

Cross-border services and market access

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The Swiss regulation of cross-border financial services is liberal in one direction and constrained in the other. Foreign providers can serve Swiss clients from abroad without a Swiss licence, subject to the registration of their client advisers. Swiss providers, by contrast, depend on the rules of the countries in which their clients reside. The European Union restricts the provision of investment services to its residents by providers from third countries, and its rules on equivalence, which would allow Swiss providers to serve European professional clients, have not been applied to Switzerland in a comprehensive way.¹

Swiss banks have responded to these restrictions by establishing subsidiaries in European Union member states, in particular Luxembourg and Germany, which can serve European clients under a European licence, and by complying with the national rules of the member states that allow cross-border services under certain conditions. The Basel banks, whose clients include many residents of Germany and France, have had to adapt their cross-border business to these rules. The provision of cross-border services in violation of foreign rules can lead to criminal proceedings abroad, as the experience of several Swiss banks in Germany, France and the United States has shown.

Switzerland has concluded bilateral agreements to improve market access. The agreement with the United Kingdom on mutual recognition in financial services, known as the Berne Financial Services Agreement, signed in December 2023, provides for the mutual recognition of the regulatory frameworks in certain areas of financial services, including the cross-border provision of services to high-net-worth individuals and professional clients.² The agreement is an example of the cooperation that Switzerland seeks with major financial centres outside the European Union.

1 Notes

1. On the access of Swiss financial service providers to the EU market (third-country regime under MiFID II/MiFIR, absence of comprehensive equivalence for Switzerland, national regimes of member states), see the publications of the State Secretariat for International Finance. To be verified. ↩
2. On the Berne Financial Services Agreement between Switzerland and the United Kingdom, signed on 21 December 2023, and its entry into force, see the publications of the State Secretariat for International Finance. Status to be verified. ↩

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