it is increasingly evident that the new regulations may not materialize, as the USA is unlikely to ratify the required multilateral agreement. Without US participation, the desired redistribution of tax revenues from host states like Switzerland to market states such as China or India cannot proceed. The project's second pillar, known as OECD Minimum Taxation, fares only marginally better. In early 2024, nearly all European countries began implementing Minimum Taxation, but economically significant nations like the USA, China, and India show no indication of embracing it. The potential election of Donald Trump as US President could bolster resistance to Minimum Taxation in the US and elsewhere. Specifically, the US might resist supplementary taxation of its tax base and the tax base of US companies abroad (e.g., in Switzerland) by threatening sanctions and

insisting on significant adjustments to Minimum Taxation regulations. Consequently, Switzerland and its companies should prepare for a highly fragmented international tax landscape in the coming years. Given this context, the Federal Council should carefully evaluate future steps regarding Minimum Taxation implementation (e.g., introduction of the International Irrelevance Rule) and retain the flexibility to revisit decisions later to safeguard the Swiss economy. Past experiences indicate that Switzerland cannot prevail in tax disputes with major powers like the USA.

Towards the conclusion of 2023, the Federal Council resolved to implement the Swiss Supplementary Tax commencing from the onset of 2024. Concurrently, the Federal Council issued the conclusive ordinance pertaining to this matter. However, the determination regarding the implementation of the foreign supplementary taxes, namely the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR), is deferred to a later time. Anticipated deliberations on this matter are slated for the latter half of 2024. Given the significance of the US elections scheduled for November 2024, the Federal Council may opt to defer its decision until December 2024.



Outlook

Regarding the OECD Minimum Tax, current international developments cannot be reliably anticipated. Presently, there is substantial uncertainty surrounding the global establishment and adoption of this tax by major economic powers such as the USA, China, India, EU, Brazil, among others. Many nations are actively seeking to foster industrial growth, attract additional investments, and create employment opportunities, thereby enhancing tax revenues. Consequently, these countries are reluctant to impose additional tax burdens that might deter companies from investing. Consequently, much of the initial enthusiasm among many nations for the OECD Minimum Tax has dissipated. The outcome of the upcoming US presidential and congressional elections holds significance for the global acceptance of the Minimum Tax. While Democrats advocate for general tax hikes (coupled with tax incentives for research, development, and domestic production relocation), Republicans oppose such increases and may retaliate against foreign countries accessing US tax bases via the Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR). Depending on the election results, adjustments to the Minimum Taxation regulations may vary in significance.

As a small state, Switzerland will not be able to significantly influence the Minimum Taxation Rules. Switzerland's aim must be to prevent objectively unjustifiable disadvantages for Switzerland or protectionist advantages for other countries in order to maintain a level playing field as far as possible. Should other countries wish to provide tax deductions for research, development, CO2 reductions and other activities, Switzerland should definitely support such efforts.

The Federal Council's decision to implement the Swiss Supplementary Tax raises several application issues for Swiss companies, along with



significant concerns regarding Switzerland's appeal as a business destination. The enactment of the OECD Minimum Tax presents legislative and administrative challenges. Nevertheless, for many companies, the competitive disadvantages of the location outweigh the complexities associated with compliance.

Position

SwissHoldings acknowledges that to prevent financial losses, particularly diminished tax revenues. However, we firmly oppose the introduction of the international supplementary tax, UTPR, scheduled for 2025. We anticipate that many foreign countries, including the USA and China, may view the taxation of their tax base by affluent Switzerland as unacceptable and may retaliate accordingly. We also express reservations about the introduction of the international supplementary tax, IIR, for similar international considerations, which could provoke adverse reactions and negatively impact the Swiss economy. Therefore, we urge the Federal Council to thoroughly assess the repercussions of its decision in consultation with affected economic stakeholders. Additionally, it would be prudent to await the outcome of the US elections before proceeding. Should the implementation of the IIR prove detrimental to the Swiss economy in 2025 or 2026, we urge the Federal Council to reconsider its decision retrospectively.

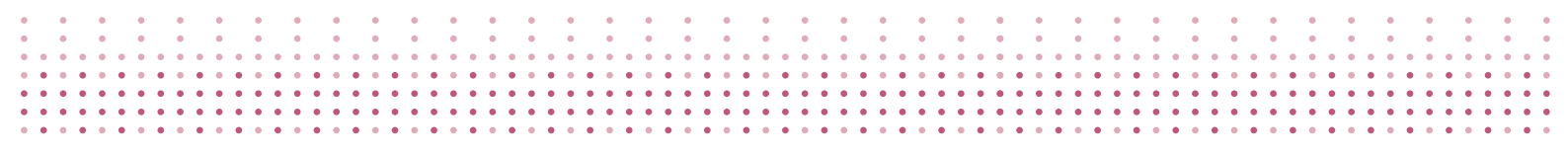
In addition, the Confederation and cantons should ensure that locational disadvantages due to higher tax burdens on Swiss companies are compensated for in other ways. The following factors should be taken into account:

- International Implementation of the OECD Minimum Taxation
- Effects on the Attractiveness of Various Industries
- Financial and Economic Consequences (short, medium and long term) without Countermeasures
- Possibility of Creating Internationally Accepted and Targeted Location Measures
- Effects Under Transfer Pricing Law
- Domestic Policy Aspects



Scan or click QR-Code.

More information on the OECD/G20 project on the taxation of the digitalised economy can be found on our website.



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Trade and Investment Policy

Bilateral Relations between Switzerland and the EU



Executive Summary

Switzerland has a dense network of bilateral agreements with the EU. By updating five existing agreements with two new internal market agreements and based on cooperation in research, education, and health, the Swiss-EU relationship is to be further developed and stabilized. However, the EU has linked this further development of the network of agreements to a clarification of the institutional framework. The package approach is now to be used for this purpose. Instead of regulating institutional issues as a whole in a horizontal agreement, these issues are now to be resolved individually in each agreement on a sector-specific basis. SwissHoldings welcomes the Federal Council's efforts, based on a new package of agreements with the EU ("Bilaterals III"), to put existing relations on a solid and lasting footing. At the same time, the association believes it is important to work towards an even better understanding of the longer-term effects of the dynamic adoption of legislation on Switzerland as a business location before concluding an agreement with the EU.



Stance

At the end of December 2023, the Federal Council adopted the draft negotiating mandate with the EU for the so-called "Bilaterals III" and submitted it for domestic political consultation. At the heart of this mandate is a package approach. Instead of regulating institutional issues as a whole in a horizontal agreement, these issues are now to be resolved individually in each agreement on a sector-specific basis. SwissHoldings participated in the consultation process with its own submission. On Friday, March 8, 2024, the Federal Council formally adopted the final mandate for the EU negotiations.



Position

SwissHoldings welcomes the Federal Council's efforts to continue to place existing relations on a solid and lasting footing based on a new package of agreements with the EU ("Bilaterals III"). The bilateral treaty relations between Switzerland and the EU, along with their significant achievements, have proven their worth for both sides. The conclusion of the planned negotiation package should have a direct positive impact on SwissHoldings member companies in various ways. The existing market access agreements can be consolidated, and further developed, and new market access agreements can be concluded. The dynamic adoption of evolving EU law, in combination with the introduction of an institutionally anchored dispute resolution mechanism, creates reliable and predictable framework conditions for Swiss companies but

may also entail further integration steps for Switzerland. However, there is a lack of reliable scenario analysis to assess how the newly planned institutional elements will affect the future shape of Swiss economic policy in general, also in the context of expected developments at a higher political level. SwissHoldings would welcome it if the Federal Council could present a corresponding report at the start of the negotiations to conduct the negotiations with a view to the longer-term effects on Switzerland's competitiveness as a business location. The assessment of the benefits of the treaty package must also take into account the necessary domestic political concessions.

Free Trade Agreement



Executive Summary

In addition to regulated trade relations, the strongly export-oriented Swiss economy also relies on a broad network of Free Trade Agreements (FTAs). Switzerland has succeeded in continuously expanding this network in recent years. It is particularly pleasing in this respect that the Federal Council recently achieved a breakthrough in the negotiations for an FTA with India at the beginning of the year after 16 years. This successful negotiation is of great strategic importance for the Swiss economy. Switzerland is also negotiating further agreements with Vietnam, Mercosur, Malaysia, Thailand, and Kosovo. It is also working on modernizing existing agreements.



Contents

The Swiss economy maintains a strong international focus, engaging in extensive cross-border trade and investment activities. In light of this context, Switzerland's foreign policy emphasizes the continual enhancement of access to foreign markets. This objective is realized, among other measures, through the negotiation and conclusion of Free Trade Agreements with third countries.



Stance

In addition to the EFTA Convention and the Free Trade Agreement with the European Union, Switzerland has a network of 33 Free Trade Agreements with 43 partners worldwide. Together with the other EFTA states, Switzerland is currently negotiating Free Trade Agreements with six new partner states, namely India, Kosovo, Malaysia, Mercosur, Thailand, and Vietnam, and is investing in the modernization of various existing agreements such as those with Chile, Mexico, and the South African Customs Union.



Position

The expansion of the network of Free Trade Agreements holds significance for the export-oriented Swiss economy and, consequently, for the member companies of SwissHoldings. This is especially pertinent amid the backdrop of escalating trade conflicts globally, a diminishing influence of the World Trade Organization (WTO), and a rise in general protectionism.



Investment Controls



Executive Summary

The introduction of an investment review is intended to prevent takeovers of domestic companies by foreign investors if they jeopardize Switzerland's public security. On April 23, 2024, the WAK-N informed the [media](#) about its initial consultation on the draft bill. In contrast to the draft according to the Federal Council's dispatch, the committee believes that further tightening should be made to the bill, including the inclusion of non-state investors within the scope of the law.



Contents

The introduction of an investment review is intended to prevent takeovers of domestic companies by foreign investors if these takeovers endanger or threaten public order or security in Switzerland. To this end, takeovers of domestic companies operating in a particularly critical area by foreign state-controlled investors will be subject to an approval requirement. These areas include military equipment and goods for civilian and military use, electricity grids and production, water supply facilities and healthcare, telecommunications and transportation infrastructure. Small companies are generally exempt from the provisions.



Stance

At its [meeting on May 18, 2022](#), the Federal Council published the [preliminary draft for a new Investment Control Act](#) and subsequently submitted it for consultation. Parliament had previously called for a corresponding legal basis by adopting [Motion 18.3021 Rieder](#). The proposal is to introduce a notification and approval requirement for certain takeovers of domestic companies. At its [meeting on December 15, 2023](#), the Federal Council adopted the [dispatch on the matter](#) for the attention of Parliament. The draft bill was discussed by the WAK-N. The overall vote was postponed until June 24/25, 2024.



Position

Foreign direct investment is of central importance for Switzerland, as it significantly promotes prosperity and competitiveness in our small and open economy. SwissHoldings advocates for a lean law that minimizes the burden on investors, while enabling the necessary controls to ensure integration into global markets. As part of the consultation process, the Federal Council presented a regulatory impact assessment on the preliminary draft, which reveals an unfavorable cost-benefit ratio for a new law. For this reason, the committee continues to oppose the introduction of an investment review, considering the existing legal framework to be sufficient. SwissHoldings supports this position. However, it should also be considered that the question of whether Switzerland should introduce an investment review cannot be assessed in isolation from international developments. If OECD member states introduce nationwide restrictions on certain foreign investments, this must be taken into account when assessing the Swiss regulatory approach - not least to prevent a pull effect on the Swiss economy.




Investment Protection Agreements

-  **Executive Summary** *SwissHoldings closely follows the developments surrounding the investment agreements and emphasises the great importance of these agreements for Switzerland as a business location. With over 111 Bilateral Investment Protection Agreements (BITs), Switzerland boasts the third-largest network of such agreements globally. These agreements serve as a crucial pillar in enhancing Switzerland's appeal as a business location. Currently, an agreement is being formulated with Indonesia, and SwissHoldings is actively monitoring the developments surrounding these investment agreements, emphasizing their significant importance for Switzerland as a business destination.*
-  **Contents** Switzerland maintains a network of 111 Bilateral Investment Protection Agreements (BITs), positioning it as the third-largest global network after Germany and China, according to UNCTAD. By entering into Investment Protection Agreements (IPAs), Switzerland enhances the regulatory framework, thereby augmenting its attractiveness as an international investment destination.
-  **Stance** With a change in practice by the Federal Council, Investment Protection Agreements (IPAs) are now subject to an optional state treaty referendum, in addition to free trade agreements. The first IPA undergoing consultation is the new agreement with Indonesia, addressing the contractual gap that emerged since the expiration of the previous agreement in 2016.
-  **Position** Direct investments are key for Switzerland: the prosperity of the population and the competitiveness of companies in the small and open Swiss economy depend directly on their integration into global value chains. Investment promotion and protection agreements play an essential role here: foreign investments not only entail economic risks for companies, but also political risks. This makes treaties between states to protect and promote foreign investment activity even more important.
- Effective investment protection requires an investor-state arbitration mechanism: investor-state dispute settlement procedures have proven their worth both for Switzerland and for Swiss companies. They build on existing international structures (ICSID, UNCITRAL) and enable disputes to be resolved in a relatively timely, objective and politically independent manner.

Corporate Social Responsibility

Corporate Responsibility

-  **Executive Summary** *The Responsible Business Initiative faced rejection at the ballot box on November 29, 2020, leading to the enactment of the indirect counter-proposal. Swiss companies are set to adhere to the new regulations for the first time in 2024, covering the 2023*



financial year. Additionally, the Federal Council has indicated its intention to review the adaptation of laws in alignment with the EU's evolving regulatory approaches in the realms of sustainability reporting and due diligence. A consultation draft on reporting is slated for release at the beginning of June.



Contents

The emerging regulatory approaches in sustainability aim to embed Prof. John Ruggie's three-pillar principle to promote compliance with human rights and environmental regulations in the value chains of globally active companies, including legislative considerations.



Stance

In the aftermath of the Responsible Business Initiative's rejection, the indirect counter-proposal, primarily modeled on the corresponding regulatory approaches of the EU in sustainable corporate governance, has been enacted. Given the EU's continuous expansion of provisions in this domain, Switzerland is currently evaluating potential amendments to relevant laws. A consultation draft on Environmental, Social, and Governance (ESG) reporting is expected in early June.



Position

Many Swiss companies have recently invested substantial efforts in complying with the new due diligence and reporting obligations in Switzerland. The first reports are anticipated next year. The business community urges the Federal Government to coordinate extensively across departments for upcoming tasks in this domain and to avoid overburdening companies. Any adjustments resulting from new regulatory projects should adhere to established practices, including a careful assessment of cost implications for companies. Importantly, the dynamic nature of ESG regulation outside the EU must be considered, given the broad global base of the Swiss economy. Over 50 percent of its exports presently go to countries outside the European Union. To prevent duplication, close coordination with globally applicable ESG standards is essential.

Collective Legal Protection



Executive Summary

Switzerland is presently undergoing political deliberations on the potential expansion of its existing array of collective redress instruments. In December 2021, the Federal Council issued the corresponding dispatch for parliamentary consideration. However, from the business community's perspective, the bill is not ripe for parliamentary discussion. The Federal Council's proposal is criticized for approaching dispute resolution from a limited perspective, exclusively focusing on a specific Procedural Law instrument. It fails to consider international developments in recent years, new technological possibilities, and potential alternatives to court-based class actions.



Contents

As per the Federal Council's dispatch, the Class Action Bill entails the expansion of the existing class action, the establishment of a new class



action for asserting compensation claims, and the introduction of a new mechanism for court-declared binding settlements.



Stance

The introduction of class actions has been under discussion in Switzerland for over ten years. The National Council's Legal Affairs Committee has been discussing the introduction of extended class actions and group settlements for two years. In April, the committee once again decided not to act on the bill. Instead, it has tasked the administration with clarifying how the bill should be viewed in light of the ECtHR ruling in favor of the Swiss "climate senior citizens" (see also [press release](#) from the Committee on Legal Affairs). The bill will therefore not be discussed by the National Council until the fall session at the earliest.



Position

The business community clearly rejects the Federal Council's proposal for the introduction of extended representative actions and class settlements. This was also evident from [the recently published survey](#) conducted by the Sotomo Research Center under the direction of renowned political geographer Michael Hermann. It is unnecessary and dangerous. A look abroad confirms this. There is no reason to follow such undesirable developments in Switzerland. The proposal should therefore no longer be pursued. Efficient dispute resolution instruments exist for the efficient settlement of collective claims outside of civil proceedings and therefore outside of courtrooms. Especially in the wake of current technological developments, solutions are possible here, which are significantly superior to the Federal Council's ten-year-old proposal. Switzerland would do well to focus on the right technology instead of introducing outdated and obsolete instruments into our legal system.

Accounting and reporting

IFRS Standardization



Executive Summary

SwissHoldings diligently monitors developments in the realm of IFRS standardization. For its globally engaged members, the presence of a universally recognized reporting standard holds pivotal significance as the foundation for their own reporting. Following the convergence process with the US standard US GAAP, the evolution of standards has somewhat stabilized. Additionally, the IFRS Foundation's newfound focus on ESG reporting is progressively assuming a more prominent role in the organization's undertakings.



Content

The IFRS Foundation functions as a non-profit foundation, aiming to formulate high-quality global accounting standards, promote the utilization and implementation of these standards, and facilitate the alignment of national accounting standards with its global counterparts. The Foundation supervises the activities of both the IASB (International Accounting Standards Board), responsible for financial standards, and



the ISSB (International Sustainability Standards Board), responsible for non-financial standards.



Stance

In the recent period, the IASB concluded two projects: "Business Combinations under Common Control" and "Extractive Industries." Additionally, work on the IAS 32 project (Classification as Equity or Liabilities) continued. Simultaneously, the ISSB, the collaborating standard-setting partner, is making progress in the realm of sustainability reporting. In recent weeks, the ISSB released the initial two standards (S 1 and S 2). S 1 pertains to the overarching level, delineating principles for presenting sustainability-related opportunities and risks in a comprehensive manner. On the other hand, S 2 specifically addresses climate-related reporting. SwissHoldings remains actively engaged in monitoring the activities of the IFRS Foundation and contributing to pertinent consultations on behalf of its members.



Position

The detailed positions are shown in the association's statements.

Capital Markets

Monetary Policy SNB



Executive Summary

In these unprecedented times, the Swiss National Bank (SNB) is increasingly drawing attention. Several motions have been addressed at the parliamentary level, aiming to link the SNB's distributions to specific purposes. Additionally, recent proposals have surfaced advocating for a reform of the SNB's governance structure. Ensuring the bank's ability to operate independently of political interests is of paramount importance. The Swiss National Bank (SNB) operates under a distinct mandate: to uphold price stability, a critical factor in our prosperity.



Contents

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Stance

SwissHoldings will diligently monitor ongoing developments. From the association's standpoint, the SNB's current trajectory has proven effective. The organization is wary of any potential "politicization" or additional earmarking of the SNB's profits.

